

HOOD COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

HOOD COUNTY, TEXAS
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FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

HOOD COUNTY, TEXAS
AUDITOR'S OFFICE
5417 Acton Hwy #106
Granbury, Texas 76049

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HOOD COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

	<u>Page Number</u>
INTRODUCTORY SECTION	
County Auditors' Letter of Transmittal	i – v
Organizational Chart	vi
List of Principal Officials.....	vii
FINANCIAL SECTION	
Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statement	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position.....	20
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds to the	
Statement of Activities.....	22
Statement of Fiduciary Net Position	23
Notes to Financial Statements.....	24 – 44

HOOD COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

	<u>Page Number</u>
Required Supplementary Information	
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	45 – 46
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual – Road and Bridge Fund	47
Notes to Budgetary Information	48 – 49
Texas County and District Retirement System Schedule of Funding Progress	50
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	51 – 55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56 – 60
Nonmajor Special Revenue Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
District Attorney Forfeiture	61
Grants Fund.....	62
Judges Education	63
Courthouse Security.....	64
Justice Court Technology	65
Records Management.....	66
Records Preservation	67
Time Payment Collection Fees	68
Truant Officer	69
Abandoned Vehicle.....	70

HOOD COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

	<u>Page Number</u>
TJJD Juvenile Probation Progress	71
Law Library	72
County Library	73
Library Special	74
County Attorney Forfeitures	75
Debt Service	76
 Agency Funds	
Combining Balance Sheet	77 – 80

SINGLE AUDIT SECTION

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	81 – 82
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By <i>OMB Circular A-133</i>	83 – 84
Schedule of Expenditures of Federal Awards	85
Notes to the Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87
Summary Schedule of Prior Audit Findings	88

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INTRODUCTORY SECTION

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Hood County Auditor

5417 Acton Hwy, Ste. 106
Granbury, TX 76049
(817) 579-3210

March 20, 2015

Honorable Ralph H. Walton, Jr., 355th Judicial District Judge
Honorable Darrell Cockerham, Hood County Judge
Honorable Hood County Commissioners
Hood County, Texas

Gentlemen:

The Annual Financial Report of Hood County, Texas for the year ended September 30, 2014, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data as presented is correct in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of Hood County, Texas (the County) as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a proper understanding of the County's financial activity have been included. The report was prepared in accordance with generally accepted accounting principles set forth by the Governmental Accounting Standards Board, and is in compliance with Paragraph 114.025 Vernon's Texas Codes Annotated (V.T.C.A.) Local Government Code.

The Annual Financial Report is presented in two sections: introductory and financial. The introductory section includes this transmittal letter, Hood County's organizational chart and a list of principal officials (as of the end of September). The financial section includes the general-purpose financial statements and the combining and individual fund financial statements and schedules, in addition to the independent auditors' report on the financial statements and schedules.

This report includes all of the funds and account groups of the County. The County provides a full range of services, including public safety, corrections, legal and judicial services, roads construction and roads maintenance, county library, and other administrative services.

ECONOMIC CONDITION

LOCAL ECONOMIC INFORMATION – The Texas State Legislature created Hood County in 1866. The County’s population of about 54,300 occupies 437 square miles (of which Lake Granbury comprises 15 square miles). The North Central Texas Council of Governments estimates that Hood County has added over 13,200 new residents since the 2000 Census. As of the date of this report, Hood County Sales Tax collections have improved from the prior year. New construction of homes and businesses were slightly improved. Development and production of natural gas is smaller than during the years 2008 through 2011. The growth in population and vehicle traffic gave rise to larger demands for services from Hood County government. Most property valuations have been relatively stable for the past several years, with the exception of mineral interests which have declined significantly.

MAJOR INITIATIVES

FOR THE YEAR – The County collected on a grant from the Texas Department of Agriculture to help recover some of the costs of removing storm debris in the Rancho Brazos community hit by the tornado in the previous year. The County constructed a new Emergency Operations Center (E.O.C.) that was completed and placed in service. (The E.O.C. was financed by grants, donations and transfers from fund balance, without additional debt for that building.)

The County constructed a new Animal Control facility that was built on real property already owned by the County. That facility has been placed in service by the Sheriff’s Animal Control department.

FOR THE FUTURE – In November 2012 voters approved a referendum for the County to borrow up to ten million dollars to build a new recreation facility, to be managed by YMCA of Fort Worth. The County purchased real property from the Granbury Independent School District, and borrowed the ten million dollars approved by voters. The County and the YMCA are working with the City of Granbury to secure permits for construction.

An election was held May 8, 2010 in which voters approved the County’s specific authority to issue up to seventy-five million dollars of bonded debt for highway improvements; this project was being pursued only for the Cresson traffic relief route, but plans to widen Highway 377 through Granbury were dropped. The Texas Department of Transportation (TxDOT) took over the Cresson project, and TxDOT held final public hearings; however, it is unclear whether TxDOT will pursue that project, or secure the required funding, and that project is postponed.

FINANCIAL INFORMATION

INTERNAL CONTROL STRUCTURE - The accounting records for Hood County’s governmental operations are maintained on a modified accrual basis, the same basis utilized for financial statement presentation. The financial operating controls are shared by the Commissioners’ Court (the governing body) and the County Auditor, who is appointed by the District Judge. The County Auditor has the basic responsibilities for maintaining the records of all financial transactions of the County; and, examining and approving all disbursements from County funds prior to their submission to the Commissioners’ Court for authorization. The Commissioners’ Court sets the tax rates, establishes policies for County operations, approves contracts for the County, and develops and adopts the County budget within the resources as estimated by the County Judge, with assistance from the County Auditor.

Accounting systems for the County were developed with consideration given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance for safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived from those controls; the evaluation of these costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the County government is also responsible for keeping an adequate internal control structure in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

BUDGETING CONTROLS - Hood County maintains strict budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the County's governing body. Activities of the General Fund, certain Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund.

GENERAL GOVERNMENT FUNCTIONS - The following schedule presents a summary of revenues recorded in the Governmental Funds for the fiscal year ended September 30, 2014, as well as the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue Source	Amount	Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease) from 2013
Taxes	\$ 23,760,164	77.51 %	\$ 2,008,752	9.24 %
Charges for services	5,033,297	16.42	616,652	13.96
Grants and contributions	1,420,873	4.64	(284,250)	(16.67)
Investment income	24,990	0.08	(7,787)	(23.76)
Miscellaneous	<u>415,250</u>	<u>1.35</u>	<u>(13,195)</u>	<u>(3.08)</u>
Total	<u>\$ 30,654,574</u>	<u>100.00</u>	<u>\$ 2,320,172</u>	<u>8.19 %</u>

Tax revenues increased because sales tax collections recovered from the prior year, and the property tax rate was increased by four cents per \$100 valuation. The County collects sales taxes strictly for the purpose of reducing ad valorem taxes. Charges for services increased due to the improved local economy, and larger volume of cases. (This follows a slight decrease in the previous year.) Grant revenues dropped slightly this year, due to the prior year receipt of the DPS grant for the E.O.C. building. Investment income has remained lower in recent years due to much lower interest rates. Overall, current revenues increased 8.19%, after decreasing slightly in the previous year.

The following schedule presents a summary of Governmental Funds expenditures for the fiscal year ended September 30, 2014, and the percentage of increases and decreases in relation to prior year amounts.

<u>Functional Category</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2013</u>	<u>Percent Increase (Decrease) from 2013</u>
General administration	\$ 6,235,095	20.66 %	\$ 877,013	16.37 %
Judicial	4,340,720	14.38	355,292	8.91
Public facilities	861,547	2.85	(7,960)	(0.92)
Public safety	12,576,757	41.67	1,173,039	10.29
Public transportation	4,233,424	14.03	51,014	1.22
Health and welfare	420,898	1.39	(1,850)	(0.44)
Culture/recreation	581,983	1.93	14,820	2.61
Conservation	88,757	0.29	3,520	4.13
Interest on long-term debt	<u>841,883</u>	<u>2.79</u>	<u>174,163</u>	<u>26.08</u>
Total	<u>\$ 30,181,064</u>	<u>100.00 %</u>	<u>\$2,639,051</u>	<u>9.58</u>

General administration costs increased for significant improvements to computer infrastructure and software systems, as well as transfers out to aid in construction of the Emergency Operations Center building. Judicial expenses were up due to increased required attorney fees for autopsies and indigent defense. The cost Public safety increased from higher compensation for Sheriff deputies, increased cost of fuel, and housing inmates in out-of-county jails. Overall, current expenditures increased 9.58%.

DEBT ADMINISTRATION - At September 30, 2014, Hood County had general long term bonded debt, Texas tax notes and contractual obligations outstanding in the amount of \$ 24,650,000. The County has maintained its debt ratings by both Fitch and Standard & Poor's at AA – Stable outlook. Net tax-supported debt per capita for the County debt was \$454.

CASH MANAGEMENT - The County's investment policies are in accordance with the laws of the State of Texas. The policies identify the authorized investments, collateral requirements and safekeeping requirements for collateral. Demand deposits are backed by both FDIC coverage and specific federal and municipal securities pledged by the depository bank. The remaining funds are held at Texpool and Texstar, approved government investment pools.

ENTERPRISE OPERATIONS - The County currently maintains no enterprise funds.

RETIREMENT PLAN FUNDING - The County provides pension, disability and death benefits for all of its employees (half time or more) through a nontraditional, joint contributory, defined contribution plan in the Texas County and District Retirement System, (TCDRS). The County contribution rate was 6.86% for 2014 and 7.24% for 2013, and for employee members is six percent of covered payroll. The TCDRS "funded ratio" of the plan improved to just over 97%, as reported by TCDRS.

RISK MANAGEMENT – The County participates in the Texas Association of Counties programs for risk management. These programs provide coverage for various types of risks including: property and casualty, vehicle operation, general liability, and employee coverage for health, unemployment and workers’ compensation.

OTHER INFORMATION

INDEPENDENT AUDIT - State laws require an annual audit by independent certified public accountants. Commissioners’ Court engaged the public accounting firm of Pattillo, Brown & Hill, LLC. Their audit was designed to meet the requirements set forth in state statutes, and generally accepted governmental auditing standards. The auditors’ report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

ACKNOWLEDGMENTS - The preparation of this report could not have been accomplished without the dedicated services of the County Auditor’s Office staff. I also want to express my appreciation to all County staff members who have assisted in the maintenance of the accounting records of the County, the County Treasurer’s Office, the District Judge, and to the members of the Commissioners’ Court for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

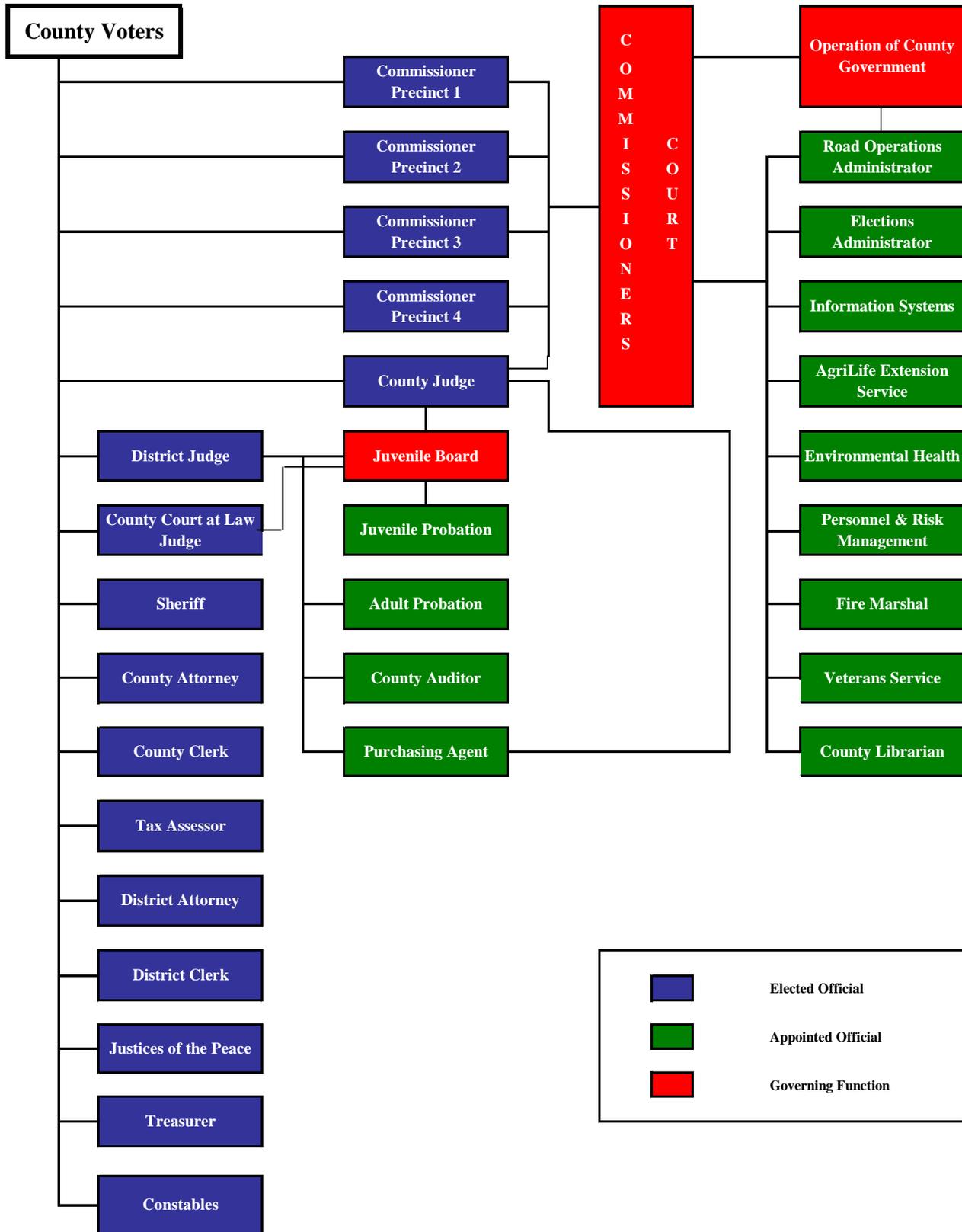
Stan McBroom

Stan McBroom
County Auditor

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HOOD COUNTY ORGANIZATION

September 30, 2014



OFFICIALS OF HOOD COUNTY, TEXAS

SEPTEMBER 30, 2014

ELECTED OFFICIALS

County Judge Darrell Cockerham
County Commissioner Precinct 1 James Deaver
County Commissioner Precinct 2 Lloyd (*Butch*) Barton
County Commissioner Precinct 3 Jeff Tout
County Commissioner Precinct 4 Steve Berry
County Attorney Lori Kaspar
County Clerk Katie Lang
County Court at Law Vincent J. Messina
Constable, Precinct 1.....Delton Thrasher
Constable, Precinct 2 Dewayne Hart
Constable, Precinct 3 Mike Lang
Constable, Precinct 4 G. Chad Jordan
District Judge Ralph H. Walton, Jr.
District Attorney Robert T. Christian
District Clerk Tonna L. (Trumble) Hitt
Justice of the Peace, Precinct 1 Roger (*Cotton*) Howell
Justice of the Peace, Precinct 2 Martin Castillo
Justice of the Peace, Precinct 3 Kathy Gwinn
Justice of the Peace, Precinct 4 Danny Tuggle
Sheriff Roger Deeds
Tax Assessor-Collector Teresa McCoy
Treasurer Kathy C. Davis

APPOINTED OFFICIALS

County Auditor Stan McBroom
Chief, Adult Probation Shelli Berry
Chief, Juvenile Probation Shelli Berry
County Librarian Courtney Kincaid
Environmental Health James D. McAusland
Fire Marshal Ray Wilson
Agri-Life Extension Service Marty J. Vahlenkamp
Information Systems Jackie Solomon
Veterans Service Linda Mallon
Purchasing Agent Nelda Walters
Personnel & Risk Management Robert Blessing
Superintendent Road Operations Donald F. Linney
Elections Administrator Jenise (*Crickett*) Miller
Facilities Administrator.....Tim Flower

FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge
and County Commissioners
Hood County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hood County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note I, in 2014, the County adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 4–16, and 45–50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 20, 2015

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Hood County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – v of this report.

Financial Highlights

- The assets of Hood County exceeded its liabilities at the close of the most recent fiscal year for governmental activities by \$55,857,637 (net position). Of this amount, \$13,980,808 (unrestricted net position), may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased for governmental activities by \$473,510, or 1%.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,634,716. 36% of the governmental funds amount, \$8,758,277 is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,740,575 or 41% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business, even though the County cannot operate like a private enterprise.

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

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

The government-wide financial statements present functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the County include general government, judicial, public facilities, public safety, public transportation, health and welfare, culture and recreation, and conservation.

The government-wide financial statements can be found on pages 17 – 18 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Fund (Special Revenue Fund), and Office Equipment C & M (Capital Projects Fund), all of which are considered to be major funds. Data from the other 23 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 – 22 of this report.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County’s operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on page 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 – 44 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found following the notes to the financial statements of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found following the required supplementary information of this report.

Government-wide Financial Analysis

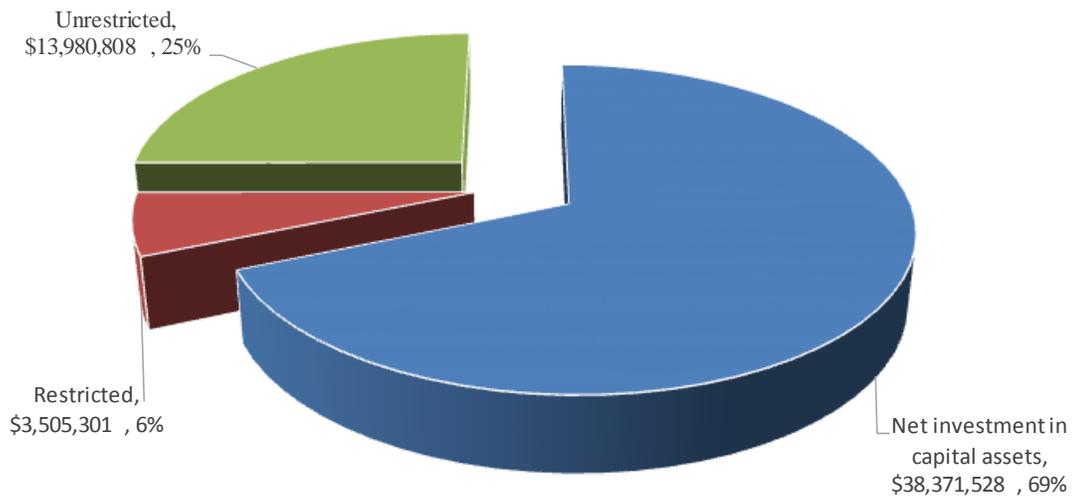
HOOD COUNTY'S NET POSITION

	Governmental Activities	
	2014	2013
Current assets	\$ 29,642,702	\$ 23,436,186
Capital assets	<u>53,891,033</u>	<u>51,641,429</u>
Total assets	<u>83,533,735</u>	<u>75,077,615</u>
Current liabilities	1,893,041	1,707,182
Noncurrent liabilities	<u>25,783,057</u>	<u>17,772,611</u>
Total liabilities	<u>27,676,098</u>	<u>19,479,793</u>
Net position:		
Net investment in capital assets	38,371,528	34,511,432
Restricted	3,505,301	2,943,260
Unrestricted	<u>13,980,808</u>	<u>18,143,130</u>
Total net position	<u>\$ 55,857,637</u>	<u>\$ 55,597,822</u>

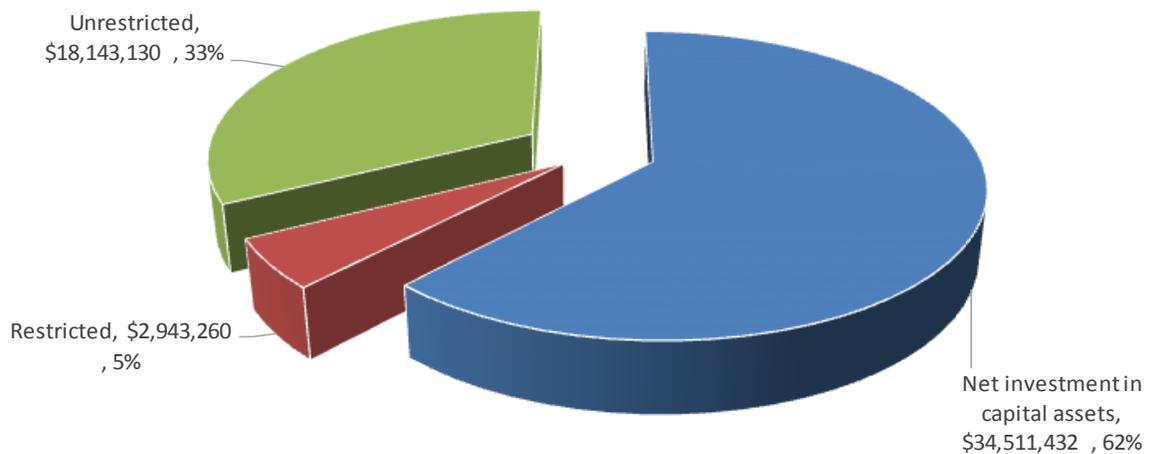
An additional portion of the County's net position of \$3,505,301 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$13,980,808 (25%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2014, the County is able to report positive balances in all three categories of net position for the government as a whole.

2014 Net Position (Percentage & Amount)



2013 Net Position (Percentage & Amount)



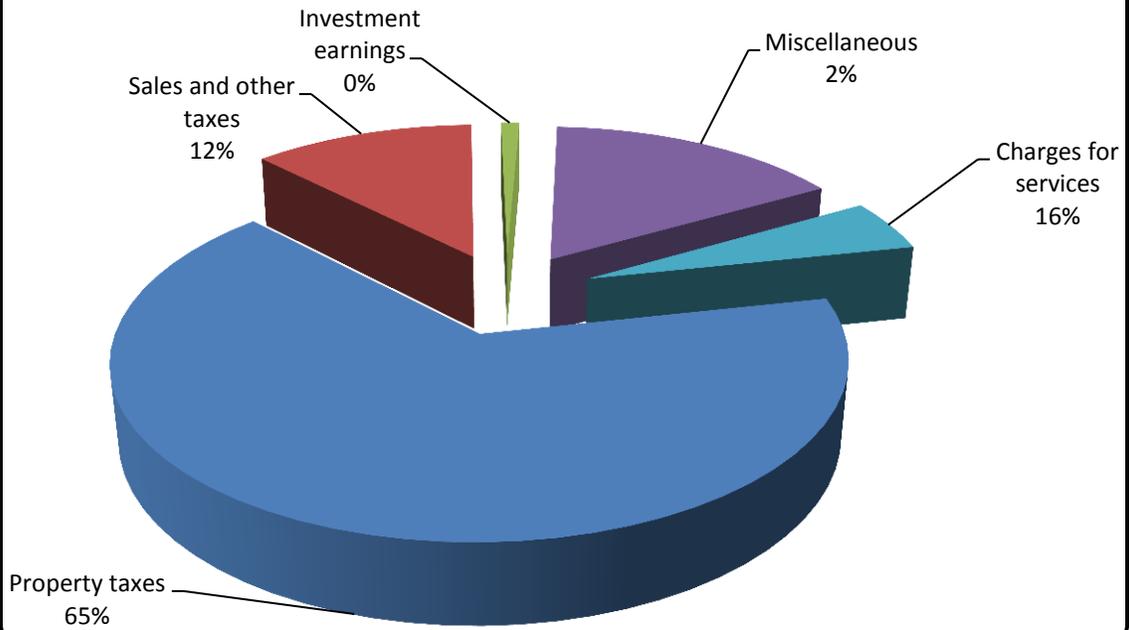
Analysis of the County's Operations. Governmental activities reported an increase in net position in the amount of \$473,510 or 1%. This increase is comparable to the prior year increase of \$792,389.

The following table provides a summary of the County's operations for the year ended September 30, 2014.

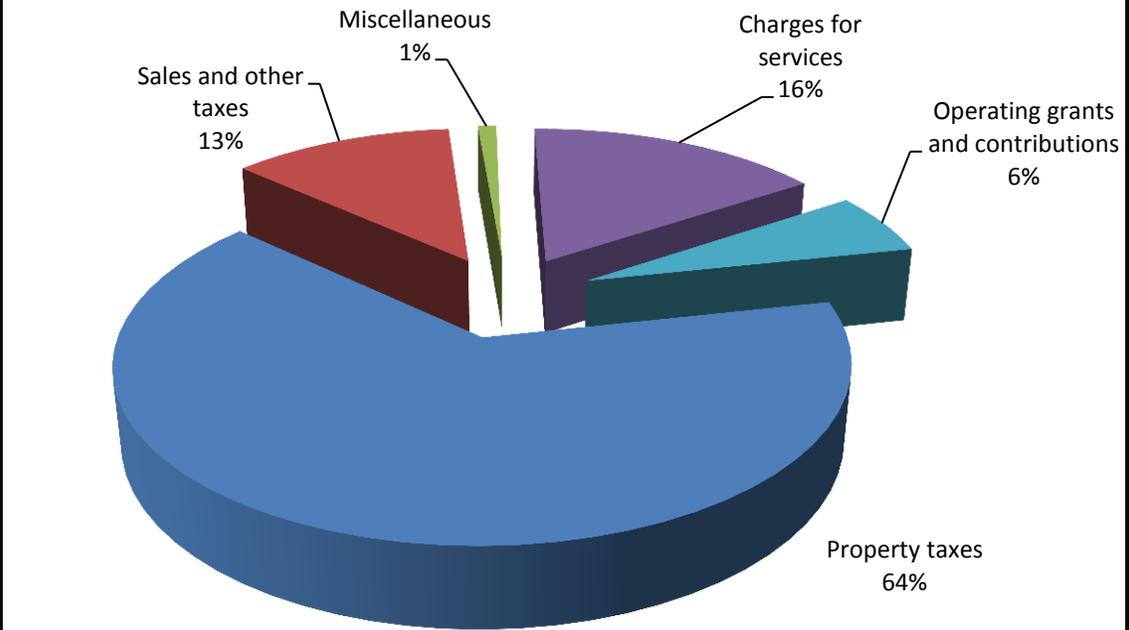
HOOD COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
REVENUES		
Program revenues:		
Charges for services	\$ 5,033,297	\$ 4,416,645
Operating grants and contributions	1,420,873	1,705,123
General revenues:		
Property taxes	20,192,467	18,296,626
Sales and other taxes	3,567,697	3,454,786
Investment earnings	24,990	32,777
Miscellaneous	415,250	428,445
Total revenues	30,654,574	28,334,402
EXPENSES		
General administration	6,235,095	5,358,082
Judicial and legal	4,340,720	3,985,428
Public facilities	861,547	869,507
Public safety	12,576,757	11,403,718
Public transportation	4,233,424	4,182,410
Health and welfare	420,898	422,748
Culture and recreation	581,983	567,163
Conservation	88,757	85,237
Interest on long-term debt	841,883	667,720
Total expenses	30,181,064	27,542,013
CHANGE IN NET POSITION	473,510	792,389
NET POSITION, BEGINNING	55,597,822	54,805,433
PRIOR PERIOD ADJUSTMENT	(213,695)	-
NET POSITION, ENDING	\$ 55,857,637	\$ 55,597,822

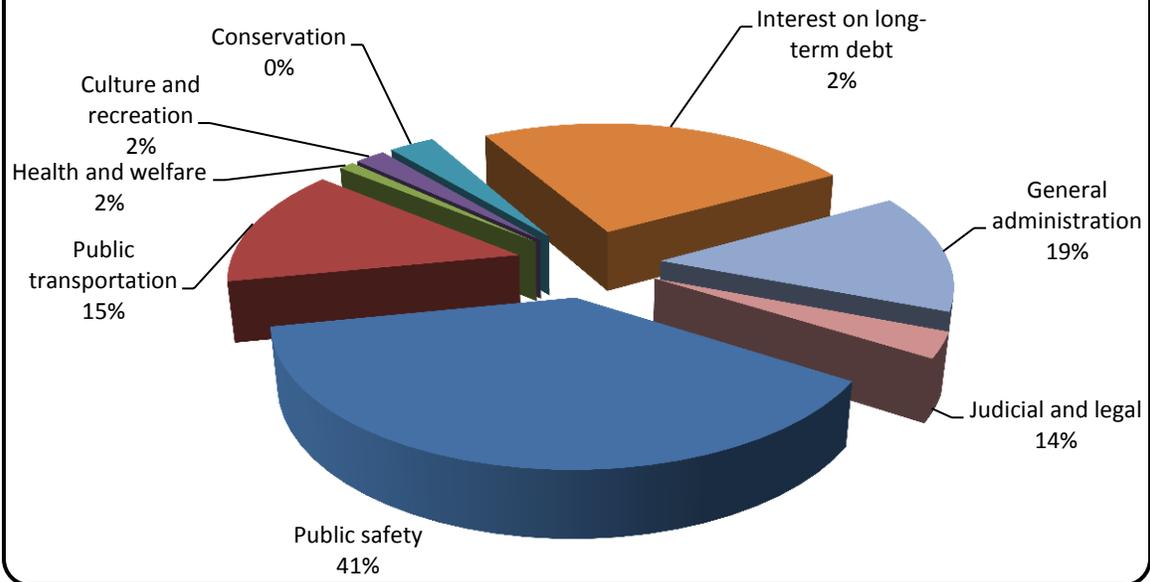
Percentage 2014 Revenues



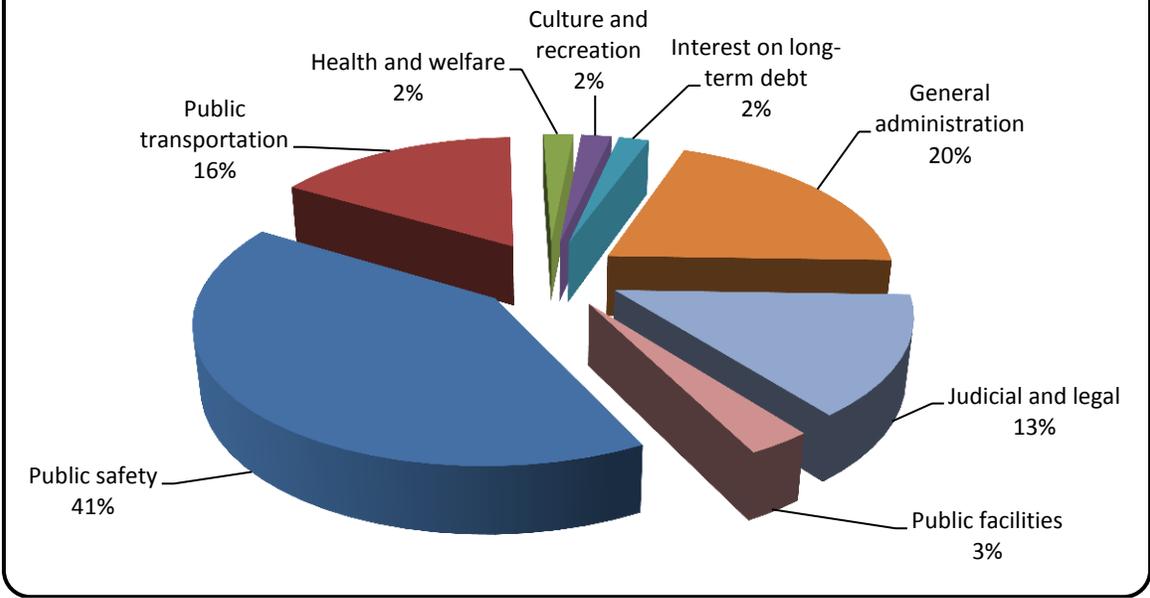
Percentage 2013 Revenues



2014 Expense Percentages



2013 Expense Percentages



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,634,716. \$8,758,277 of this total amount constitutes unassigned fund balance. The remainder of the fund balance has been designated as non-spendable, restricted, committed or assigned as follows:

Fund Balance Classification	Amount
Non-spendable:	
Prepays	\$ 228,148
Inventory	69,062
Restricted:	
Records management and preservation	595,926
Judicial	725,991
Public safety	163,959
Buildings held for donation	323,977
Culture and recreation	452,636
Capital projects	9,589,233
Debt service	995,941
Road and bridge maintenance	219,453
Committed:	
Capital projects	944,263
Assigned:	
General contingency	1,567,850
Unassigned	8,758,277

Fund balance of the General Fund decreased by \$791,395; the Road and Bridge; increased by \$297,165; the Office Equipment C&M Fund decreased by \$3,303,380 ; and, other nonmajor governmental funds increased by \$9,993,616

General Fund Budgetary Highlights. Over the course of the year, the County recommended and the Commissioners approved several revisions to budgeted revenue and appropriations. These recommendations fall into the following categories:

- Provision of court-appointed attorneys, as required by law;
- Increased cost of housing inmates outside Hood County, and for jail operations;
- Repairs made on fire-fighting pumper trucks.

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$53,891,033 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress.

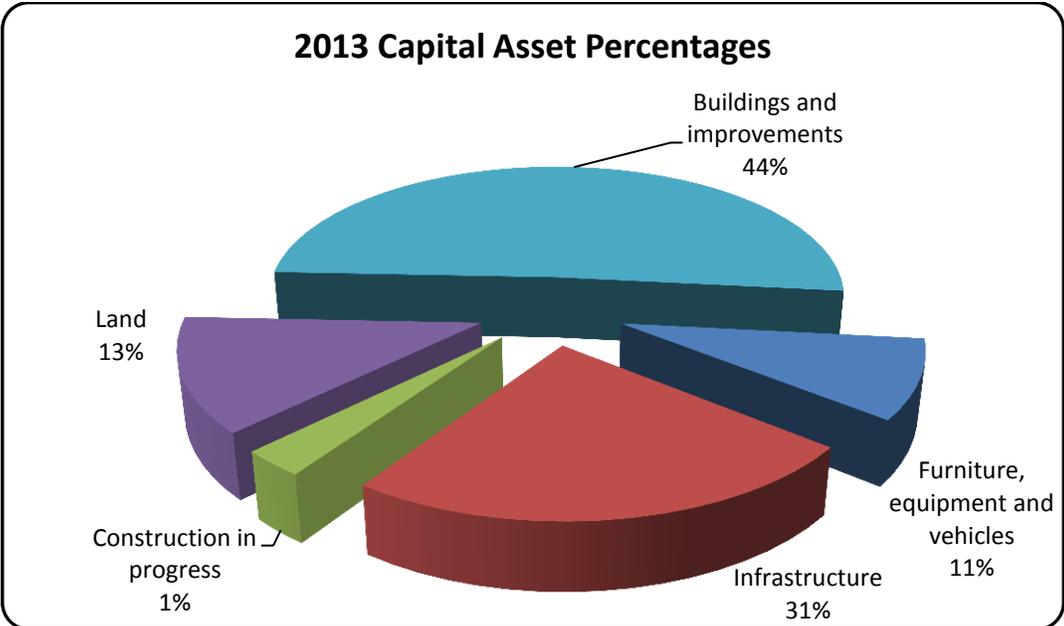
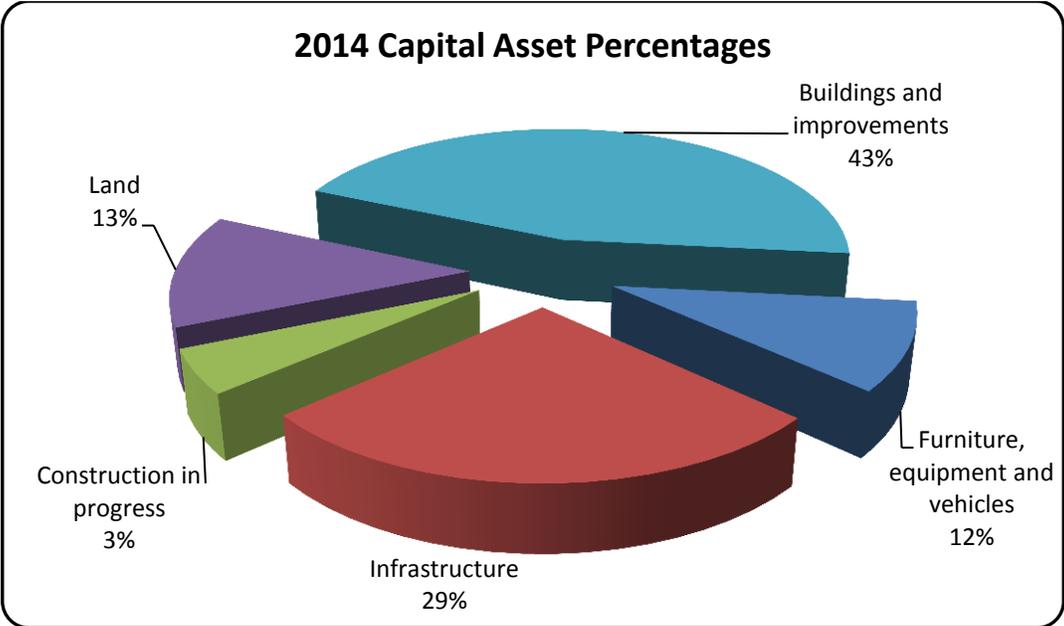
Major capital asset events during the current fiscal year included the following:

- Construction of Emergency Operations Center;
- Vehicles purchased for law enforcement and fire protection;
- Communications equipment and computer equipment purchased;
- Purchase of back-up generator for E.O.C.; and
- Construction of Animal Control facility; and
- Purchase of land from Granbury ISD for proposed YMCA.

HOOD COUNTY'S CAPITAL ASSETS (Net of Accumulated Depreciation)

	Governmental Activities	
	September 30, 2014	September 30, 2013
Land	\$ 6,797,790	\$ 6,621,112
Construction in progress	2,435,772	1,356,926
Buildings and improvements	24,063,125	22,277,307
Furniture, equipment and vehicles	6,015,164	6,209,911
Infrastructure	<u>14,579,182</u>	<u>15,176,173</u>
Total	<u>\$ 53,891,033</u>	<u>\$ 51,641,429</u>

Additional information on the County's capital assets can be found in the notes to the financial statements of this report.

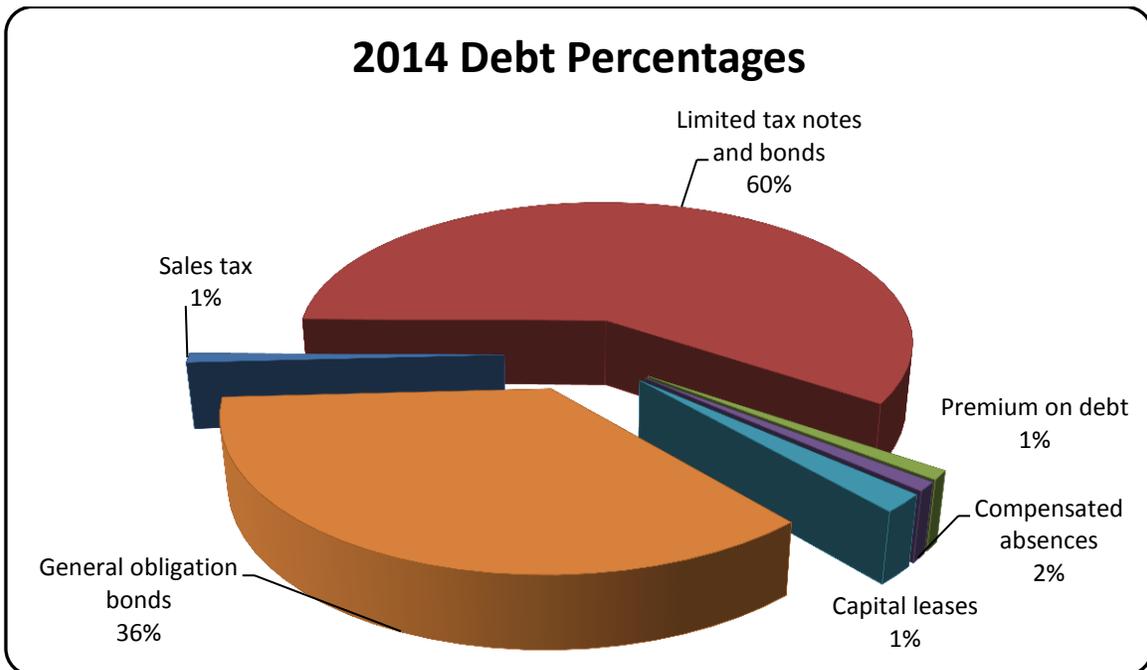


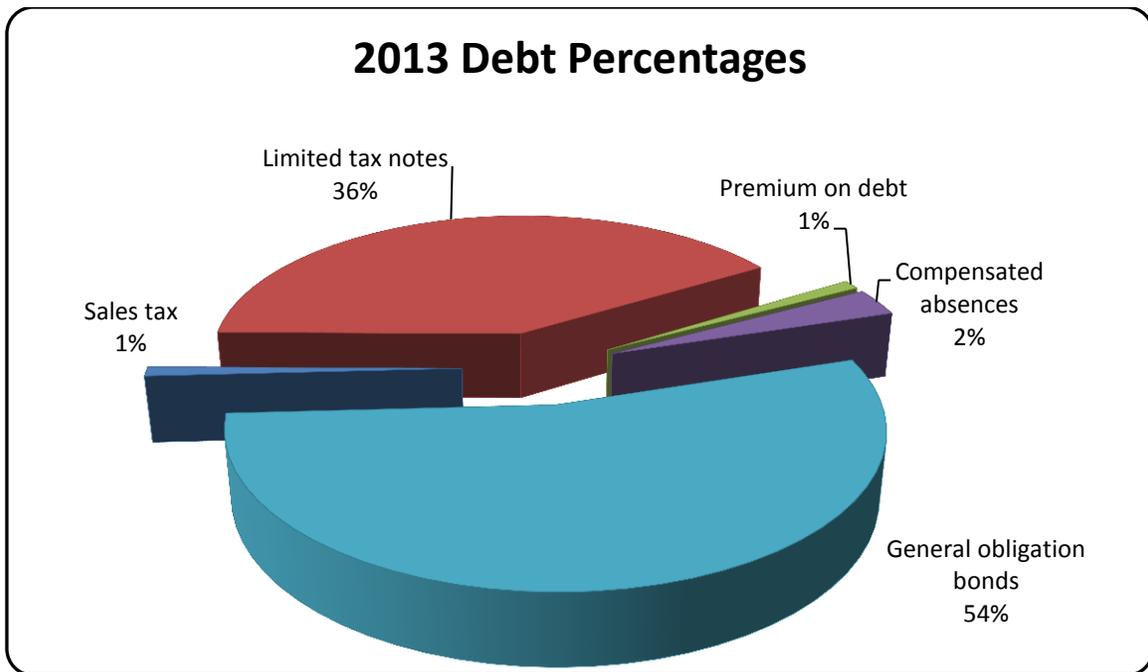
DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total long-term debt of \$25,783,057. Of this amount, \$24,650,000 comprises bonded, tax notes, and loans debt backed by the full faith and credit of the County. These bonds and limited tax notes will be retired with revenues from property taxes.

HOOD COUNTY'S LONG-TERM DEBT
Bonds, Limited Tax Notes, Capital Leases,
Components of Debt, and Compensated Absences

	Governmental Activities	
	September 30, 2014	September 30, 2013
General obligation bonds	\$ 9,190,000	\$ 9,785,000
Limited tax notes and bonds	15,460,000	7,210,000
Capital leases	334,991	-
Excess sales tax	87,530	80,980
Premium on debt	123,747	134,997
Compensated absences	<u>586,789</u>	<u>561,634</u>
 Total	 <u>\$ 25,783,057</u>	 <u>\$ 17,772,611</u>





The outstanding Bonds of the County payable from its limited taxes are rated AA – stable outlook by Fitch Ratings and Standard & Poor’s, as recently re-affirmed.

Additional information on the County’s long-term debt can be found in the notes to the financial statements of this report.

The County has issued \$10,000,000 of limited tax bonds at interest rates of 2.28% and 2.15% respectively. These resources will be used to fund the YMCA project of the County.

Economic Factors and Next Year’s Budgets and Rates

The annual budget is the means by which Commissioners’ Court sets the direction of the County, and allocates its resources.

In considering the budget for FY 2015, Commissioners’ Court considered the following factors:

- Property tax rates were increased $\frac{3}{4}$ of one cent (0.07789) per \$100 taxable valuation to cover increased health insurance costs and indigent defense attorney fees;
- Costs for employee health care insurance premiums increased significantly; the County continued participation in the health care plan sponsored by the Texas Association of Counties. The Federal Affordable Care Act has cast uncertainty on the future costs and sustainability of employee health care insurance.
- Funds were borrowed for construction of a new Animal Control facility;
- Funds were transferred from general fund balance into the capital equipment fund, in order to provide certain equipment without additional borrowing of debt.

- In the 2012 election, voters approved County construction of a recreational facility, at a cost not to exceed ten million dollars, that is, not to exceed ten million dollars of debt to the County. This project is pending negotiations for the City of Granbury permits to build a new YMCA recreation facility on real property purchased from the Granbury Independent School District.

Requests for Information

This financial report is designed to provide a general overview of Hood County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Hood County Auditor, 5417 Acton Hwy., Suite 106, Granbury, Texas 76049; or call (817) 579-3210.

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**BASIC
FINANCIAL STATEMENTS**

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HOOD COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Governmental Activities
ASSETS	
Cash and investments	\$ 24,843,022
Receivables, net:	
Taxes	929,595
Accounts	1,389,665
Due from other governments	73,966
Prepaid items	228,195
Inventories	69,062
Net pension asset	1,785,220
Assets held for donation	323,977
Capital assets:	
Non-depreciable	9,233,562
Depreciable, net	<u>44,657,471</u>
Total capital assets	<u>53,891,033</u>
 Total assets	 <u>83,533,735</u>
 LIABILITIES	
Accounts payable	1,622,503
Accrued interest	115,209
Unearned revenues	155,329
Noncurrent liabilities:	
Due within one year	2,709,913
Due in more than one year	<u>23,073,144</u>
Total liabilities	<u>27,676,098</u>
 NET POSITION	
Net investment in capital assets	38,371,528
Restricted for:	
Records management	595,926
Judicial	725,991
Public safety	163,959
Buildings held for donation	323,977
Culture and recreation	455,716
Debt service	894,020
Road and bridge	345,712
Unrestricted	<u>13,980,808</u>
 Total net position	 <u>\$ 55,857,637</u>

The accompanying notes are an integral part of this financial statement.

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HOOD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 6,235,095	\$ 855,457	\$ 80,040	\$(5,299,598)
Judicial	4,340,720	2,177,782	232,110	(1,930,828)
Public facilities	861,547	-	50,000	(811,547)
Public safety	12,576,757	650,836	1,057,479	(10,868,442)
Public transportation	4,233,424	1,048,921	-	(3,184,503)
Health and welfare	420,898	300,301	-	(120,597)
Culture and recreation	581,983	-	1,244	(580,739)
Conservation	88,757	-	-	(88,757)
Interest on long-term debt	<u>841,883</u>	<u>-</u>	<u>-</u>	<u>(841,883)</u>
Total governmental activities	\$ <u>30,181,064</u>	\$ <u>5,033,297</u>	\$ <u>1,420,873</u>	<u>(23,726,894)</u>
General revenues:				
Property taxes				20,192,467
Sales and other taxes				3,567,697
Investment earnings				24,990
Miscellaneous				<u>415,250</u>
Total general revenues				<u>24,200,404</u>
Change in net position				473,510
Net position, beginning				<u>55,597,822</u>
Prior period adjustment				<u>(213,695)</u>
Net position, ending				<u>\$ 55,857,637</u>

The accompanying notes are an integral part of this financial statement.

HOOD COUNTY, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2014

	General	Special Road and Bridge	Office Equipment C & M	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 10,641,719	\$ 344,948	\$ 1,292,353	\$ 12,564,002	\$ 24,843,022
Receivables, net:					
Taxes	871,855	32,163	-	25,577	929,595
Accounts	1,373,394	8,696	-	7,575	1,389,665
Due from other governments	31,517	-	-	42,449	73,966
Due from other funds	-	-	-	194,058	194,058
Prepaid items	161,461	30,905	-	35,829	228,195
Inventories	-	69,062	-	-	69,062
Assets held for donation	-	-	-	323,977	323,977
Total assets	<u>\$ 13,079,946</u>	<u>\$ 485,774</u>	<u>\$ 1,292,353</u>	<u>\$ 13,193,467</u>	<u>\$ 28,051,540</u>
LIABILITIES					
Accounts payable	935,284	140,062	348,090	199,067	1,622,503
Due to other funds	194,058	-	-	-	194,058
Unearned revenue	78,444	-	-	76,885	155,329
Total liabilities	<u>1,207,786</u>	<u>140,062</u>	<u>348,090</u>	<u>275,952</u>	<u>1,971,890</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	71,967	26,292	-	16,368	114,627
Unavailable revenue - court fines	1,330,307	-	-	-	1,330,307
Total deferred inflows of resources	<u>1,402,274</u>	<u>26,292</u>	<u>-</u>	<u>16,368</u>	<u>1,444,934</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	161,461	30,905	-	35,782	228,148
Inventory	-	69,062	-	-	69,062
Restricted:					
Records management and preservation	-	-	-	595,926	595,926
Judicial	-	-	-	725,991	725,991
Public safety	-	-	-	163,959	163,959
Buildings held for donation	-	-	-	323,977	323,977
Culture and recreation	-	-	-	452,636	452,636
Capital projects	-	-	-	9,589,233	9,589,233
Debt service	-	-	-	995,941	995,941
Road and bridge	-	219,453	-	-	219,453
Committed:					
Capital projects	-	-	944,263	-	944,263
Assigned:					
General contingency	1,567,850	-	-	-	1,567,850
Public transportation	-	-	-	-	-
Unassigned					
Total fund balances	<u>8,740,575</u>	<u>-</u>	<u>-</u>	<u>17,702</u>	<u>8,758,277</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>10,469,886</u>	<u>319,420</u>	<u>944,263</u>	<u>12,901,147</u>	<u>24,634,716</u>
	<u>\$ 13,079,946</u>	<u>\$ 485,774</u>	<u>\$ 1,292,353</u>	<u>\$ 13,193,467</u>	<u>\$ 28,051,540</u>

The accompanying notes are an integral part of this financial statement.

HOOD COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

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

Total fund balances - governmental funds balance sheet		\$ 24,634,716
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		53,891,033
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	\$ 114,627	
Adjudicated fines	<u>1,330,307</u>	
		1,444,934
Long-term liabilities, including bonds payable and tax anticipation notes, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(9,190,000)	
Premium on bonds	(123,747)	
Limited tax notes	(15,460,000)	
Excess sales tax	(87,530)	
Capital leases	(334,991)	
Compensated absences	(586,789)	
Interest payable on long-term debt	<u>(115,209)</u>	
		(25,898,266)
Governmental funds report outlays for pension costs as expenditures. However, in the statement of activities the amount by which these outlays exceed the annual required contributions for the plan are not expenses. Instead these outlays are reported as an asset on the statement of net position.		<u>1,785,220</u>
Net position of governmental activities - statement of net position		\$ <u><u>55,857,637</u></u>

The accompanying notes are an integral part of this financial statement.

HOOD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Special Road and Bridge	Office Equipment C & M	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 18,109,542	\$ 2,375,315	\$ -	\$ 3,330,781	\$ 23,815,638
Intergovernmental	601,488	60,610	-	1,105,174	1,767,272
Charges for services	51,751	-	-	112,728	164,479
Fees of office	2,645,216	1,048,921	-	365,613	4,059,750
Forfeitures	-	-	-	25,882	25,882
Investment earnings	17,506	999	3,470	3,015	24,990
Miscellaneous	450,445	-	-	316,653	767,098
Total revenues	<u>21,875,948</u>	<u>3,485,845</u>	<u>3,470</u>	<u>5,259,846</u>	<u>30,625,109</u>
EXPENDITURES					
Current:					
General government	5,449,140	-	-	259,010	5,708,150
Judicial and legal	3,881,950	-	-	244,541	4,126,491
Public facilities	861,382	-	-	-	861,382
Public safety	10,396,743	-	680,074	749,552	11,826,369
Public transportation	-	3,285,215	-	-	3,285,215
Health and welfare	411,005	-	-	-	411,005
Culture and recreation	-	-	-	541,453	541,453
Conservation	88,672	-	-	-	88,672
Capital outlay	9,350	-	2,996,514	1,749,059	4,754,923
Debt service:					
Principal	95,839	-	-	2,345,000	2,440,839
Interest and other charges	6,534	-	-	771,511	778,045
Total expenditures	<u>21,200,615</u>	<u>3,285,215</u>	<u>3,676,588</u>	<u>6,660,126</u>	<u>34,822,544</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>675,333</u>	<u>200,630</u>	<u>(3,673,118)</u>	<u>(1,400,280)</u>	<u>(4,197,435)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	10,000,000	10,000,000
Proceeds from sale of capital assets	17,559	-	-	-	17,559
Proceeds from capital leases	375,882	-	-	-	375,882
Transfers in	62,628	96,535	369,738	1,499,121	2,028,022
Transfers out	(1,922,797)	-	-	(105,225)	(2,028,022)
Total other financing sources and uses	<u>(1,466,728)</u>	<u>96,535</u>	<u>369,738</u>	<u>11,393,896</u>	<u>10,393,441</u>
NET CHANGE IN FUND BALANCES	(791,395)	297,165	(3,303,380)	9,993,616	6,196,006
FUND BALANCES, BEGINNING	<u>11,261,281</u>	<u>22,255</u>	<u>4,247,643</u>	<u>2,907,531</u>	<u>18,438,710</u>
FUND BALANCES, ENDING	<u>\$ 10,469,886</u>	<u>\$ 319,420</u>	<u>\$ 944,263</u>	<u>\$ 12,901,147</u>	<u>\$ 24,634,716</u>

The accompanying notes are an integral part of this financial statement.

HOOD COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Net change in fund balances - total governmental funds: \$ 6,196,006

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 4,723,325	
Depreciation	<u>(2,426,936)</u>	2,296,389

Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets.

(46,785)

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

Property taxes	6,024	
Adjudicated fines	<u>84,939</u>	90,963

The issuance of long-term debt (e.g., bonds, leases, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. Also, governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items.

Issuance of long-term debt	(10,437,380)	
Principal payments on long-term debt	<u>2,440,839</u>	(7,996,541)

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(25,155)	
Amortization of premium on long-term debt	11,250	
Interest on long-term debt	<u>(75,088)</u>	(88,993)

Governmental funds report outlays for pension costs as expenditures. However, in the statement of activities the amount by which these outlays exceed the annual required contributions for the plan are not expenses. Instead these outlays are reported as an asset on the statement of net position.

22,471

Change in net position of governmental activities \$ 473,510

The accompanying notes are an integral part of this financial statement.

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HOOD COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>2,025,577</u>
Total assets	\$ <u><u>2,025,577</u></u>
LIABILITIES	
Amounts held for others	\$ <u>2,025,577</u>
Total liabilities	\$ <u><u>2,025,577</u></u>

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

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HOOD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Hood County, Texas (the “County”) is a political subdivision of the State of Texas. The County is governed by the Commissioners’ Court, composed of four elected County Commissioners and an elected County Judge. Each of these officials serves a term of four years. The primary activities of the County include: the construction and maintenance of County roads, public safety through the sheriff’s department, health and welfare and judicial.

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete. No component units are reported in this financial report.

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 on all of the nonfiduciary activities of the County. For the most part, Interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide 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 revenue 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from property and sales taxes, grants and contracts, fees of office, forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenues from investments, including governmental external investment pools, are based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to 90 days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

The County reports Fiduciary Funds in the form of Agency Funds. These funds account for monies held on behalf of other entities. Fiduciary Fund Financial Statements include a Statement of Net Position. The County's Fiduciary Funds represent Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are accounted for on the accrual basis of accounting. Accordingly, all assets and liabilities are included on the Statement of Net Position. Because the assets are held in an agent capacity and are not available to support County programs, these funds are not included in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Debt Service Fund** accounts for the accumulation of resources for the annual payment of general long-term debt principal and interest of governmental funds and to provide a reserve for such payment.

The **Road and Bridge Special Revenue Fund** accounts for the property taxes and fees from auto registration, certificates of title, and gross weight and axle fees, and approved expenditures for public transportation projects.

The **Office Equipment C&M Capital Projects Fund** accounts for the bond proceeds authorized for acquisition and construction of capital projects, and for tax note and lease purchase proceeds for the acquisition of capital equipment.

Additionally, the County reports the following fiduciary fund:

Agency Funds account for assets that the County holds on behalf of others as their agent.

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

1. **Cash and Investments**

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. Investments are stated at fair value.

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as cash and investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account.

2. **Property Taxes**

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the County is the responsibility of the Hood County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners' Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The Appraisal District bills and collects property taxes for the County.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$0.15 per \$100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$0.30 per \$100 valuation for road, bridge and flood control purposes.

The County's 2013 tax levy, supporting the 2014 fiscal period budget, totaled \$0.383908 per \$100 valuation and was comprised as follows:

Constitutional levy:	
General fund	\$ 0.275729
Road and bridge fund (lateral road)	0.044964
Library fund	0.010145
Debt service	<u>0.053070</u>
Combined tax rate	<u>\$ 0.383908</u>

3. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." All outstanding balances between funds are reported as "due to/from other funds."

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Inventories

The County utilizes the consumption method to account for inventory. Under this method, inventory is considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method and reported as nonspendable fund balance in the governmental fund financial statements since they do not constitute “available spendable resources” even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel and chemicals.

6. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, infrastructure, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets capitalized have an original cost of \$5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5 - 50
Furniture, equipment and vehicles	5 - 20
Infrastructure	20 - 50

7. Compensated Absences

Employees are allowed paid absences due to sickness, vacation and compensatory time. Sick leave starts accruing three months from hire date. It accrues at a rate of 3.7 hours a pay period with a maximum of two hundred and forty (240). Employees are allowed to donate hours to a sick bank when the 240 hours is reached. The sick bank hours are then available to employees who max out their sick time in cases of serious illness. Sick leave benefits are recognized in the period in which time off is actually taken. Vacation benefits accrue monthly at rates depending upon an employee’s length of service. Vacation benefits must be taken annually and are limited to a carryover period depending upon the employee’s length of service.

Compensatory time represents time worked by employees in excess of 40 hours per week, and is earned at one and one-half times such hours worked. This applies to all non-exempt employees. Exempt employees are all department heads, supervisory personnel, and certain other professional or administrative positions. The maximum compensatory time an employee may accumulate without Commissioners’ Court approval is fifty (50) hours. All such paid absences are paid at the employee’s regular pay rate.

There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. Vacation and compensatory pay are accrued when incurred in the government-wide statements up to the amount the County pays upon termination of an employee. A liability for these amounts is reported in governmental funds only if they have matured for example, as a result of employee resignations and retirements.

8. Long-term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

9. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Commissioners' Court has by resolution authorized the County Judge to assign fund balance with the assistance of the County Auditor and County Attorney, as needed.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

10. Net Position

Net position represents the difference between assets, deferred outflows/inflows of resources, and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Restricted net position, as presented in the government-wide statement of net position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes, and court fines and fees. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available.

12. Estimates

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

13. Prior Period Adjustment

As the result of implementing GASB Statement 65, the County has decreased beginning net position as of October 1, 2013 by \$213,695 for the governmental activities. This decrease results from no longer deferring and amortizing bond issuance costs.

14. Deficit Fund Balance/Net Position

The following funds had a deficit equity balance as of September 30, 2014:

Fund balances:		
Special revenue funds:		
TJJD juvenile probation programs	\$	3,700

The deficit equity balances will be covered by future transfers from the General Fund.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Cash and temporary investments:		
TexPool	\$ 10,803,400	51
TexSTAR	<u>2,600,000</u>	51
Total fair value	<u>\$ 13,403,400</u>	

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 110 percent of uninsured balances. The County’s cash deposit in the bank on September 30, 2014, was covered by federal depository insurance or collateral held by the County’s agent in the County’s name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds underwritten investment policy (the “investment policy”) that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under Chapter 2256 of the Texas Government Code.

The County’s deposits and investments are invested pursuant to the investment policy, which is approved by Commissioners’ Court. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition, it includes an “Investment Strategy Statement” that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the County will deposit funds is addressed. The County’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The County’s management believes that it complied with the requirements of the PFIA and the County’s investment policy.

The County’s Investment Officer submits an investment report each quarter to the Commissioners’ Court. The report details the investment positions of the County and the compliance of the investment portfolios as they relate to both the adopted investment strategy statements and the Texas State law.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States or its agencies and instrumentalities. Section 2256.009 (a) (1), PFIA and 116 Local Government Code;
2. Direct obligations of the State of Texas or its agencies and instrumentalities. Section 2256.009 (a) (2), PFIA and 116 Local Government Code;
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities. Section 2256.009 (a) (4), PFIA;

4. Certificates of deposit issued by a depository institution that has its main office or a branch office in this state in accordance with Section 2256.010 (a) (1), PFIA: a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successors, or secured by obligations that are described by paragraphs 1 through 3 above which are intended to include all direct federal agency or instrumentality issued mortgage-backed securities, but excluding those mortgage-backed securities of the nature described in Section 2256.009 (b) of the PFIA, that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the County; b) governed by a Depository Agreement that complies with federal and state regulation to properly secure a pledged security interest and; c) solicited for bid orally, in writing, electronically, or any combination of these methods. Section 2256.005 (c) (1-4), PFIA; and
5. Eligible investment pools organized and operating in compliance with the PFIA that have been authorized by the Commissioners' Court; and those investment philosophies and strategies are consistent with this policy and the County's ongoing investment strategy. Disclosures of compliance with Section 2256.0016 of the PFIA must be submitted by the pool. Investment pools created to function as a money market mutual fund must mark its portfolio to market daily and stabilize at a net asset value of \$1 (one dollar).

Further, the County's investment policy provides limitations on types of investments, including funds maintained in the depository bank, which may be held as follows.

U. S. Treasury bills/notes/bonds	100%
U. S. agencies and instrumentalities	100%
States, counties, cities and other	50%
Certificates of deposit	50%
Eligible investment pools	90%

The County's investment policy does not cover investments (trust funds) controlled by County courts and held by various financial institutions jointly under the name of the County and the Court's beneficiaries and carrying the identification number of the beneficiaries.

The County participates in two Local Government Investment Pools (LGIP), TexPool and TexStar. The State Comptroller oversees TexPool with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexStar, an advisory board consisting of participants or their designees maintains oversight responsibility for TexStar.

The County invests in TexPool and TexStar to provide its liquidity needs. TexPool and TexStar are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool and TexStar are 2(a) 7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexStar are rated AAAM and must maintain a dollar-weighted average maturity not to exceed 60 days, which is the limit.

Credit Risk. It is the County’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County’s investment pools are rated as follows by Standard & Poor’s Investors Service.

TexPool	AAAm
TexStar	AAAm

B. Receivables and Allowances

Receivables as of year-end for the County’s individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Total
	General	Special Road and Bridge	Other Governmental Funds	
Receivables:				
Taxes	\$ 1,272,883	\$ 90,583	\$ 131,586	\$ 1,495,052
Accounts	43,087	8,696	7,575	59,358
Adjudicated fine receivable	<u>5,321,227</u>	-	-	<u>5,321,227</u>
Gross receivables	6,637,197	99,279	139,161	6,875,637
Less: allowance for uncollectibles	<u>4,391,948</u>	<u>58,420</u>	<u>106,009</u>	<u>4,556,377</u>
Net total receivables	<u>\$ 2,245,249</u>	<u>\$ 40,859</u>	<u>\$ 33,152</u>	<u>\$ 2,319,260</u>

C. Interfund Balances and Activity

Due to/from Other Funds

The composition of interfund balances as of September 30, 2014, is as follows:

<u>Due to</u>	<u>Due from</u>	<u>Total</u>
Nonmajor	General	\$ <u>194,058</u>
		\$ <u>194,058</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers

	Transfer In				Total
	General	Special Road and Bridge	Office Equipment C&M	Nonmajor Governmental	
Transfer out:					
General	\$ -	\$ 96,535	\$ 340,000	\$ 1,486,262	\$ 1,922,797
Nonmajor governmental	<u>62,628</u>	<u>-</u>	<u>29,738</u>	<u>12,859</u>	<u>105,225</u>
	<u>\$ 62,628</u>	<u>\$ 96,535</u>	<u>\$ 369,738</u>	<u>\$ 1,499,121</u>	<u>\$ 2,028,022</u>

The Commissioners' Court approved these transfers as transfers of operational funds to cover planned expenditures. The transfer from the general fund to a nonmajor governmental fund was for repairs that resulted from a tornado.

D. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 09/30/13	Additions	Deletions	Balance 09/30/14
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,621,112	\$ 176,678	\$ -	\$ 6,797,790
Construction in progress	<u>1,356,926</u>	<u>3,477,419</u>	<u>(2,398,573)</u>	<u>2,435,772</u>
Total assets not being depreciated	<u>7,978,038</u>	<u>3,654,097</u>	<u>(2,398,573)</u>	<u>9,233,562</u>
Capital assets, being depreciated:				
Buildings and improvements	28,611,526	2,398,573	-	31,010,099
Furniture, equipment and vehicles	14,412,310	1,069,228	(197,176)	15,284,362
Infrastructure	<u>44,696,558</u>	<u>-</u>	<u>-</u>	<u>44,696,558</u>
Total capital assets being depreciated	<u>87,720,394</u>	<u>3,467,801</u>	<u>(197,176)</u>	<u>90,991,019</u>
Less accumulated depreciation:				
Buildings and improvements	6,334,219	612,755	-	6,946,974
Furniture, equipment and vehicles	8,202,399	1,217,190	(150,391)	9,269,198
Infrastructure	<u>29,520,385</u>	<u>596,991</u>	<u>-</u>	<u>30,117,376</u>
Total accumulated depreciation	<u>44,057,003</u>	<u>2,426,936</u>	<u>(150,391)</u>	<u>46,333,548</u>
Total capital assets being depreciated, net	<u>43,663,391</u>	<u>1,040,865</u>	<u>(46,785)</u>	<u>44,657,471</u>
Governmental activities capital assets, net	<u>\$ 51,641,429</u>	<u>\$ 4,694,962</u>	<u>\$(2,445,358)</u>	<u>\$ 53,891,033</u>

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

Governmental activities:	
General government	\$ 465,605
Judicial and legal	213,803
Public safety	747,248
Corrections	1,958
Public transportation	947,929
Health and welfare	9,942
Culture and recreation	<u>40,451</u>
 Total depreciation expense - governmental activities	 <u>\$ 2,426,936</u>

E. Long-term Debt

General Obligation Debt

General obligation bonds and certificates of obligation payable at September 30, 2014, are summarized as follows:

	Interest	<u>Series Dates</u>		Amount
	<u>Rate</u>	<u>Issued</u>	<u>Maturity</u>	<u>Outstanding</u>
				<u>09/30/14</u>
General obligation:				
Refunding bonds, Series 2008	4.05%	2008	2029	\$ 5,520,000
Refunding bonds, Series 2009	4.00% - 4.125%	2009	2023	<u>3,670,000</u>
				<u>\$ 9,190,000</u>

Annual debt service requirements to maturity for general obligation bonds and certificates of obligation are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirement</u>
2015	\$ 390,000	\$ 363,143	\$ 753,143
2016	410,000	347,119	757,119
2017	425,000	330,394	755,394
2018	445,000	312,968	757,968
2019	460,000	294,840	754,840
2020-2024	2,800,000	1,169,882	3,969,882
2025-2029	<u>4,260,000</u>	<u>444,893</u>	<u>4,704,893</u>
	<u>\$ 9,190,000</u>	<u>\$ 3,263,239</u>	<u>\$ 12,453,239</u>

During the year ended September 30, 2004, the County issued \$3,755,000 in General Obligation Refunding Bonds, Series 2003, for the purpose of refunding the remaining portion of the Certificates of Obligation, Series 1994. These general obligation bonds bear interest at a rate of 3.25% and were scheduled to be retired over a period of 11 years, beginning in 2004. The Certificates of Obligation, Series 1994 were refunded in their entirety at the time of the refunding.

On August 18, 2008, the County sold \$5,730,000 of General Obligation Refunding Bonds, Series 2008. These refunding bonds (Series 2008) were issued for the purpose of generating resources and decreasing the total debt service payments.

On May 26, 2009, the County sold \$4,180,000 of General Obligation Refunding Bonds, Series 2009. These refunding bonds (Series 2009) were issued for the purpose of generating resources and decreasing the total debt service payments.

On August 22, 2013 the County sold \$2,805,000 of Tax Notes, Series 2013. These notes were issued for the purpose of construction of any public work and for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the County's authorized needs and purposes.

On December 30, 2013 the County sold \$6,500,000 of Limited Tax Bonds, Series 2013. These bonds were issued for the purpose of construction for the YMCA recreation center.

On April 22, 2014 the County sold \$3,500,000 of Limited Tax Bonds, Series 2014. These bonds were issued for the purpose of construction for the YMCA recreation center.

Prior Year Defeasance of Bonds

In prior years, the County defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On September 30, 2014, there are no bonds considered defeased.

Limited Tax Notes and Bonds

Limited tax notes and bonds payable at September 30, 2014, are summarized as follows:

	Amount Issued	Interest Rate	Series Dates		Amount Outstanding 09/30/14
			Issued	Maturity	
Series 2008	\$ 3,395,000	3.29%	2008	2015	\$ 360,000
Series 2011	1,845,000	2.065%	2011	2018	1,220,000
Series 2012	2,500,000	1.17%	2012	2017	1,075,000
Series 2013	2,805,000	1.61%	2013	2020	2,805,000
Series 2013	6,500,000	2.28%	2014	2024	6,500,000
Series 2014	3,500,000	2.15%	2014	2024	<u>3,500,000</u>
					<u>\$ 15,460,000</u>

Annual debt service requirements to maturity of limited tax note and bond requirements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2015	\$ 1,665,000	\$ 417,438	\$ 2,082,438
2016	1,815,000	267,357	2,082,357
2017	1,850,000	233,419	2,083,419
2018	1,880,000	197,045	2,077,045
2019	1,625,000	161,191	1,786,191
2020-2024	<u>6,625,000</u>	<u>351,951</u>	<u>6,976,951</u>
	<u>\$ 15,460,000</u>	<u>\$ 1,628,401</u>	<u>\$ 17,088,401</u>

Capital Leases

During the year ended September 30, 2014, the County entered into a capital lease for telephone equipment and infrastructure. The minimum lease payments total \$375,882 with an imputed interest rate of 3.125%. The minimum future payments on capital leases as of September 30, 2014, are as follows:

<u>Year Ending September 30,</u>	
2015	\$ 81,300
2016	81,300
2017	81,300
2018	81,300
2019	<u>33,857</u>
Less: interest	<u>(24,066)</u>
	<u>\$ 334,991</u>

Excess Sales Tax

During the year ended September 30, 2009, the state comptroller notified the County that excess sales tax in the amount of \$219,790 had been paid to the County in error. The County negotiated a payback schedule of 48 months at \$4,579 per month beginning with the October 2009 payment and ending September 2014. No interest is payable on the excess balance.

During the year ended September 30, 2013, the state comptroller notified the County that excess sales tax in the amount of \$90,138 had been paid to the County in error in addition to what had previously been overpaid. The state agreed to extend the original payback agreement for 32 months at the original monthly deduction amount plus a final 33rd payment in the amount of \$3,138 will be paid in June 2015.

During the year ended September 30, 2014, the state comptroller notified the County that excess sales tax in the amount of \$61,498 had been paid to the County in error in addition to what had previously been overpaid. The state agreed to extend the amended payback agreement for 13 months at the original monthly deduction amount of \$4,579. A final payment in the amount of \$5,109 will be paid in June 2016.

The following is a summary payment schedule agreed upon by the state comptroller as of September 30, 2014:

<u>Year Ending September 30,</u>	
2015	\$ 54,948
2016	<u>32,582</u>
Total	<u>\$ 87,530</u>

Changes in Long-term Debt

Long-term activity for the year ended September 30, 2014, was as follows:

	<u>Balance September 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2014</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities</u>					
General obligation bonds	\$ 9,785,000	\$ -	\$ 595,000	\$ 9,190,000	\$ 390,000
Bond premium	134,997	-	11,250	123,747	-
Limited tax notes and bonds	7,210,000	10,000,000	1,750,000	15,460,000	1,665,000
Capital lease	-	375,882	40,891	334,991	71,855
Excess sales tax	80,980	61,498	54,948	87,530	54,948
Compensated absences	<u>561,634</u>	<u>642,861</u>	<u>617,706</u>	<u>586,789</u>	<u>528,110</u>
Total governmental activities	<u>\$ 17,772,611</u>	<u>\$ 11,080,241</u>	<u>\$ 3,069,795</u>	<u>\$ 25,783,057</u>	<u>\$ 2,709,913</u>

Compensated absences are typically funded with the General and Road and Bridge Funds.

F. Operating Leases

The County is involved in an operating lease for copiers. The minimum future rental payments on noncancelable leases as of September 30, 2014, are as follows:

<u>Year Ending September 30,</u>	
2015	\$ 104,242
2016	104,242
2017	76,209
2018	<u>10,619</u>
	<u>\$ 295,312</u>

III. OTHER INFORMATION

A. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The County has elected the annually determined contribution rate ("ADCR") plan provision of 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 County is actuarially determined annually. The County contributed using the actuarially determined rate of 7.24% for the months of the accounting year in 2013, and 6.86% for the months of the accounting year in 2014.

The contribution rate payable by the employee members for calendar years 2014 and 2013 is the rate of 6%, as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

A. Retirement Plan

Annual Pension Cost

For the year ended September 30, 2014, the County's annual pension costs and net pension asset were as follows:

Annual required contribution (ARC)	\$	906,416
Interest on net pension asset	(158,647)
Adjustment to ARC		<u>136,175</u>
Annual pension cost		883,944
Contributions made	(906,416)
Net pension asset, beginning of year	(<u>1,762,748</u>)
Change in net pension asset	(<u>22,472</u>)
Net pension asset, end of year	\$	<u><u>(1,785,220)</u></u>

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 5-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the state rate

**Trend Information for the
Retirement Plan for the Employees of Hood County**

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
09/30/12	\$ 883,850	213%	\$(1,000,000)
09/30/13	889,994	186%	(1,762,748)
09/30/14	883,944	103%	(1,785,220)

Funded Status and Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation completed, is presented as follows:

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	\$ 22,294,173	\$ 22,901,774	\$ 607,601	97.35%	\$ 12,519,501	4.85%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

B. Post Employment Group Term Life Insurance Plan

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the GTLF for the years ended September 30, 2014, 2013, and 2012 were \$33,915, \$32,089, and \$30,177, respectively, which equaled the contractually required contributions each year.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases workers' compensation insurance coverage from the Texas Association of Counties Self-insurance Fund, a public entity risk pool, which is self-sustaining through member premiums. The Fund reinsures through commercial companies for the claims in excess of \$300,000. The County maintains commercial insurance coverage covering other risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. There have been no significant reductions in insurance coverage.

D. Contingencies

The County is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. Although the outcome of such lawsuits and other claims is not presently determinable, the resolution of these matters is not expected to have a material effect on the financial condition of the County.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

E. Economic Development Commitments

The County entered into an economic development agreement dated August 24, 2010 with a developer and a company to reimburse property taxes for the funding, design, and construction of a new grocery store. The agreement requires the County to rebate to the developer and company 50% of the property taxes for the term January 1, 2012 – December 31, 2021. The maximum amount to be rebated by the County from property tax revenues generated by the development is \$1,154,787.

F. New Accounting Principles

Significant new accounting standards not yet implemented by the County include the following.

Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27, is effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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HOOD COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 18,098,550	\$ 18,287,308	\$ 18,109,542	\$(177,766)
Intergovernmental	554,500	584,500	601,488	16,988
Charges for services	36,500	43,500	51,751	8,251
Fees of office	2,498,250	2,498,250	2,645,216	146,966
Investment earnings	25,000	25,000	17,506	(7,494)
Miscellaneous	312,436	317,436	450,445	133,009
Total revenues	<u>21,525,236</u>	<u>21,755,994</u>	<u>21,875,948</u>	<u>119,954</u>
EXPENDITURES				
Current:				
General government:				
Commissioners' court	408,440	408,440	398,891	9,549
County judge	161,947	161,947	157,358	4,589
County clerk	526,590	526,590	501,822	24,768
Veteran's service	47,722	47,722	45,500	2,222
Nondepartmental	1,230,505	1,068,705	1,028,113	40,592
Risk management	577,300	376,000	373,372	2,628
Mailroom	145,764	131,264	127,713	3,551
Purchasing	173,590	173,590	171,542	2,048
Human resources	157,496	157,496	149,493	8,003
County auditor	274,368	274,368	270,429	3,939
County treasurer	225,521	225,521	181,318	44,203
County tax assessor/collector	447,728	447,728	430,778	16,950
Voter registration	40,191	40,191	39,937	254
Information systems	1,150,360	1,150,360	1,407,187	(256,827)
Elections	169,041	173,041	165,687	7,354
Total general government	<u>5,736,563</u>	<u>5,362,963</u>	<u>5,449,140</u>	<u>(86,177)</u>
Judicial and legal:				
County court	76,098	76,098	68,052	8,046
County court-at-law judge	291,445	291,702	287,106	4,596
County court-at-law	301,846	326,589	325,167	1,422
District judge	139,793	139,793	138,572	1,221
District court	492,811	527,811	527,162	649
District clerk	444,430	444,430	400,215	44,215
Justice of the peace, precincts 1 and 2	338,438	348,788	337,724	11,064
Justice of the peace, precinct 3	188,702	188,702	183,525	5,177
Justice of the peace, precinct 4	175,268	175,268	164,891	10,377
County attorney	764,840	764,840	748,857	15,983
District attorney	647,472	647,472	627,792	19,680
Jury	75,000	75,000	72,887	2,113
Total judicial	<u>3,936,143</u>	<u>4,006,493</u>	<u>3,881,950</u>	<u>124,543</u>
Public facilities:				
Buildings and grounds	937,664	937,664	861,382	76,282
Total public facilities	<u>937,664</u>	<u>937,664</u>	<u>861,382</u>	<u>76,282</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Fire protection	\$ 305,500	\$ 300,500	\$ 285,054	\$ 15,446
Fire marshal	291,650	291,650	263,196	28,454
Civil process services	60,322	60,322	59,456	866
Constable, precincts 1 and 2	263,272	263,272	248,813	14,459
Constable, precincts 3 and 4	266,821	266,821	246,626	20,195
Sheriff, administration	4,081,530	4,101,980	3,947,647	154,333
Sheriff, dispatch	935,266	935,266	917,804	17,462
Sheriff, civil	5,000	5,000	2,589	2,411
Justice center security contract	258,198	258,198	229,111	29,087
Highway patrol	93,908	93,908	93,422	486
911 Coordinator	55,643	55,643	53,732	1,911
Animal control	330,938	339,588	323,086	16,502
Jail	3,494,073	3,520,773	3,409,064	111,709
Juvenile probation	370,580	370,580	299,521	71,059
Adult probation	17,825	17,825	17,622	203
Total public safety	<u>10,830,526</u>	<u>10,881,326</u>	<u>10,396,743</u>	<u>484,583</u>
Health and welfare:				
County health	264,151	264,151	252,935	11,216
Environmental protection	93,000	100,000	95,288	4,712
Public assistance	71,000	71,000	62,782	8,218
Total health and welfare	<u>428,151</u>	<u>435,151</u>	<u>411,005</u>	<u>24,146</u>
Conservation:				
County extension agent	91,317	91,317	88,672	2,645
Total conservation	<u>91,317</u>	<u>91,317</u>	<u>88,672</u>	<u>2,645</u>
Total current expenditures	21,960,364	21,714,914	21,088,892	626,022
Capital outlay	12,350	12,350	9,350	3,000
Debt service:				
Principal	54,948	54,948	95,839	(40,891)
Interest and other charges	-	-	6,534	(6,534)
Total expenditures	<u>22,027,662</u>	<u>21,782,212</u>	<u>21,200,615</u>	<u>581,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(502,426)</u>	<u>(26,218)</u>	<u>675,333</u>	<u>(701,551)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	15,000	15,000	17,559	2,559
Proceeds from capital leases	-	-	375,882	375,882
Transfers in	307,556	314,706	62,628	(252,078)
Transfers out	(921,149)	(1,432,507)	(1,922,797)	(490,290)
Total other financing sources and uses	<u>(598,593)</u>	<u>(1,102,801)</u>	<u>(1,466,728)</u>	<u>(363,927)</u>
NET CHANGE IN FUND BALANCE	<u>(1,101,019)</u>	<u>(1,129,019)</u>	<u>(791,395)</u>	<u>337,624</u>
FUND BALANCE, BEGINNING	<u>11,261,281</u>	<u>11,261,281</u>	<u>11,261,281</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 10,160,262</u>	<u>\$ 10,132,262</u>	<u>\$ 10,469,886</u>	<u>\$ 337,624</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,355,000	\$ 2,355,000	\$ 2,375,315	\$ 20,315
Intergovernmental	65,000	65,000	60,610	(4,390)
Fees of office	1,209,000	1,209,000	1,048,921	(160,079)
Investment earnings	999	999	999	-
Total revenues	3,629,999	3,629,999	3,485,845	(144,154)
EXPENDITURES				
Current:				
Public transportation:				
Operations	3,681,480	3,693,780	3,239,326	454,454
Appraisals	45,000	45,000	45,000	-
Development	1,220	1,220	889	331
Total expenditures	3,728,700	3,741,000	3,285,215	455,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(98,701)	(111,001)	200,630	311,631
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	112,300	96,535	(15,765)
Total other financing sources and uses	100,000	112,300	96,535	(15,765)
NET CHANGE IN FUND BALANCE	1,299	1,299	297,165	295,866
FUND BALANCE, BEGINNING	22,255	22,255	22,255	-
FUND BALANCE, ENDING	\$ 23,554	\$ 23,554	\$ 319,420	\$ 295,866

HOOD COUNTY, TEXAS

NOTES TO BUDGETARY INFORMATION

SEPTEMBER 30, 2014

Budgetary Information

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the department level of each fund. Any expenditure, which alters the total budgeted amounts of a fund, must be approved by Commissioners' Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Annual appropriated budgets are adopted for the General Fund, all Special Revenue Funds, except certain funds (County Attorney Collection Fee, District Attorney, Sheriff Forfeiture, Sheriff Commissary, Alternative Dispute Resolution Fees, Medicaid 1115 Waiver), and the Debt Service Fund. Project length budgets are adopted for Capital Projects Funds.

The County follows these procedures in establishing the budgetary data reflected in the financial report. The County Judge has departmental meetings with management to determine the departmental budget requests; the County Judge, assisted by the County Auditor, submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The proposed operating budget establishes estimated revenues and other resources available for appropriation. Proposed expenditures may not exceed estimated revenues, other resources, and available fund balances after proper publication of notice, a public hearing is conducted by the Commissioners' Court to obtain taxpayer comments (if an increase to the effective tax rate of more than 3% is proposed as a result of the proposed budget, additional notices and public hearings are required); after the public hearing(s) the Commissioners' Court makes appropriate budget changes and adopts the budget through the passage of an order at a regularly scheduled meeting on or before October 1. A separate order is adopted to levy the taxes necessary to finance the budgeted expenditures.

Although the level of budgetary control is department level of each fund, the County adopts its budget at a line-item level for internal managerial control purposes. Line item level is defined for revenue purposes as the type of revenue to be derived and for expenditure purposes by department and type of expenditures (salaries and wages, and employee benefits; operating expenses/expenditures; and capital outlay). Budget amendments to transfer budgeted amounts from one line item to another may be made at the discretion of Commissioners' Court. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaration of the existence of an emergency sufficient to require action. County management can, with the exception of personnel items, make adjustments to their budgets within the department level. Appropriations not exercised in the current year lapse at the end of the year.

HOOD COUNTY, TEXAS

NOTES TO BUDGETARY INFORMATION

SEPTEMBER 30, 2014

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

Expenditures Over Appropriations

The General Fund general government information systems expenditures exceeded appropriations for the year ended September 30, 2014, by \$256,827. This is primarily related to a capital lease in the amount of \$375,882, which was funded by the proceeds of the capital lease.

HOOD COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2011	\$ 18,532,313	\$ 19,988,869	\$ 1,456,556	92.71%	\$ 11,967,381	12.17%
2012	20,433,308	21,454,451	1,021,143	95.24%	11,808,546	8.65%
2013	22,294,173	22,901,774	607,601	97.35%	12,519,501	4.85%

1 - The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

District Attorney – This fund is used to account for monies received from fees collected on the payment of hot checks and revenue specific to the District Attorney's office and to account for monies received from the state, for the benefit of the District Attorney's office. Expenditures are used to improve the operation of the District Attorney's office.

District Attorney Forfeiture – This fund is used to account for the award of property and cash from drug seizures. These proceeds are available for use by the District Attorney to improve the operations of the office or expended in future drug related activities. This fund also accounts for previously forfeited funds held by the STOP Narcotics Task Force pursuant to Chapter 59, Texas Criminal Code, that were disbursed to the partner law enforcement agencies of the STOP Narcotics Task Force when this agency was dissolved by agreement of the partner law enforcement agencies.

County Attorney Collection Fee – This fund is used to account for monies received from fees collected on the payment of hot checks and revenues specific to the County Attorney's office. Expenditures are used to improve the operation of the County Attorney's office.

Grants – This fund accounts for intergovernmental revenues from federal and state sources that the County receives for various projects. Each grant's revenue is restricted to the use intended for the grant.

Judges' Education – This fund is used to account for fees collected from County court cases specific to offset the expenditures of continuing professional education requirements of the County and District judges.

Courthouse Security – This fund is used to account for revenue derived from fees collected by the County and District Clerks for the purpose of providing security measures for the County and District courts.

Justice Court Technology – This fund accounts for the mandate that each justice court in Hood County assess a technology fee of \$4.00 as cost of court on each conviction, as defined by Art. 102.0173, Code of Criminal Procedure, for a fine-only misdemeanor committed on or after January 1, 2002. The use of this fee is restricted to the purchase of technological enhancements for a justice court.

Records Management – This fund is used to account for specific fees collected by the County Clerk. These funds are to be utilized for records preservation and automation of the record retention in the County Clerk's office.

Records Preservation – This fund is used to account for specific fees collected by the County Clerk and District Clerk. These funds are to be utilized for records preservation and record retention County offices.

Time Payment Collection Fee – This fund is used to account for fees collected by the County Clerk, District Clerk, Justice of the Peace Precincts 1 and 2, and Justice of the Peace Precincts 3 and 4, for the purpose of improving the efficiency of the respective offices.

Sheriff Forfeiture – This fund is used to account for the award of property and cash from drug seizures. These proceeds are available for use by the Sheriff to improve the operations of the office or expended in future drug related activities.

Sheriff Commissary – This fund is used to account for jail inmates' purchases of food, toiletry items, and other supplies. Expenditures are for the purchase of stock and profits generated may be used by the Sheriff to purchase items for the benefit of the inmate population.

Truant Officer – This fund is used to account for the intergovernmental revenues collected from Granbury Independent School District to provide the services of a truant officer. These funds are to offset the costs of administering the program out of Precincts 3 and 4 Constables' office.

Abandoned Vehicle – This fund is used to account for funds collected from the storage and sale of abandoned vehicles. Expenditures are for the costs of towing, processing and auctioning of these vehicles.

TJJD Juvenile Probation Programs – This fund accounts for revenues received from the Texas Juvenile Justice Department to supplement expenditures of the County in administering a Juvenile Probation Department. This fund accounts for four Texas Juvenile Justice Department programs as follows: TJJD – State Aid which accounts for revenues received from the Texas Juvenile Justice Department to supplement expenditures of the County in administering a Juvenile Probation Department; TJJD – Progressive Sanctions JPO which pays only for salaries and/or fringe benefits, supplies or other miscellaneous expenses of Juvenile Probation Officers (JPO) hired under this grant. The JPO duties include supervising juveniles on Levels I, II, or III of the Progressive Sanctions Model; TJJD – Progressive Sanctions Level 1-2-3 which is solely for the provision of probation services within the three budget categories of staff services, non-residential services and residential services. This program provides funds for the creation of new programs or to enhance existing programs for juveniles who are assigned to Levels I, II, or III of the Progressive Sanctions Model; and TJJD – Salary Adjustment Funding which accounts for revenues received from the Texas Juvenile Justice Department to adjust the salaries of eligible fulltime certified juvenile probation officers. The County operates under an approved budget with the TJJD and submits reports quarterly with an annual contract report submitted as of each fiscal year ended August 31.

Law Library – This fund accounts for the cost of operating and maintaining a law library for public use. Revenues are derived from law library fees assessed against each civil case filed in District and County courts.

County Library – This fund is used to account for property tax collections and library user fees. Expenditures are for the costs of maintaining the County public library, including personnel costs and the purchase of books.

Library Special – This fund is used to account for donations by public users of the library, which are to be utilized for improvements to and the enhancement of the library.

Alternative Dispute Resolution Fees – This fund is used to account for fees dedicated to a process for peaceable and expeditious resolution of citizen disputes, i.e., mediation or arbitration among individuals who have ongoing relationships such as relatives, neighbors, landlords and tenants, or merchants and consumers.

County Attorney Forfeitures – This fund is used to account for proceeds from forfeitures of contraband seized by the County Attorney. These proceeds are available to the County Attorney for legitimate law enforcement activities of the County Attorney office.

CAPITAL PROJECTS FUNDS

The Capital Projects Fund accounts for proceeds from grants and debt issuances, or local resources authorized for acquisition and construction of capital projects.

Courts Facility – This fund accounts for grant proceeds for the construction of the Justice Center under a state program for energy efficiency and conservation.

DEBT SERVICE FUNDS

Debt Service – This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal, interest, and related costs on general long-term debt.

HOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue Funds		
	District Attorney	District Attorney Forfeiture	County Attorney Collection Fee
ASSETS			
Cash and investments	\$ 20,457	\$ 73,311	\$ 31,694
Receivables, net:			
Taxes	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Assets held for donation	-	-	-
	-	-	-
Total assets	\$ 20,457	\$ 73,311	\$ 31,694
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenue	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	-
Restricted:			
Debt service	-	-	-
Records management and preservation	-	-	-
Judicial	20,457	73,311	31,694
Public safety	-	-	-
Buildings held for donation	-	-	-
Culture and recreation	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	20,457	73,311	31,694
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,457	\$ 73,311	\$ 31,694

HOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue Funds		
	Sheriff Forfeiture	Sheriff Commissary	Truant Officer
ASSETS			
Cash and investments	\$ 12,011	\$ 19,136	\$ 4,261
Receivables, net:			
Taxes	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	5,300
Prepaid items	-	-	375
Assets held for donation	-	-	-
	-	-	-
Total assets	\$ 12,011	\$ 19,136	\$ 9,936
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,580
Unearned revenue	-	-	-
Total liabilities	-	-	1,580
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable:			
Prepaid items	-	-	375
Restricted:			
Debt service	-	-	-
Records management and preservation	-	-	-
Judicial	-	-	-
Public safety	12,011	19,136	7,981
Buildings held for donation	-	-	-
Culture and recreation	-	-	-
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	12,011	19,136	8,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,011	\$ 19,136	\$ 9,936

Special Revenue Funds

Abandoned Vehicle	TJJD Juvenile Probation Programs	Law Library	County Library	Library Special	Alternative Dispute Resolution Fees	County Attorney Forfeitures	Medicaid 1115 Waiver
\$ 76,511	\$ 116,582	\$ 20,088	\$ 458,587	\$ 12,672	\$ 131,205	\$ 7,339	\$ 21,402
-	-	-	4,453	-	-	-	-
5,116	-	-	15	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,312	-	-	-	-
-	-	-	-	-	-	-	-
<u>81,627</u>	<u>116,582</u>	<u>20,088</u>	<u>467,367</u>	<u>12,672</u>	<u>131,205</u>	<u>7,339</u>	<u>21,402</u>
\$ 2,619	\$ 43,397	\$ 697	\$ 19,891	\$ 120	\$ 300	\$ -	\$ -
-	76,885	-	-	-	-	-	-
<u>2,619</u>	<u>120,282</u>	<u>697</u>	<u>19,891</u>	<u>120</u>	<u>300</u>	<u>-</u>	<u>-</u>
-	-	-	3,080	-	-	-	-
-	-	-	<u>3,080</u>	-	-	-	-
-	-	-	4,312	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,008	-	19,391	-	-	130,905	7,339	-
-	-	-	-	-	-	-	-
-	-	-	440,084	12,552	-	-	-
-	-	-	-	-	-	-	-
-	(3,700)	-	-	-	-	-	21,402
<u>79,008</u>	<u>(3,700)</u>	<u>19,391</u>	<u>444,396</u>	<u>12,552</u>	<u>130,905</u>	<u>7,339</u>	<u>21,402</u>
<u>81,627</u>	<u>116,582</u>	<u>20,088</u>	<u>467,367</u>	<u>12,672</u>	<u>131,205</u>	<u>7,339</u>	<u>21,402</u>

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HOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Total Special Revenue Funds	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 2,119,072	\$ 9,645,583	\$ 799,347	\$ 12,564,002
Receivables, net:				
Taxes	4,453	-	21,124	25,577
Accounts	7,575	-	-	7,575
Due from other governments	42,449	-	-	42,449
Due from other funds	5,300	-	188,758	194,058
Prepaid items	4,734	-	31,095	35,829
Assets held for donation	323,977	-	-	323,977
 Total assets	 \$ 2,507,560	 \$ 9,645,583	 \$ 1,040,324	 \$ 13,193,467
LIABILITIES				
Accounts payable	\$ 142,717	\$ 56,350	\$ -	\$ 199,067
Unearned revenue	76,885	-	-	76,885
Total liabilities	219,602	56,350	-	275,952
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,080	-	13,288	16,368
Total deferred inflows of resources	3,080	-	13,288	16,368
FUND BALANCES				
Nonspendable:				
Prepaid items	4,687	-	31,095	35,782
Restricted:				
Debt service	-	-	995,941	995,941
Records management and preservation	595,926	-	-	595,926
Judicial	725,991	-	-	725,991
Public safety	163,959	-	-	163,959
Buildings held for donation	323,977	-	-	323,977
Culture and recreation	452,636	-	-	452,636
Capital projects	-	9,589,233	-	9,589,233
Unassigned	17,702	-	-	17,702
Total fund balances	2,284,878	9,589,233	1,027,036	12,901,147
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 2,507,560	 \$ 9,645,583	 \$ 1,040,324	 \$ 13,193,467

HOOD COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds		
	District Attorney	District Attorney Forfeiture	County Attorney Collection Fee
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	23,141	-	-
Charges for services	-	-	-
Fees of office	23,827	-	10,236
Forfeitures	-	17,637	-
Investment income	-	89	-
Miscellaneous	-	-	-
Total revenues	46,968	17,726	10,236
EXPENDITURES			
Current:			
General government	-	-	-
Judicial and legal	45,005	25,123	22,101
Public safety	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	16,225	-
Total expenditures	45,005	41,348	22,101
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,963	(23,622)	(11,865)
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	1,963	(23,622)	(11,865)
FUND BALANCES, BEGINNING	18,494	96,933	43,559
FUND BALANCES, ENDING	\$ 20,457	\$ 73,311	\$ 31,694

Special Revenue Funds

Grants	Judges Education	Courthouse Security	Justice Court Technology	Records Management	Records Preservation	Time Payment Collection Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
681,827	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	34,811	13,986	193,823	35,215	12,304
-	-	-	-	-	-	-
41	5	166	-	576	188	-
<u>100,016</u>	<u>1,340</u>	<u>-</u>	<u>216</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>781,884</u>	<u>1,345</u>	<u>34,977</u>	<u>14,202</u>	<u>194,399</u>	<u>35,403</u>	<u>12,304</u>
-	-	-	-	205,505	-	-
56,203	2,645	4,176	14,673	-	10,819	-
184,105	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,459,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,699,481</u>	<u>2,645</u>	<u>4,176</u>	<u>14,673</u>	<u>205,505</u>	<u>10,819</u>	<u>-</u>
(917,597)	(1,300)	30,801	(471)	(11,106)	24,584	12,304
-	-	-	-	-	-	-
1,292,204	-	-	-	-	-	-
(29,738)	-	-	-	-	-	-
<u>1,262,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
344,869	(1,300)	30,801	(471)	(11,106)	24,584	12,304
<u>24,931</u>	<u>6,602</u>	<u>145,809</u>	<u>81,475</u>	<u>512,482</u>	<u>164,516</u>	<u>73,124</u>
<u>\$ 369,800</u>	<u>\$ 5,302</u>	<u>\$ 176,610</u>	<u>\$ 81,004</u>	<u>\$ 501,376</u>	<u>\$ 189,100</u>	<u>\$ 85,428</u>

HOOD COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds		
	Sheriff Forfeiture	Sheriff Commissary	Truant Officer
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	58,400
Charges for services	-	112,728	-
Fees of office	-	-	-
Forfeitures	5,769	-	-
Investment income	14	-	-
Miscellaneous	-	-	-
Total revenues	5,783	112,728	58,400
EXPENDITURES			
Current:			
General government	-	-	-
Judicial and legal	-	-	-
Public safety	9,393	109,571	62,968
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	9,393	109,571	62,968
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,610)	3,157	(4,568)
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	-	-
Transfers in	12,859	-	5,300
Transfers out	-	-	-
Total other financing sources (uses)	12,859	-	5,300
NET CHANGE IN FUND BALANCES	9,249	3,157	732
FUND BALANCES, BEGINNING	2,762	15,979	7,624
FUND BALANCES, ENDING	\$ 12,011	\$ 19,136	\$ 8,356

Special Revenue Funds

Abandoned Vehicle	TJJD Juvenile Probation Programs	Law Library	County Library	Library Special	Alternative Dispute Resolution Fees	County Attorney Forfeitures	Medicaid 1115 Waiver
\$ -	\$ -	\$ -	\$ 538,247	\$ -	\$ -	\$ -	\$ -
-	340,562	-	-	1,244	-	-	-
-	-	-	-	-	-	-	-
-	-	33,840	-	-	7,571	-	-
-	-	-	-	-	-	2,476	-
75	125	25	613	14	-	-	-
<u>105,100</u>	<u>-</u>	<u>-</u>	<u>32,460</u>	<u>2,614</u>	<u>-</u>	<u>-</u>	<u>74,907</u>
<u>105,175</u>	<u>340,687</u>	<u>33,865</u>	<u>571,320</u>	<u>3,872</u>	<u>7,571</u>	<u>2,476</u>	<u>74,907</u>
-	-	-	-	-	-	-	53,505
-	-	48,000	-	-	5,499	10,297	-
46,228	337,287	-	-	-	-	-	-
-	-	-	539,185	2,268	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>46,228</u>	<u>337,287</u>	<u>48,000</u>	<u>549,185</u>	<u>2,268</u>	<u>5,499</u>	<u>10,297</u>	<u>53,505</u>
<u>58,947</u>	<u>3,400</u>	<u>(14,135)</u>	<u>22,135</u>	<u>1,604</u>	<u>2,072</u>	<u>(7,821)</u>	<u>21,402</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(62,628)	-	-	-	-	-	(12,859)	-
<u>(62,628)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,859)</u>	<u>-</u>
(3,681)	3,400	(14,135)	22,135	1,604	2,072	(20,680)	21,402
<u>82,689</u>	<u>(7,100)</u>	<u>33,526</u>	<u>422,261</u>	<u>10,948</u>	<u>128,833</u>	<u>28,019</u>	<u>-</u>
<u>\$ 79,008</u>	<u>\$ (3,700)</u>	<u>\$ 19,391</u>	<u>\$ 444,396</u>	<u>\$ 12,552</u>	<u>\$ 130,905</u>	<u>\$ 7,339</u>	<u>\$ 21,402</u>

HOOD COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue		Capital Projects		Debt Service		Total Nonmajor Governmental Funds
REVENUES							
Taxes	538,247	\$ -			\$ 2,792,534		\$ 3,330,781
Intergovernmental	1,105,174	-			-		1,105,174
Charges for services	112,728	-			-		112,728
Fees of office	365,613	-			-		365,613
Forfeitures	25,882	-			-		25,882
Investment income	1,931	-			1,084		3,015
Miscellaneous	316,653	-			-		316,653
Total revenues	2,466,228	-			2,793,618		5,259,846
EXPENDITURES							
Current:							
General government	259,010	-			-		259,010
Judicial and legal	244,541	-			-		244,541
Public safety	749,552	-			-		749,552
Culture and recreation	541,453	-			-		541,453
Debt service:							
Principal	-	-			2,345,000		2,345,000
Interest and other charges	-	147,106			624,405		771,511
Capital outlay	1,485,398	-	263,661		-		1,749,059
Total expenditures	3,279,954	-	410,767		2,969,405		6,660,126
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	(813,726)	(410,767)			(175,787)		(1,400,280)
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-		10,000,000		-		10,000,000
Transfers in	1,310,363	-			188,758		1,499,121
Transfers out	(105,225)	-			-		(105,225)
Total other financing sources (uses)	1,205,138		10,000,000		188,758		11,393,896
NET CHANGE IN FUND BALANCES	391,412		9,589,233		12,971		9,993,616
FUND BALANCES, BEGINNING	1,893,466		-		1,014,065		2,907,531
FUND BALANCES, ENDING	\$ 2,284,878		\$ 9,589,233		\$ 1,027,036		\$ 12,901,147

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

DISTRICT ATTORNEY FORFEITURE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Forfeitures	\$ 5,000	\$ 5,000	\$ 17,637	\$ 12,637
Investment income	-	-	89	89
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>17,726</u>	<u>12,726</u>
EXPENDITURES				
Current:				
Judicial and legal:				
District attorney	45,000	28,750	25,123	3,627
Capital outlay	-	16,250	16,225	25
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>41,348</u>	<u>3,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,000)	(40,000)	(23,622)	16,378
FUND BALANCE, BEGINNING	<u>96,933</u>	<u>96,933</u>	<u>96,933</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 56,933</u>	<u>\$ 56,933</u>	<u>\$ 73,311</u>	<u>\$ 16,378</u>

HOOD COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS FUND - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 732,500	\$ 807,221	\$ 681,827	\$(125,394)
Investment income	-	-	41	41
Miscellaneous	<u>92,534</u>	<u>92,534</u>	<u>100,016</u>	<u>7,482</u>
Total revenues	<u>825,034</u>	<u>899,755</u>	<u>781,884</u>	<u>(117,871)</u>
EXPENDITURES				
Current:				
General government:				
Elections	-	39,500	39,125	375
Judicial:				
District attorney	20,000	20,000	16,500	3,500
County attorney	762	1,413	578	835
Public safety:				
Fire marshal	37,443	80,222	130,656	(50,434)
Constable precinct 1 and 2	1,951	3,251	-	3,251
Constable precinct 3 and 4	1,792	3,221	3,045	176
Victim coordinator	-	-	43,369	(43,369)
Health and welfare:				
County health	7,076	12,041	7,035	5,006
Capital outlay	<u>1,533,200</u>	<u>1,533,200</u>	<u>1,459,173</u>	<u>74,027</u>
Total expenditures	<u>1,602,224</u>	<u>1,692,848</u>	<u>1,699,481</u>	<u>(6,633)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(777,190)</u>	<u>(793,093)</u>	<u>(917,597)</u>	<u>(124,504)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	800,000	1,292,204	492,204
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(29,738)</u>	<u>262</u>
Total other financing sources and uses	<u>770,000</u>	<u>770,000</u>	<u>1,262,466</u>	<u>492,466</u>
NET CHANGE IN FUND BALANCE	(7,190)	(23,093)	344,869	367,962
FUND BALANCE, BEGINNING	<u>24,931</u>	<u>24,931</u>	<u>24,931</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 17,741</u>	<u>\$ 1,838</u>	<u>\$ 369,800</u>	<u>\$ 367,962</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

JUDGES EDUCATION - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 5	\$ 5
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,340</u>	<u>340</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,345</u>	<u>345</u>
EXPENDITURES				
Current:				
Judicial:				
District judge	<u>2,000</u>	<u>2,000</u>	<u>2,645</u>	<u>(645)</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,645</u>	<u>(645)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,000)	(1,000)	(1,300)	(300)
FUND BALANCE, BEGINNING	<u>6,602</u>	<u>6,602</u>	<u>6,602</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 5,602</u></u>	<u><u>\$ 5,602</u></u>	<u><u>\$ 5,302</u></u>	<u><u>\$(300)</u></u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

COURTHOUSE SECURITY - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fees of office	\$ 40,000	\$ 40,000	\$ 34,811	\$(5,189)
Investment income	-	-	166	166
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>34,977</u>	<u>(5,023)</u>
EXPENDITURES				
Current:				
Judicial:				
County court-at-law	<u>40,000</u>	<u>40,000</u>	<u>4,176</u>	<u>35,824</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>4,176</u>	<u>35,824</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>30,801</u>	<u>30,801</u>
FUND BALANCE, BEGINNING	<u>145,809</u>	<u>145,809</u>	<u>145,809</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 145,809</u></u>	<u><u>\$ 145,809</u></u>	<u><u>\$ 176,610</u></u>	<u><u>\$ 30,801</u></u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

JUSTICE COURT TECHNOLOGY - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees of office	\$ 16,000	\$ 16,000	\$ 13,986	\$ (2,014)
Miscellaneous	-	-	216	216
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>14,202</u>	<u>(1,798)</u>
EXPENDITURES				
Current:				
Judicial:				
Justice of the peace, precincts 1 and 2	30,000	30,000	5,860	24,140
Justice of the peace, precinct 3	15,000	15,000	4,051	10,949
Justice of the peace, precinct 4	<u>15,000</u>	<u>15,000</u>	<u>4,762</u>	<u>10,238</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>14,673</u>	<u>45,327</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,000)</u>	<u>(44,000)</u>	<u>(471)</u>	<u>43,529</u>
FUND BALANCE, BEGINNING	<u>81,475</u>	<u>81,475</u>	<u>81,475</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 37,475</u>	<u>\$ 37,475</u>	<u>\$ 81,004</u>	<u>\$ 43,529</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

RECORDS MANAGEMENT - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fees of office	\$ 159,500	\$ 159,500	\$ 193,823	\$ 34,323
Investment income	<u>5,000</u>	<u>5,000</u>	<u>576</u>	<u>(4,424)</u>
Total revenues	<u>164,500</u>	<u>164,500</u>	<u>194,399</u>	<u>29,899</u>
EXPENDITURES				
Current:				
General government:				
County clerk	<u>300,419</u>	<u>300,419</u>	<u>205,505</u>	<u>94,914</u>
Total expenditures	<u>300,419</u>	<u>300,419</u>	<u>205,505</u>	<u>94,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(135,919)</u>	<u>(135,919)</u>	<u>(11,106)</u>	<u>124,813</u>
FUND BALANCE, BEGINNING	<u>512,482</u>	<u>512,482</u>	<u>512,482</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 376,563</u>	<u>\$ 376,563</u>	<u>\$ 501,376</u>	<u>\$ 124,813</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

RECORDS PRESERVATION - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees of office	\$ 32,000	\$ 32,000	\$ 35,215	\$ 3,215
Investment income	-	-	188	188
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>35,403</u>	<u>3,403</u>
EXPENDITURES				
Current:				
Judicial:				
District clerk	<u>51,000</u>	<u>51,000</u>	<u>10,819</u>	<u>40,181</u>
Total expenditures	<u>51,000</u>	<u>51,000</u>	<u>10,819</u>	<u>40,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,000)	(19,000)	24,584	43,584
FUND BALANCE, BEGINNING	<u>164,516</u>	<u>164,516</u>	<u>164,516</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 145,516</u>	<u>\$ 145,516</u>	<u>\$ 189,100</u>	<u>\$ 43,584</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TIME PAYMENT COLLECTION FEE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees of office	\$ 6,000	\$ 6,000	\$ 12,304	\$ 6,304
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>12,304</u>	<u>6,304</u>
EXPENDITURES				
Current:				
General government:				
County clerk	3,500	3,500	-	3,500
Judicial:				
District clerk	500	500	-	500
Justice of the peace, precincts 1 and 2	1,000	1,000	-	1,000
Justice of the peace, precinct 3	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	12,304	12,304
FUND BALANCE, BEGINNING	<u>73,124</u>	<u>73,124</u>	<u>73,124</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 73,124</u>	<u>\$ 73,124</u>	<u>\$ 85,428</u>	<u>\$ 12,304</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TRUANT OFFICER - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 58,400	\$ 58,400	\$ 58,400	\$ -
Total revenues	<u>58,400</u>	<u>58,400</u>	<u>58,400</u>	<u>-</u>
EXPENDITURES				
Current:				
Judicial:				
Constable 4	<u>63,086</u>	<u>63,086</u>	<u>62,968</u>	<u>118</u>
Total expenditures	<u>63,086</u>	<u>63,086</u>	<u>62,968</u>	<u>118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,686)	(4,686)	(4,568)	118
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>5,300</u>	<u>5,300</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>5,300</u>	<u>5,300</u>
NET CHANGE IN FUND BALANCE	(4,686)	(4,686)	732	5,418
FUND BALANCE, BEGINNING	<u>7,624</u>	<u>7,624</u>	<u>7,624</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,938</u>	<u>\$ 2,938</u>	<u>\$ 8,356</u>	<u>\$ 5,418</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

ABANDONED VEHICLE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 75	\$ 75
Miscellaneous	<u>75,000</u>	<u>75,000</u>	<u>105,100</u>	<u>30,100</u>
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>105,175</u>	<u>30,175</u>
EXPENDITURES				
Current:				
Public safety:				
Sheriff administration	<u>60,000</u>	<u>60,000</u>	<u>46,228</u>	<u>13,772</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>46,228</u>	<u>13,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>15,000</u>	<u>15,000</u>	<u>58,947</u>	<u>43,947</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(62,628)</u>	<u>2,372</u>
Total other financing sources and uses	<u>(65,000)</u>	<u>(65,000)</u>	<u>(62,628)</u>	<u>2,372</u>
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	(3,681)	46,319
FUND BALANCE, BEGINNING	<u>82,689</u>	<u>82,689</u>	<u>82,689</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 32,689</u>	<u>\$ 32,689</u>	<u>\$ 79,008</u>	<u>\$ 46,319</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

TJJJD JUVENILE PROBATION PROGRAMS - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 375,618	\$ 375,618	\$ 340,562	\$(35,056)
Investment income	-	-	125	125
Total revenues	<u>375,618</u>	<u>375,618</u>	<u>340,687</u>	<u>(34,931)</u>
EXPENDITURES				
Current:				
Public safety:				
Juvenile probation	375,618	375,618	337,287	38,331
Total expenditures	<u>375,618</u>	<u>375,618</u>	<u>337,287</u>	<u>38,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>3,400</u>
FUND BALANCE, BEGINNING	<u>(7,100)</u>	<u>(7,100)</u>	<u>(7,100)</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$(7,100)</u></u>	<u><u>\$(7,100)</u></u>	<u><u>\$(3,700)</u></u>	<u><u>\$ 3,400</u></u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

LAW LIBRARY - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees of office	\$ 35,000	\$ 35,000	\$ 33,840	\$ (1,160)
Investment income	-	-	25	(25)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>33,865</u>	<u>(1,135)</u>
EXPENDITURES				
Current:				
Judicial:				
Law library	<u>45,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
Total expenditures	<u>45,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,000)	(13,000)	(14,135)	(1,135)
FUND BALANCE, BEGINNING	<u>33,526</u>	<u>33,526</u>	<u>33,526</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 23,526</u>	<u>\$ 20,526</u>	<u>\$ 19,391</u>	<u>\$ (1,135)</u>

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

COUNTY LIBRARY - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 537,780	\$ 537,780	\$ 538,247	\$ 467
Investment income	1,000	1,000	613	(387)
Miscellaneous	30,000	30,000	32,460	2,460
Total revenues	568,780	568,780	571,320	2,540
EXPENDITURES				
Current:				
Culture and recreation:				
Library	587,216	587,216	539,185	48,031
Capital outlay	10,000	10,000	10,000	-
Total expenditures	597,216	597,216	549,185	48,031
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,436)	(28,436)	22,135	50,571
FUND BALANCE, BEGINNING	422,261	422,261	422,261	-
FUND BALANCE, ENDING	\$ 393,825	\$ 393,825	\$ 444,396	\$ 50,571

HOOD COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

LIBRARY SPECIAL - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,244	1,244
Investment income	-	-	14	14
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>2,614</u>	<u>(1,386)</u>
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,872</u>	<u>(128)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Library	7,752	7,752	2,268	5,484
Capital outlay	<u>4,248</u>	<u>4,248</u>	<u>-</u>	<u>4,248</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>2,268</u>	<u>9,732</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(8,000)</u>	<u>(8,000)</u>	<u>1,604</u>	<u>9,604</u>
FUND BALANCE, BEGINNING				
	<u>10,948</u>	<u>10,948</u>	<u>10,948</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 2,948</u>	<u>\$ 2,948</u>	<u>\$ 12,552</u>	<u>\$ 9,604</u>

HOOD COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY ATTORNEY FORFEITURES - SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Forfeitures	\$ -	\$ -	\$ 2,476	\$ 2,476
Investment income	1,000	1,000	-	(1,000)
Total revenues	1,000	1,000	2,476	1,476
EXPENDITURES				
Current:				
Judicial and legal	-	-	10,297	(10,297)
Total expenditures	-	-	10,297	(10,297)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,000	1,000	(7,821)	(8,821)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(12,859)	(12,859)
Total other financing sources and uses	-	-	(12,859)	(12,859)
NET CHANGE IN FUND BALANCE	1,000	1,000	(20,680)	(21,680)
FUND BALANCE, BEGINNING	28,019	28,019	28,019	-
FUND BALANCE, ENDING	\$ 29,019	\$ 29,019	\$ 7,339	\$(21,680)

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HOOD COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,445,000	\$ 2,446,900	\$ 2,792,534	\$ 345,634
Investment income	1,000	1,000	1,084	84
Total revenues	<u>2,446,000</u>	<u>2,447,900</u>	<u>2,793,618</u>	<u>345,718</u>
EXPENDITURES				
Debt service:				
Principal on long-term debt	2,345,000	2,345,000	2,345,000	-
Interest on long-term debt	622,550	624,450	624,405	45
Total expenditures	<u>2,967,550</u>	<u>2,969,450</u>	<u>2,969,405</u>	<u>45</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(521,550)</u>	<u>(521,550)</u>	<u>(175,787)</u>	<u>345,763</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	188,758	188,758
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>188,758</u>	<u>188,758</u>
NET CHANGE IN FUND BALANCE	<u>(521,550)</u>	<u>(521,550)</u>	<u>12,971</u>	<u>534,521</u>
FUND BALANCE, BEGINNING	<u>1,014,065</u>	<u>1,014,065</u>	<u>1,014,065</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 492,515</u>	<u>\$ 492,515</u>	<u>\$ 1,027,036</u>	<u>\$ 534,521</u>

HOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2014

	<u>County Clerk Bond</u>	<u>County Clerk Special</u>	<u>District Clerk Trust</u>	<u>District Clerk Special</u>
ASSETS				
Cash and investments	\$ <u>50,147</u>	\$ <u>166,707</u>	\$ <u>883,167</u>	\$ <u>44,174</u>
Total assets	\$ <u><u>50,147</u></u>	\$ <u><u>166,707</u></u>	\$ <u><u>883,167</u></u>	\$ <u><u>44,174</u></u>
LIABILITIES				
Amounts held for others	\$ <u>50,147</u>	\$ <u>166,707</u>	\$ <u>883,167</u>	\$ <u>44,174</u>
Total liabilities	\$ <u><u>50,147</u></u>	\$ <u><u>166,707</u></u>	\$ <u><u>883,167</u></u>	\$ <u><u>44,174</u></u>

<u>District Attorney Seizure</u>	<u>District Attorney Restitution</u>	<u>County Attorney Restitution</u>	<u>Sheriff Inmate Trust</u>	<u>Justice of the Peace Precincts 2, 3 and 4</u>	<u>Unclaimed Property</u>	<u>Tax Assessor Auto Registration</u>
\$ <u>14,557</u>	\$ <u>5,883</u>	\$ <u>6,081</u>	\$ <u>29,707</u>	\$ <u>6,431</u>	\$ <u>19,050</u>	\$ <u>219,889</u>
\$ <u>14,557</u>	\$ <u>5,883</u>	\$ <u>6,081</u>	\$ <u>29,707</u>	\$ <u>6,431</u>	\$ <u>19,050</u>	\$ <u>219,889</u>
\$ <u>14,557</u>	\$ <u>5,883</u>	\$ <u>6,081</u>	\$ <u>29,707</u>	\$ <u>6,431</u>	\$ <u>19,050</u>	\$ <u>219,889</u>
\$ <u>14,557</u>	\$ <u>5,883</u>	\$ <u>6,081</u>	\$ <u>29,707</u>	\$ <u>6,431</u>	\$ <u>19,050</u>	\$ <u>219,889</u>

HOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2014

	<u>Bail Bond Board</u>	<u>CSCD Adult Supervision</u>	<u>CSCD CCP Court Officer</u>	<u>CSCD Adult Probation Restitution</u>
ASSETS				
Cash and investments	\$ <u>18,954</u>	\$ <u>179,335</u>	\$ <u>31,686</u>	\$ <u>645</u>
Total assets	\$ <u><u>18,954</u></u>	\$ <u><u>179,335</u></u>	\$ <u><u>31,686</u></u>	\$ <u><u>645</u></u>
LIABILITIES				
Amounts held for others	\$ <u>18,954</u>	\$ <u>179,335</u>	\$ <u>31,686</u>	\$ <u>645</u>
Total liabilities	\$ <u><u>18,954</u></u>	\$ <u><u>179,335</u></u>	\$ <u><u>31,686</u></u>	\$ <u><u>645</u></u>

<u>VIT Escrow</u>	<u>Bond Supervision</u>	<u>Constable 4 Civil</u>	<u>Total Agency Funds</u>
\$ <u>290,377</u>	\$ <u>58,332</u>	\$ <u>455</u>	\$ <u>2,025,577</u>
\$ <u>290,377</u>	\$ <u>58,332</u>	\$ <u>455</u>	\$ <u>2,025,577</u>
\$ <u>290,377</u>	\$ <u>58,332</u>	\$ <u>455</u>	\$ <u>2,025,577</u>
\$ <u>290,377</u>	\$ <u>58,332</u>	\$ <u>455</u>	\$ <u>2,025,577</u>

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SINGLE AUDIT SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

To the Honorable County Judge
and County Commissioners
Hood County, Texas

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 Hood County, Texas ("the County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 20, 2015



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Honorable County Judge
and County Commissioners
Hood County, Texas

Report on Compliance for Each Major Federal Program

We have audited Hood County, Texas' ("the County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2014. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the County 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 the County's 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 preceding paragraph 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 and 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 20, 2015

HOOD COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture:			
Community Development Block Grant	14.228	713247	\$ <u>216,451</u>
Total Passed through Texas Department of Agriculture			<u>216,451</u>
Total U.S. Department of Housing and Urban Development			<u>216,451</u>
<u>U. S. Department of Justice</u>			
Passed through Bureau of Justice Assistance:			
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0830	<u>6,087</u>
Total Passed through Bureau of Justice Assistance			<u>6,087</u>
Total U.S. Department of Justice			<u>6,087</u>
<u>U.S. General Services Administration</u>			
Passed through Texas Facilities Commission			
Donation of Federal Surplus Property	39.003	22760	<u>323,977</u>
Total Passed through Texas Facilities Commission			<u>323,977</u>
Total U.S. General Services Administration			<u>323,977</u>
<u>U. S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety:			
Homeland Security Program	97.067	2013-SS-00045	<u>34,453</u>
Total Passed through Texas Department of Public Safety			<u>34,453</u>
Total U.S. Department of Homeland Security			<u>34,453</u>
Total Expenditures of Federal Awards			\$ <u><u>580,968</u></u>

HOOD COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2014

1. GENERAL

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

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

HOOD COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Summary of Auditors' Results

Type of report on financial statements	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None reported
Type of report on compliance with major programs	Unmodified
Findings and questioned costs for federal awards as defined by Section 510 (a) of OMB Circular A-133	None reported
Dollar threshold considered between Type A and Type B state programs	\$300,000
Low risk auditee statement	The County was not classified as a low-risk auditee in the context of OMB Circular A-133
Identification of major programs: CFDA Number: 39.003	Name of Federal Program or Cluster: Donation of Federal Surplus Property

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

HOOD COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Item 2013-1:

Compliance Requirement: Davis-Bacon Act

Criteria: Entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (*OMB No. 1215-0149*).

Condition: The County used grant funding to pay for construction expenditures exceeding \$2,000 and there were no procedures in place for the County to ensure the contractors complied with the Davis-Bacon Act. The contractor submitted certified payrolls to the architect but the County did not review them.

Effect: Grant funds could be paid to contractors that are not meeting the Department of Labor's requirements, which would make the expenditures unallowable.

Questioned Costs: None.

Recommendation: The County should implement policies and procedures that will ensure that the requirements of the Davis-Bacon Act are met.

Current Status: This matter has been resolved.