

HOOD COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

HOOD COUNTY, TEXAS
Annual Financial Report
Year Ended September 30, 2015

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INTRODUCTORY SECTION

Hood County Auditor

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

March 22, 2016

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, 2015, 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 covers 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 – A large retail shopping center is nearing completion at the intersection of US Highway 377 and Acton Highway (nine miles from Cresson). The County has certain tax abatement agreements with two separate grocery enterprises, to encourage their development of those properties. This has resulted in substantial growth of assessed property valuations, jobs creation, and increased sales tax revenues.

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 within a few months of completion, and expect a grand opening of the new facility this spring. It is hoped that this new facility will encourage private development of properties on James Road, between Acton and US Highway 377.

Acton Municipal Utility District (AMUD) is in progress on a new phase of expanding sewer lines to certain areas in the County; Hood County is working to provide grant funding for this project, with grant reporting to be administered by the consulting firm of Grant Works of Austin, Texas. It is hoped that this project will help improve the water quality of Lake Granbury.

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. As a result, it is likely that the County would have to fund only about twelve million dollars in total, rather than the larger voter-approved amount. 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, 2015, 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 2014	Percent Increase (Decrease) from 2014
Taxes	\$ 24,949,169	79.26%	\$ 1,189,005	5.00%
Charges for services	4,303,507	13.67%	(729,790)	-14.50%
Grants and contributions	1,243,493	3.95%	(177,380)	-12.48%
Investment income	34,794	0.11%	9,804	39.23%
Miscellaneous	948,331	3.01%	533,081	128.38%
Total	\$ 31,479,294	100.00%	\$ 824,720	2.69%

Sales tax collections were strong for the year; the County collects sales taxes strictly for the purpose of reducing ad valorem taxes. Investment income has remained lower in recent years due to lower interest rates. It is uncertain at this time how or when the Federal Reserve might act to change interest rates. Overall, current revenues increased slightly by 2.69%.

The following schedule presents a summary of Governmental Funds expenditures for the fiscal year ended September 30, 2015, and the percentage of increases and decreases in relation to prior year amounts:

Functional Category	Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease) from 2014
General government	\$ 6,429,553	21.03%	\$ 194,458	3.12%
Judicial	4,357,527	14.25%	16,807	0.39%
Public facilities	927,028	3.03%	65,481	7.60%
Public safety	12,666,448	41.42%	89,691	0.71%
Public transportation	4,125,948	13.49%	(107,476)	-2.54%
Health and welfare	441,418	1.44%	20,520	4.88%
Culture and recreation	591,992	1.94%	10,009	1.72%
Conservation	84,480	0.28%	(4,277)	-4.82%
Interest on long-term debt	954,376	3.12%	112,493	13.36%
Total	\$ 30,578,770	100.00%	\$ 397,706	1.32%

General administration costs increased for improvements to computer infrastructure and software systems, as well as slight increases in employee compensation and benefits. Judicial expenses were up due to increased costs of attorneys appointed for indigent defense. The cost Public safety increased from higher compensation for Sheriff deputies and housing inmates in out-of-county jails. Due to the decline in price of fuel, gasoline costs were down. Overall, current expenditures increased slightly by 1.32%.

DEBT ADMINISTRATION - At September 30, 2015, Hood County had general long term bonded debt, Texas tax notes and contractual obligations outstanding in the amount of \$ 22,592,997. 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 \$417.

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 6.58% for 2015 and 6.86% for 2014, and for employee members is six percent of covered payroll. The TCDRS "funded ratio" of the plan improved to just over 98%, 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 Davis Kinard & Co, PC. 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 effective manner.

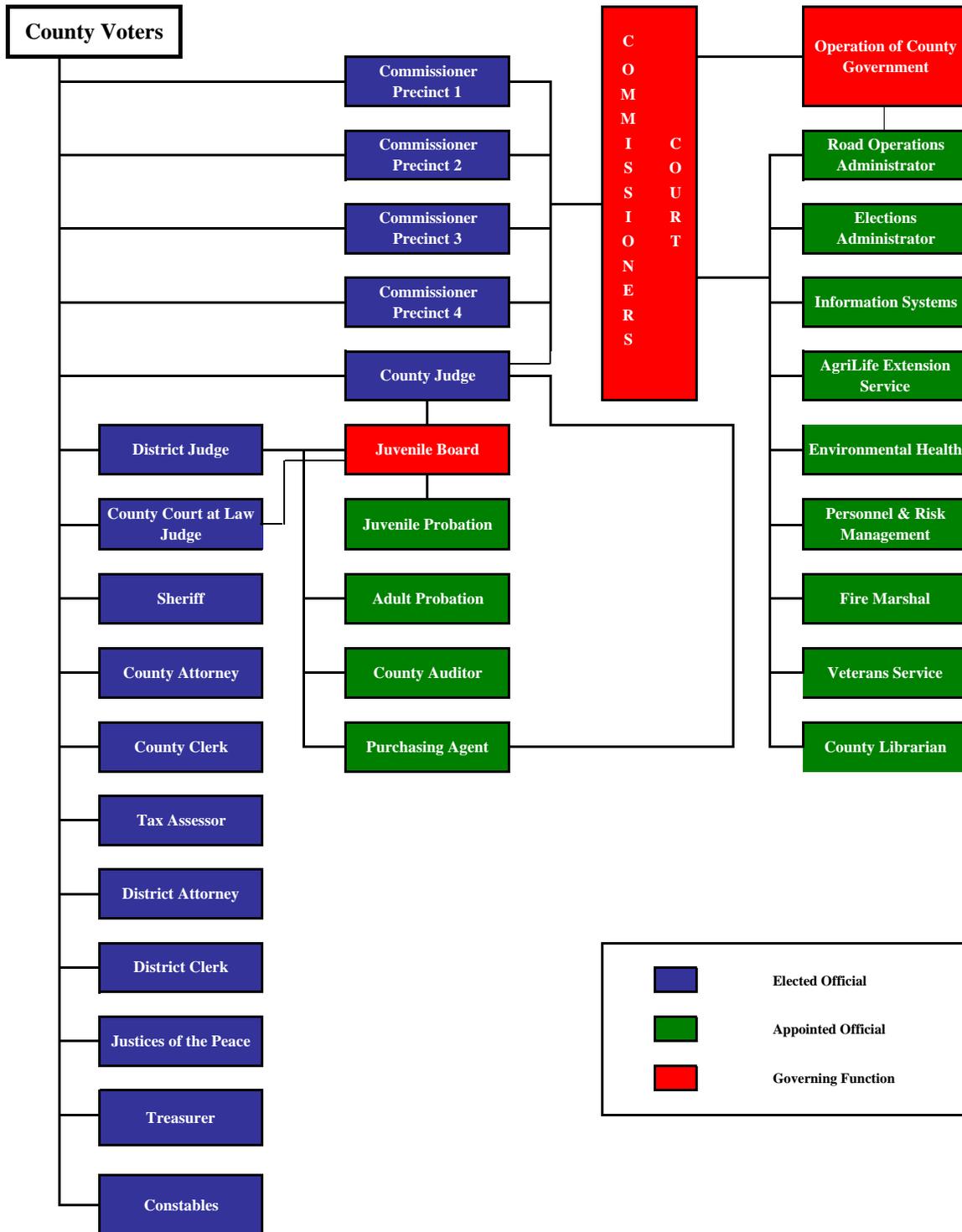
Respectfully submitted,



Stan McBroom
County Auditor

HOOD COUNTY ORGANIZATION

September 30, 2015



OFFICIALS OF HOOD COUNTY, TEXAS

SEPTEMBER 30, 2015

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 Kathy Jividen
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 Richard Aguirre
Superintendent Road Operations Donald F. Linney
Elections Administrator Jenise (*Crickett*) Miller
Facilities Administrator Tim Flower

FINANCIAL SECTION

INDEPENDENT AUDITOR'S 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, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended September 30, 2015, which requires recognition of its net pension asset and a more comprehensive measure of pension expense. 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, General Fund Budgetary Comparison Schedule, Special Road and Bridge Budgetary Comparison Schedule, Schedule of Changes in the Net Pension Asset and Related Ratios, and the Schedule of Employer Contributions on pages 3-11 and 41-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, 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.

Davis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
March 22, 2016

Management's Discussion and Analysis

As management of Hood County, we offer readers of Hood County's financial statements this narrative overview and analysis of the financial activities of Hood County for the fiscal year ended September 30, 2015. 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-vii of this report.

Financial Highlights

- The assets and deferred outflows of resources of Hood County exceeded its liabilities at the close of the most recent fiscal year by \$57,892,173 (*net position*). Of this amount, \$14,747,363 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Hood County's total net position increased \$2,034,536 in large part as a result of implementing GASB Statement No. 68, enhancing the reporting of the financial support for pensions.
- At the close of the current fiscal year, Hood County's governmental funds reported combined fund balances of \$19,775,280 a decrease of \$4,859,436 in comparison with the prior year. Approximately 41% of this amount (\$8,134,754) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$9,702,604 or approximately 46% of total general fund expenditures.
- Hood County's total outstanding long-term obligations decreased by a net of \$2,083,160 during the current fiscal year.
- During fiscal year 2015, the County adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27, resulting in the County recording a net pension asset of \$1,777,328 and deferred outflows of resources of \$707,933. The comparative information presented for September 30, 2014 has not been restated to reflect this change. See Notes 9 and 15 for further information.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Hood County's basic financial statements. Hood County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Hood County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how Hood 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 12-13 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. Hood 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 Hood 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 spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support Hood County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Hood County maintains one type of fiduciary funds. The *Agency funds* report resources held by Hood County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on page 18 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 19-40 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following notes to the financial statements. Combining statements and budgetary comparison schedules for individual fund statements can be found on pages 49-71 of this report

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Hood County, assets and deferred outflows of resources exceeded liabilities by \$57,892,173 at the close of the most recent fiscal year.

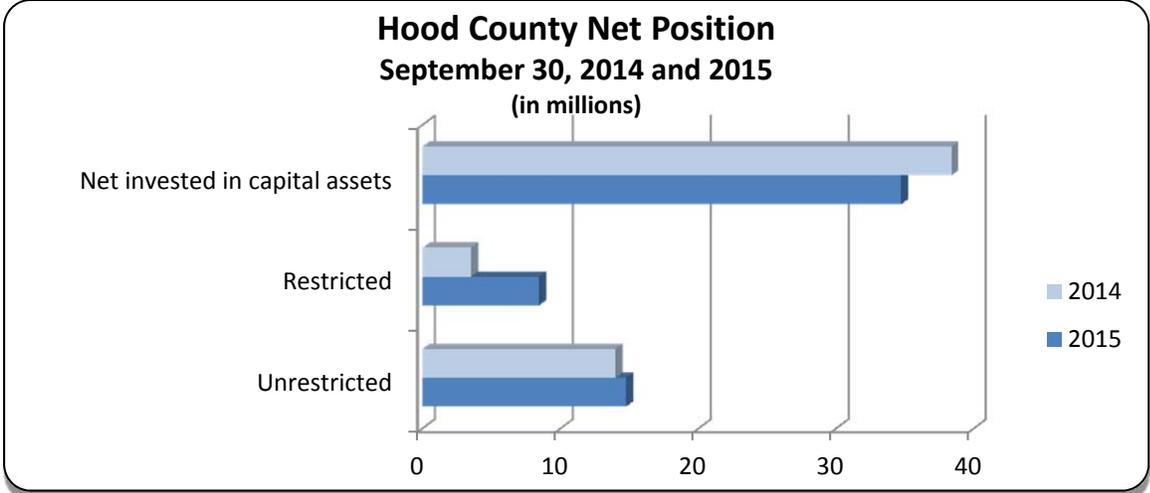
Hood County's Net Position

	Governmental Activities	
	2015	2014 (partially restated)
Current and other assets	\$ 26,305,818	\$ 29,642,702
Capital assets (net of depreciation)	57,705,920	54,248,121
Total assets	84,011,738	83,890,823
Deferred outflows - pension	1,183,602	-
Total assets and deferred outflows of resources	\$ 85,195,340	\$ 83,890,823
Current and other liabilities	\$ 3,603,270	\$ 1,816,158
Noncurrent liabilities		
Due within one year	2,943,253	2,709,913
Due in more than one year	20,756,644	23,073,144
Total noncurrent liabilities	23,699,897	25,783,057
Total liabilities	27,303,167	27,599,215
Net position		
Invested in capital assets	34,707,504	38,728,616
Restricted	8,437,306	3,582,184
Unrestricted	14,747,363	13,980,808
Total net position, restated	57,892,173	56,291,608
Total liabilities, deferred inflows of resources, and net position	\$ 85,195,340	\$ 83,890,823

By far, the largest portion of Hood County's net position (60%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. Hood County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although Hood County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Hood County's net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,747,363 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

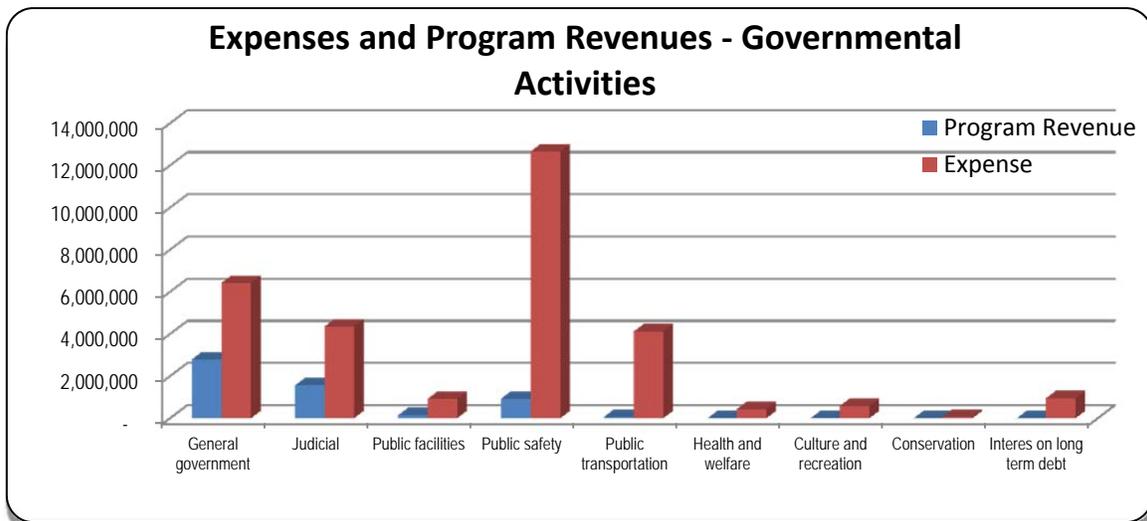
At the end of the current fiscal year, Hood County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,034,536 from the prior fiscal year reported balance (not including restatements) for an ending balance of \$57,892,173. The increase in the overall net position of governmental activities is the result of increasing rates for certain revenue sources and the implementation of GASB 68 as discussed above.

Hood County's Changes in Net Position

	Governmental Activities	
	2015	2014 (partially restated)
Revenues:		
Property taxes	\$ 20,815,629	\$ 20,192,467
Other taxes	4,133,540	3,567,697
Charges for services	4,303,507	5,033,297
Operating grants and contributions	1,243,493	1,420,873
Interest	34,794	24,990
Miscellaneous	948,331	415,250
Total revenues	31,479,294	30,654,574
Expenses:		
General government	6,429,553	5,878,007
Judicial	4,357,527	4,340,720
Public facilities	927,028	861,547
Public safety	12,666,448	12,576,757
Public transportation	4,125,948	4,233,424
Health and welfare	441,418	420,898
Culture and recreation	591,992	581,983
Conservation	84,480	88,757
Interest on long-term debt	954,376	841,883
Total expenses	30,578,770	29,823,976
Change in net position	900,524	830,598
Net position, beginning (partially restated)	56,291,608	55,461,010
Prior period adjustment - pension related	700,041	-
Net position, ending	\$ 57,892,173	\$ 56,291,608

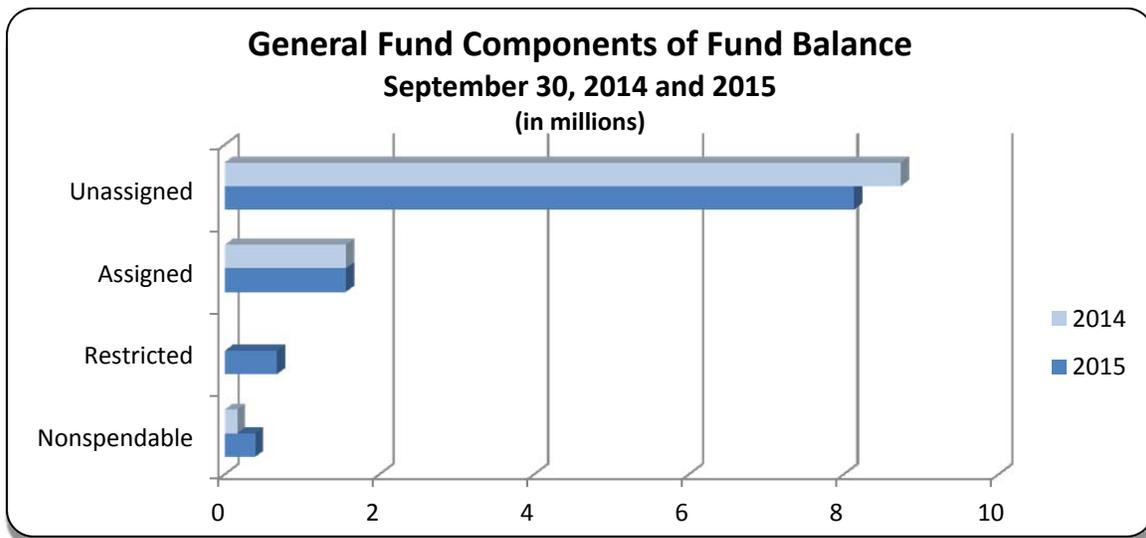


Financial Analysis of Governmental Funds

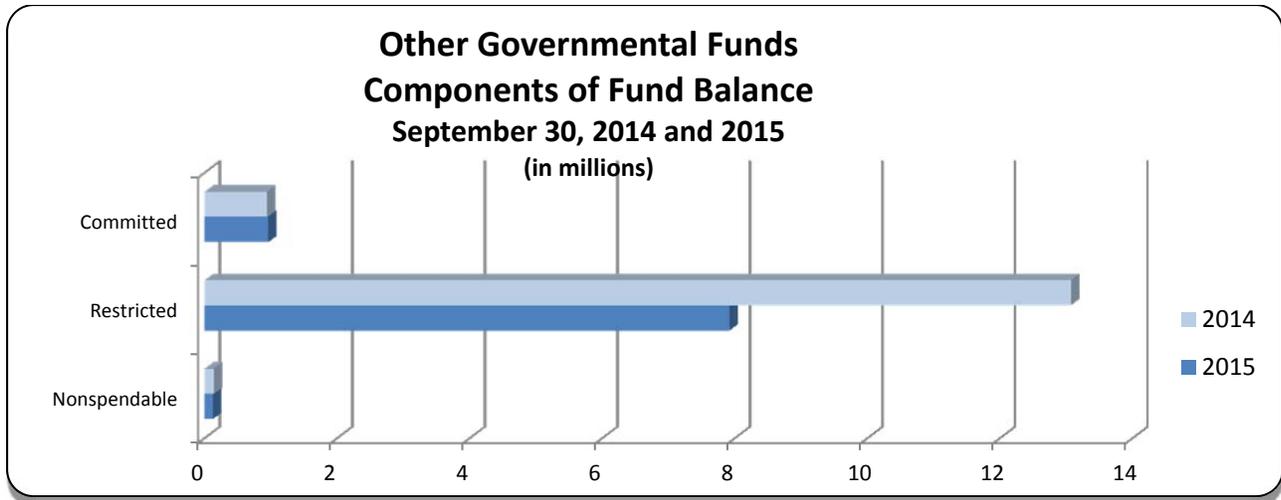
As noted earlier, Hood County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Hood County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Hood County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Hood County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Hood County's Commissioners' Court.

At September 30, 2015, Hood County's governmental funds reported combined fund balances of \$19,775,280, a decrease of \$4,859,436 in comparison with the prior year reported fund balance (not including restatements). Approximately 41% of this amount (\$8,134,754) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$520,794), 2) restricted for particular purposes (\$8,590,925), 3) committed for particular purposes (\$960,957), or 4) assigned for particular purposes (\$1,567,850).



The general fund is the chief operating fund of Hood County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,134,754, while total fund balance increased to \$10,774,387. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.9% of total general fund expenditures, while total fund balance represents approximately 51.5% of that same amount.



There were no significant changes in Hood County’s fund balance of the general fund. The fund balance increased by \$304,501 during the fiscal year.

The capital projects fund, a major governmental fund, had a decrease of \$5,069,998 in fund balance during the current fiscal year for an ending fund balance of \$4,519,235. The majority of the activity in this fund comes from capital outlay expenditures.

The special road and bridge fund, a major governmental fund, had an increase of \$226,010 in fund balance during the current fiscal year for an ending fund balance of \$545,430. The majority of the activity in this fund comes from property tax and fees of office revenue and public transportation expenditures.

The office equipment C&M fund, a major governmental fund, had an increase of \$16,694 in fund balance during the current fiscal year for an ending fund balance of \$960,957. The majority of the activity in this fund comes from public safety equipment purchases.

General Fund Budgetary Highlights

Original budget compared to final budget.

During the year, the County collected substantially more sales tax revenue than was budgeted. The County is permitted to collect sales tax only for the purpose of reducing the ad valorem tax rate; so, sales tax collected in excess of that reduction is restricted to reducing County indebtedness. The amount transferred this year for that purpose was \$674,659; Commissioners Court will later determine which County indebtedness will be reduced.

An interfund transfer was planned from the General Fund 010 into the Capital Equipment Replacement Fund 055 in the amount of \$1,356,000; however, the County experienced several favorable budget variances during the year in both revenue accounts and expenditure accounts. As a result, the Commissioners Court was able to transfer an additional \$805,289 into the Capital Equipment Fund, for a total of \$2,161,289. This helped to postpone the need to borrow money, for purchase of equipment, to a future year.

Final budget compared to actual results.

Total property tax collections were slightly improved; the overall current plus delinquent collection rate remains strong at 99.80% compared to 99.88% in the prior fiscal year. The General Fund 010 and Road & Bridge Fund 050 were able report modest increases in total fund balance for the year. Available resources in the Capital Projects fund were reduced in proportion to the construction progress payments on the YMCA recreation facility on James Road.

The County Library Fund 058 and the Debt Service Fund 092 were able to maintain total fund balance consistent with the prior year.

Capital Assets and Debt Administration

Capital assets. Hood County’s investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$57,705,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, and bridges. The total increase in capital assets for the current fiscal year was approximately 6.4%.

Hood County’s Capital Assets (net of depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 6,797,790	\$ 6,797,790
Construction in progress	6,309,361	2,435,772
Buildings and improvements	33,011,078	31,010,099
Furniture, equipment and vehicles	14,968,754	15,660,244
Infrastructure	44,696,558	44,696,558
Total at historical cost	105,783,541	100,600,463
Total accumulated depreciation	(48,077,621)	(46,352,342)
Net capital assets	\$ <u>57,705,920</u>	\$ <u>54,248,121</u>

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

Seven SUVs for Sheriff patrol; six were Chevy Tahoe, and one Ford Explorer;

On the first of October the new Animal Control Facility was placed in service; cost \$1,950,954;

Two 2015 International Dump Trucks for the Road Operations department;

One Dynapac Roller for road maintenance;

One 2016 Ford F-350 brush truck for DCBE Volunteer Fire Department.

Additional information on Hood County’s capital assets can be found in Note 4 on page 29 of this report.

Long-term Debt. At the end of the current fiscal year, Hood County had total bonded debt outstanding of \$22,592,997. This amount is paid from ad valorem taxes.

Hood County’s Outstanding Long-term Obligations

	Governmental Activities	
	2015	2014
General obligation bonds	\$ 8,797,997	\$ 9,190,000
Limited tax notes and bonds	13,795,000	15,460,000
Bond premium	112,497	123,747
Capital leases payable	292,922	334,991
Excess sales tax	41,741	87,530
Compensated absences	659,740	586,789
Total	\$ 23,699,897	\$ 25,783,057

Hood County’s total long-term obligations decreased by \$2,083,160 (8.1%) during the current fiscal year. Hood County maintains an “AA” stable outlook by Fitch Ratings and Standard & Poor’s.

Additional information on Hood County’s long-term debt can be found in Note 6 on pages 30-32 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect Hood County and were considered in developing the 2015-2016 fiscal year budget.

Change is expected in the taxable assessed value that is the basis for budgeting for fiscal year 2016; there is uncertainty about the future for several operators in the oil and gas industry. One of the County's largest single taxpayers has recently entered into bankruptcy proceedings, and has asked the bankruptcy court for permission to sell their property holdings in bulk, at public auction. Fortunately, there has been some growth in both commercial and residential construction that will help offset the potential declines in mineral interest valuations.

Interest rates are expected to increase but remain low throughout fiscal year 2016; however there is uncertainty with the actions of the Federal Reserve.

On the expenditure side, increases are expected in health insurance premiums, but this will be a difficult transition because of the effects of the Affordable Care Act, and its implementation. The cost of providing Juvenile Probation services will likely increase, after remaining relatively low for the current year.

Hood County has appropriated budget of \$223,391 from current fund balance amount for spending in the 2015-2016 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of Hood County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hood County Auditor’s Office, 5417 Acton Hwy, Granbury, TX 76049.

BASIC FINANCIAL STATEMENTS

HOOD COUNTY, TEXAS
Statement of Net Position
September 30, 2015

Exhibit A-1

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 13,928,681
Investments	7,749,258
Taxes receivable (net)	846,899
Other receivables (net)	1,439,924
Inventory	54,473
Prepaid expenses	466,321
Due from fiduciary funds	177,828
Net pension asset	1,642,434
Capital assets not being depreciated	13,107,151
Capital assets (net of accumulated depreciation)	44,598,769
Total assets	84,011,738
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - pension	1,183,602
 LIABILITIES	
Accounts payable and other current liabilities	3,374,651
Accrued interest	153,619
Unearned revenue	75,000
Noncurrent liabilities:	
Due within one year	
Compensated absences	593,766
Excess sales tax	41,741
Bonds payable	2,225,000
Capital lease payable	82,746
Due in more than one year	
Compensated absences	65,974
Bonds payable	20,480,494
Capital lease payable	210,176
Total liabilities	27,303,167
 NET POSITION	
Net investment in capital assets	34,707,504
Restricted for capital projects	4,519,235
Restricted for specific programs	2,556,157
Restricted for debt service	816,484
Restricted for road and bridge	545,430
Unrestricted	14,747,363
Total net position	\$ 57,892,173

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

HOOD COUNTY, TEXAS
Statement of Activities
For The Year Ended September 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 6,429,553	\$ 2,637,613	\$ 165,767	\$ -
Judicial	4,357,527	1,275,673	290,950	-
Public facilities	927,028	150,795	-	-
Public safety	12,666,448	239,426	700,371	-
Public transportation	4,125,948	-	84,460	-
Health and welfare	441,418	-	-	-
Culture and recreation	591,992	-	1,945	-
Conservation	84,480	-	-	-
Interest on long-term debt	954,376	-	-	-
Total governmental activities	<u>30,578,770</u>	<u>4,303,507</u>	<u>1,243,493</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 30,578,770</u>	<u>\$ 4,303,507</u>	<u>\$ 1,243,493</u>	<u>\$ -</u>

General Revenues:
Property taxes
Sales and other taxes
Liquor tax
Unrestricted investment earnings
Gain from disposition of assets
Miscellaneous
Total general revenues

CHANGE IN NET POSITION

NET POSITION, BEGINNING

PRIOR PERIOD ADJUSTMENT

NET POSITION, ENDING

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

Net (Expense) Revenue and Changes in Net Assets Primary Government	
Governmental Activities	Total
\$ (3,626,173)	\$ (3,626,173)
(2,790,904)	(2,790,904)
(776,233)	(776,233)
(11,726,651)	(11,726,651)
(4,041,488)	(4,041,488)
(441,418)	(441,418)
(590,047)	(590,047)
(84,480)	(84,480)
<u>(954,376)</u>	<u>(954,376)</u>
<u>(25,031,770)</u>	<u>(25,031,770)</u>
<u>(25,031,770)</u>	<u>(25,031,770)</u>
20,815,629	20,815,629
4,033,836	4,033,836
99,704	99,704
34,794	34,794
40,098	40,098
<u>908,233</u>	<u>908,233</u>
<u>25,932,294</u>	<u>25,932,294</u>
900,524	900,524
55,857,637	55,857,637
<u>1,134,012</u>	<u>1,134,012</u>
<u>\$ 57,892,173</u>	<u>\$ 57,892,173</u>

HOOD COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Special Road and Bridge Fund	Office Equipment C&M
ASSETS			
Cash and cash equivalents	\$ 10,619,206	\$ 631,468	\$ 1,744,680
Taxes receivable (net)	803,687	18,570	-
Other receivable (net)	1,434,423	-	-
Due from other funds	-	-	12,513
Due from agency funds	127,930	21,680	-
Inventories	-	54,473	-
Prepaid expenses	397,124	31,250	-
Total assets	\$ 13,382,370	\$ 757,441	\$ 1,757,193
LIABILITIES			
Accounts payable and other current liabilities	\$ 1,108,771	\$ 199,910	\$ 6,275
Due to other funds	12,513	-	789,961
Unearned revenue	75,000	-	-
Total liabilities	1,196,284	199,910	796,236
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes and other revenue	1,411,699	12,101	-
Total deferred inflows of resources	1,411,699	12,101	-
FUND BALANCES			
Nonspendable	397,124	85,723	-
Restricted	674,659	459,707	-
Committed	-	-	960,957
Assigned	1,567,850	-	-
Unassigned	8,134,754	-	-
Total fund balances	10,774,387	545,430	960,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,382,370	\$ 757,441	\$ 1,757,193

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,623,646	\$ 3,058,939	\$ 21,677,939
-	24,642	846,899
-	5,501	1,439,924
789,961		802,474
-	28,218	177,828
-	-	54,473
-	37,947	466,321
<u>\$ 6,413,607</u>	<u>\$ 3,155,247</u>	<u>\$ 25,465,858</u>
\$ 1,894,372	\$ 165,323	\$ 3,374,651
-	-	802,474
-	-	75,000
1,894,372	165,323	4,252,125
-	14,653	1,438,453
	14,653	1,438,453
-	37,947	520,794
4,519,235	2,937,324	8,590,925
-		960,957
-	-	1,567,850
-	-	8,134,754
<u>4,519,235</u>	<u>2,975,271</u>	<u>19,775,280</u>
<u>\$ 6,413,607</u>	<u>\$ 3,155,247</u>	<u>\$ 25,465,858</u>

HOOD COUNTY, TEXAS
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 September 30, 2015

Exhibit A-4

Total Fund Balances - Governmental Fund Balance Sheet	\$	19,775,280
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</p>		57,705,920
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position:</p>		
Capital leases payable		(292,922)
Bonds payable		(22,705,494)
Accrued compensated absences		(659,740)
Excess sales tax		(41,741)
<p>Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position.</p>		(153,619)
<p>Included in the items related to debt is the recognition of the County's proportionate share of the net pension asset in the amount of \$1,642,434 and a deferred outflow of resources of \$1,183,602. The net effect is to increase net position.</p>		2,826,036
<p>Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of \$92,043 and net fines, fees and court costs receivable of \$1,346,410 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position.</p>		1,438,453
		1,438,453
Net Position of Governmental Activities- Statement of net position	\$	57,892,173

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

HOOD COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2015

	General Fund	Special Road and Bridge Fund	Office Equipment C&M
REVENUES:			
Taxes	\$ 19,097,704	\$ 2,413,867	\$ -
Intergovernmental	715,776	84,460	-
Charges for services	62,199	-	-
Fees of office	2,766,984	984,886	-
Forfeitures	-	-	-
Investment earnings	14,554	1,063	1,679
Miscellaneous	619,192	-	24,988
Total revenues	23,276,409	3,484,276	26,667
EXPENDITURES:			
Current:			
General administration	4,959,822	-	-
Judicial and legal	3,949,858	-	-
Public facilities	924,839	-	-
Public safety	10,396,714	-	983,765
Public transportation	-	3,269,991	-
Health and welfare	423,207	-	-
Culture and recreation	-	-	-
Conservation	87,158	-	-
Debt Service			
Principal	130,314	-	-
Interest and other charges	8,579	-	-
Capital outlay	40,450	-	390,049
Total expenditures	20,920,941	3,269,991	1,373,814
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	2,355,468	214,285	(1,347,147)
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of capital lease	33,297	-	-
Proceeds from the sale of fixed assets	40,098	-	-
Transfers in	46,915	16,175	2,153,802
Transfers out	(2,171,277)	(4,450)	(789,961)
Total other financing sources	(2,050,967)	11,725	1,363,841
NET CHANGE IN FUND BALANCES	304,501	226,010	16,694
FUND BALANCES, BEGINNING	10,469,886	319,420	944,263
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCES, ENDING	\$ 10,774,387	\$ 545,430	\$ 960,957

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,460,182	\$ 24,971,753
-	443,257	1,243,493
-	112,286	174,485
-	350,653	4,102,523
-	10,396	10,396
14,609	2,889	34,794
-	264,053	908,233
<u>14,609</u>	<u>4,643,716</u>	<u>31,445,677</u>
-	268,274	5,228,096
-	237,757	4,187,615
-	-	924,839
-	459,087	11,839,566
-	-	3,269,991
-	14,412	437,619
-	565,747	565,747
-	-	87,158
-	2,057,003	2,187,317
-	909,478	918,057
<u>5,874,568</u>	<u>504,319</u>	<u>6,809,386</u>
<u>5,874,568</u>	<u>5,016,077</u>	<u>36,455,391</u>
<u>(5,859,959)</u>	<u>(372,361)</u>	<u>(5,009,714)</u>
-	-	33,297
-	-	40,098
789,961	1,300	3,008,153
-	(42,465)	(3,008,153)
<u>789,961</u>	<u>(41,165)</u>	<u>73,395</u>
<u>(5,069,998)</u>	<u>(413,526)</u>	<u>(4,936,319)</u>
9,589,233	3,311,914	24,634,716
-	76,883	76,883
<u>\$ 4,519,235</u>	<u>\$ 2,975,271</u>	<u>\$ 19,775,280</u>

HOOD COUNTY, TEXAS

Exhibit A-6

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended September 30, 2015

Net Change in Fund Balances -Total Government Funds	\$ (4,936,319)
Amounts reported for governmental activities in the statement of activities (A-5) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Total additions for the current year which were removed from fund expenditures amounted to \$6,345,683. The remaining net book value of assets disposed of in the current year amounted to \$424,204, which is charged to expenses. This results in a net increase to the change in net position.	5,921,479
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.	(2,463,680)
Repayment of long-term principal for bonds, capital leases payable and reduction of the excess sales tax liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of capital lease is a source of funds in the governmental funds but is an increase in long-term liabilities in the government wide financial statements. Amortization of bond premium was recorded in the government wide financial statements. Compensated absences liability increased in the current year. The result of the above adjustments was an increase in the change in net position.	2,083,160
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the interest accrual is an increase of \$38,410. The effect is to decrease net position.	(38,410)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$716,350. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$375,575. The net effect is an increase in net position.	340,775
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in a decrease in net position.	(6,481)
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u>900,524</u>

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

HOOD COUNTY, TEXAS
Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2015

Exhibit A-7

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>1,520,797</u>
Total assets	\$ <u><u>1,520,797</u></u>
LIABILITIES	
Due to other funds	\$ 177,828
Funds held for others	<u>1,342,969</u>
Total liabilities	\$ <u><u>1,520,797</u></u>

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

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hood County (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

A. Reporting Entity

Hood County is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, judicial (courts, juries, etc), legal (district attorney, county attorney, etc), public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

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

• **Basis of Presentation**

Government-wide financial statements. The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – *continued*

The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements. The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The County applies only those Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 in the accounting and reporting of its proprietary funds.

The County reports the following major governmental funds:

General Fund. This 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.

Special Road and Bridge Fund. The County's activities for which revenues and assessments, relative to vehicles' licenses, permits and an allocated portion of property tax revenues for the purposes of supporting and maintaining the County's public transportation system, are accounted for in this fund.

Office Equipment C&M Fund. This 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.

Capital Projects Fund. This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

In addition, the County reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Fund Types:

Agency Funds: These funds are used to report funds of the County's fees offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – *continued*

- Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

C. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity

- Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

- Property Taxes

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

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

- Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by a reservation of fund balance which indicates they do not represent "available spendable resources".

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity – *continued*

- Inventories

Inventory is valued at cost, using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

- Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the government-wide statement of net position.

The cost of land, buildings, and improvements which were acquired prior to the year ended December 31, 1969 were based on the estimated historical cost. Land, buildings and improvements which were purchased after December 31, 1969 and all equipment and vehicles are valued at their original cost.

Donated capital assets are recorded at their estimated fair value at the date of the donation.

The County capitalizes all capital assets, which have a cost of \$5,000 or more, and a useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. There was no capitalized interest during the current fiscal year.

Interest is capitalized on capital project funds assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5-50
Furniture, equipment and vehicles	5-20
Infrastructure	20-50

- Receivables and Payable Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity – *continued*

The County expects to collect the following amounts net of deferred in one year:

Taxes receivable	\$	754,856
Total	\$	<u>754,856</u>

- **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.

- **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund, except quasi-external transactions and reimbursements, transactions are treated as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

All other interfund transfers are reported as operating transfers. Transfers in and Transfers out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net position.

- **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Actual results could differ from those estimates.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

C. Assets, Liabilities, and Net Position or Equity – *continued*

- Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

- Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the difference between projected and actual earnings for its pension plan, differences between expected and actual experience related to its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and other items. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Unearned revenue

The County reports unearned revenue when potential revenue is received before it has legally been earned according to revenue recognition principles.

- Pensions

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

NOTE 2: DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS – *continued*

A. Cash Deposits

- Custodial Credit Risk

At September 30, 2015, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$15,449,478 and the bank balance was \$17,334,136. The County's cash deposits at September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name. The County requires that all deposits with financial institutions be collateralized in an amount equal to 110 percent of uninsured balances.

B. 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 Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers acceptance, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

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;

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS – *continued*

B. Investments-continued

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 has investments with the following public funds investment pools as of September 30, 2015:

Texas Local Government Investment Pools (TexPool & TexStar) – Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of TexPool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest Asset Management, Inc. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS – *continued*

B. Investments-continued

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end:

1. Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

2. Credit Risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

3. Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

4. Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools:

Public funds investment pools in Texas (the pool) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, to maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service and to maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule of 195 2a7 of the Investment Company Act of 1940.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS – continued

B. Investments-continued

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 investments consisted of the following at September 30, 2015:

<u>Investment Pools</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Weighted Average Maturity</u>		
TexStar	\$ 2,600,212	AAAm	<60 days		
TexPool	4,803,400	AAAm	40 days		
Total	<u>7,403,612</u>				
<u>Investment Maturity in Years</u>					
<u>Other Investments</u>			<u>Less than 1</u>	<u>1 - 5</u>	<u>More than 5</u>
Certificates of deposit	345,646	n/a	\$ <u>345,646</u>	\$ <u>-</u>	\$ <u>-</u>
Total Investments	<u>\$ 7,749,258</u>				

NOTE 3: RECEIVABLES

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables				
Taxes	\$ 1,238,157	\$ 95,523	\$ 136,629	\$ 1,470,309
Other	<u>5,473,651</u>	<u>-</u>	<u>5,501</u>	<u>5,479,152</u>
Total gross receivables	6,711,808	95,523	142,130	6,949,461
Less: Allowance for uncollectibles				
Taxes	(434,470)	(76,953)	(111,987)	(623,410)
Other	<u>(4,039,228)</u>	<u>-</u>	<u>-</u>	<u>(4,039,228)</u>
Net total receivables	<u>\$ 2,238,110</u>	<u>\$ 18,570</u>	<u>\$ 30,143</u>	<u>\$ 2,286,823</u>

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 4: CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 6,797,790	\$ -	\$ -	\$ 6,797,790
Construction in progress	<u>2,435,772</u>	<u>5,874,568</u>	<u>(2,000,979)</u>	<u>6,309,361</u>
Total capital assets not being depreciated	9,233,562	5,874,568	(2,000,979)	13,107,151
Capital assets being depreciated				
Buildings and improvements	31,010,099	2,000,979	-	33,011,078
Furniture, equipment and vehicles	15,660,244	471,115	(1,162,605)	14,968,754
Infrastructure	<u>44,696,558</u>	<u>-</u>	<u>-</u>	<u>44,696,558</u>
Total capital assets being depreciated	91,366,901	2,472,094	(1,162,605)	92,676,390
Less accumulated depreciation for:				
Buildings and improvements	(6,946,974)	(699,708)	-	(7,646,682)
Furniture, equipment and vehicles	(9,287,992)	(1,166,981)	738,401	(9,716,572)
Infrastructure	<u>(30,117,376)</u>	<u>(596,991)</u>	<u>-</u>	<u>(30,714,367)</u>
Total accumulated depreciation	(46,352,342)	(2,463,680)	738,401	(48,077,621)
Total capital assets being depreciated, net	<u>45,014,559</u>	<u>8,414</u>	<u>(424,204)</u>	<u>44,598,769</u>
Governmental activities capital assets, net	<u>\$ 54,248,121</u>	<u>\$ 5,882,982</u>	<u>\$ (2,425,183)</u>	<u>\$ 57,705,920</u>

Depreciation was allocated to the various functions based on the capital assets within each group as follows.

General government	\$ 382,697
Judicial	210,085
Public safety	948,132
Public transportation	882,740
Health and welfare	8,425
Culture and recreation	31,601
	<u>\$ 2,463,680</u>

NOTE 5: INTERFUND BALANCES AND ACTIVITY

A. Interfund receivables/payables at September 30, 2015, consisted of the following:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>	<u>Purpose</u>
Office equipment C&M	Capital projects fund	\$ 789,961	Supplement other funds sources
General fund	Office equipment C&M	<u>12,513</u>	Supplement other funds sources
	Total	<u>\$ 802,474</u>	

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 5: INTERFUND BALANCES AND ACTIVITY – continued

B. Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2015, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
Special road and bridge fund	General fund	\$ 4,450	Supplement other funds sources
Other nonmajor funds	General fund	42,465	Supplement other funds sources
General fund	Special road and bridge fund	16,175	Supplement other funds sources
Office equipment C&M	Capital projects fund	789,961	Supplement other funds sources
General fund	Office equipment C&M	2,153,802	Supplement other funds sources
General fund	Other nonmajor funds	1,300	Supplement other funds sources
	Total	<u>\$ 3,008,153</u>	

NOTE 6: LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2015.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 9,190,000	\$ -	\$ (392,003)	\$ 8,797,997	\$ 410,000
Limited tax notes and bonds	15,460,000	-	(1,665,000)	13,795,000	1,815,000
Bond premium	123,747	-	(11,250)	112,497	-
Capital leases payable	334,991	33,297	(75,366)	292,922	82,746
Excess sales tax	87,530	-	(45,789)	41,741	41,741
Compensated absences	586,789	72,951	-	659,740	593,766
Total Governmental Activities	<u>\$ 25,783,057</u>	<u>\$ 106,248</u>	<u>\$ (2,189,408)</u>	<u>\$ 23,699,897</u>	<u>\$ 2,943,253</u>

The following is a schedule of the General Obligation and Limited tax notes and bonds:

	Date of Issue	Amount of Original Issue	Interest Rate	Maturity Date	Governmental Amount Outstanding 9/30/2015
General Obligation					
Refunding bonds, Series 2008	8/18/2008	\$ 5,730,000	4.05%	2/15/2029	\$ 5,472,997
Refunding bonds, Series 2009	5/26/2009	4,180,000	4.00-4.125%	2/15/2023	3,325,000
Total					<u>8,797,997</u>
Limited tax notes and bonds					
Series 2011	7/8/2011	1,845,000	2.065%	2/15/2018	925,000
Series 2012	8/9/2012	2,500,000	1.17%	2/15/2017	725,000
Series 2013	8/22/2013	2,805,000	1.61%	2/15/2020	2,355,000
Series 2013	12/30/2013	6,500,000	2.28%	2/15/2024	6,290,000
Series 2014	4/22/2014	3,500,000	2.15%	2/15/2024	3,500,000
Total					<u>13,795,000</u>
					<u>\$ 22,592,997</u>

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 6: LONG-TERM OBLIGATIONS – continued

The annual requirements to retire general long-term debt, including interest, as of September 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2016	\$ 2,225,000	\$ 614,477	\$ 2,839,477
2017	2,275,000	563,814	2,838,814
2018	2,325,000	510,013	2,835,013
2019	2,085,000	456,032	2,541,032
2020	2,145,000	403,498	2,548,498
2021-2025	8,065,000	1,274,969	9,339,969
2026-2029	3,472,997	288,259	3,761,256
Total	\$ 22,592,997	\$ 4,111,062	\$ 26,704,059

Capital Leases Payable

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital lease obligation	\$ 334,991	\$ 33,297	\$ (75,366)	\$ 292,922	\$ 82,746

The County leases various equipment under capital lease. The following is an analysis of the leased assets included in capital assets at September 30, 2015:

Equipment	
Less: accumulated depreciation	\$ 375,882
Net value	<u>(56,382)</u>
	<u>\$ 319,500</u>

The following is a schedule of future minimum payments under the lease with its present value as of September 30, 2015:

Fiscal Year	
2016	\$ 90,720
2017	90,720
2018	90,720
2019	37,015
Total minimum lease payments	309,175
Less amount representing interest	(16,253)
Present value of minimum lease payments	<u>\$ 292,922</u>

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 6: LONG-TERM OBLIGATIONS – *continued*

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. At September 30, 2015, a liability of \$41,741 was recorded in the Statement of Net Position.

NOTE 7: RISK MANAGEMENT

The County is exposed to various risks of loss related to group health coverage and torts (theft of, damage of, and destruction of assets; errors and omission; injuries to employee; 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.

NOTE 8: OPERATING LEASES

The County has an operating lease for office equipment. The minimum future rental payments on leases as of September 30, 2015, are as follows:

Fiscal Year	
2016	\$ 62,336
2017	37,998
2018	9,378
2019	<u>3,360</u>
Total	<u>\$ 113,072</u>

Lease expenditure for the year ended September 30, 2015 totaled \$80,423.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

Note 9: PENSION PLAN

Plan Description. The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 677 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.

Benefits Provided. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 20 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 5 years 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. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	85
Active employees	355
	564

Contributions. The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.0%	6.0%
Employers	6.86%	6.58%
Employer Contributions		\$ 899,643
Member Contributions		\$ 793,556

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

Note 9: PENSION PLAN – continued

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	3.51%, average
Payroll Growth Rate	3.5%
<i>*Includes Inflation of 3%</i>	

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012. The assumptions and methods are the same as used in the prior valuation.

Discount Rate. The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7 – 10 year time horizon.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

Note 9: PENSION PLAN – continued

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2013 based on the period January 1, 2009 – December 31, 2013. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

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

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

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

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

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

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

Note 9: PENSION PLAN – continued

Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the County reported a net pension asset of \$1,642,434 for its proportionate share of the TCDRS's net pension liability measured at December 31, 2014.

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

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension asset for the year ended December 31, 2014 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2013	\$ 29,118,150	\$ 30,895,477	\$ (1,777,327)
Changes for the year:			
Service cost	1,483,370	-	1,483,370
Interest on total pension liability - (1)	2,369,502	-	2,369,502
Effect of plan changes	-	-	-
Effect of economic/demographic gains or	148,370	-	148,370
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(144,449)	(144,449)	-
Benefit payments	(1,063,644)	(1,063,644)	-
Administrative expenses	-	(24,848)	24,848
Member contributions	-	793,556	(793,556)
Net investment income	-	2,104,408	(2,104,408)
Employer contributions	-	899,643	(899,643)
Other - (2)	-	93,590	(93,590)
Balances as of December 31, 2014	\$ 31,911,299	\$ 33,553,733	\$ (1,642,434)

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

[2] Relates to the allocation of system-wide items.

For the year ended September 30, 2015, the County recognized pension expense of \$567,284.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

Note 9: PENSION PLAN – continued

Discount Rate Sensitivity Analysis. The following presents the net pension liability / (asset) of the County, calculated using the discount rate of 8.10%, as well as what the County’s net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
Total pension liability	\$ 36,019,894	\$ 31,911,299	\$ 28,530,681
Fiduciary net position	33,553,733	33,553,733	33,553,733
Net pension liability / (asset)	\$ 2,466,161	\$ (1,642,434)	\$ (5,023,052)

At December 31, 2014 the County reported its share of the TCDRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 111,278
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	-	355,975
Contributions paid to TCDRS subsequent to the measurement date	-	716,349
Total	\$ -	\$ 1,183,602

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30:		
2016	\$	126,086
2017		126,086
2018		126,086
2019		88,995
Total	\$	467,253

NOTE 10: 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). The County has not elected to offer coverage to retired employees.

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

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 10: POST EMPLOYMENT GROUP TERM LIFE INSURANCE PLAN – *continued*

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, 2015, 2014, and 2013 were \$35,202, \$33,915, and \$32,089, respectively, which equaled the contractually required contributions each year.

NOTE 11: COMMITMENTS AND CONTINGENCIES

A. Contingencies

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds or any money received may be required and collectability of any related receivable at September 30, 2015 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The County was granted specific authority to issue up to \$75 million of bonded debt for highway improvements related to the Cresson traffic relief route. Certain components of the original plan have been dropped, and, as a result, the County would be required to fund approximately \$12 million rather than the larger voter-approved amount. The project is currently administered by the Texas Department of Transportation and has been postponed. Accordingly, no provision has been made in the accompanying financial statements for this contingency.

B. Litigation

The County Attorney has indicated that there are various lawsuits filed and pending against the County but in the County's opinion none will result in a material effect on the County's financial position.

C. 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.

The County entered into another economic development agreement, separate from the one above, dated May 9, 2014 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, 2015 – April 30, 2025. The maximum amount to be rebated by the County from property tax revenues generated by the development is \$1,000,000.

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 12: FUND BALANCE

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. *Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners' Court (the County's highest level of decision-making authority).
4. *Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. *Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

NOTE 13: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources reported on the Balance Sheet-Governmental Funds consists of the following:

Description	Fund	Deferred Amount
Property taxes	General	\$ 65,289
Property taxes	Special road and bridge	12,101
Property taxes	Other governmental funds	14,653
Fines, fees, and court costs	General	1,346,410
		\$ 1,438,453

HOOD COUNTY
Notes to Basic Financial Statements
September 30, 2015

NOTE 14: EXPENDITURES EXCEEDING BUDGET

The following expenditures exceeded budget amount:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
District Attorney Forfeiture			
Judicial			
County judge	-	8,853	(8,853)
Grants Fund			
Public safety			
Victim coordinator	44,500	47,521	(3,021)
Capital outlay	91,175	373,441	(282,266)
Time Payment Collection Fee			
Judicial			
District clerk	10,000	34,057	(24,057)

NOTE 15: PRIOR PERIOD ADJUSTMENT

During fiscal year 2015, the County adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Upon adoption of GASB No. 68, the County must assume its proportionate share of the net pension liability of the Texas County & District Retirement System. Adoption of GASB No. 68 required a prior period adjustment to beginning net position to report the effect of GASB No. 68 retroactively. The amount of the prior period adjustment is \$700,041.

During fiscal year 2015, the County discovered that an item previously reported in its balance sheet for the TJJJ Juvenile Probation Programs fund as unearned revenue in the amount of \$76,883 was incorrect. During 2015, this amount was written off and recorded as a prior period adjustment to beginning fund balance and net position.

During fiscal year 2015, the County discovered that capital assets were not added to the statement of position in the prior year when the County incurred capital leases for certain equipment acquired. As of October 1, 2014, equipment and accumulated depreciation – equipment in the amount of \$375,882 and \$18,794 were added. The net effect was to increase beginning net position by \$357,088.

NOTE 16: UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2015, the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Early application is encouraged. The County will fully analyze the impact of this new Statement prior to the effective date for the Statement listed above.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements.

HOOD COUNTY, TEXAS
 General Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit B-1

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$ 18,681,000	\$ 19,355,659	\$ 19,097,704	\$ (257,955)
Intergovernmental	586,100	643,864	715,776	71,912
Charges for services	48,500	48,500	62,199	13,699
Fees of office	2,624,750	2,624,750	2,766,984	142,234
Investment earnings	21,000	21,000	14,554	(6,446)
Miscellaneous	357,800	553,810	619,192	65,382
Total revenues	22,319,150	23,247,583	23,276,409	28,826
EXPENDITURES				
Current:				
General administration				
Commissioners' Court	416,045	416,045	402,993	13,052
County judge	163,830	163,830	162,253	1,577
County clerk	536,036	536,036	499,540	36,496
Veteran's service	47,946	47,946	46,691	1,255
Non-departmental	1,301,741	928,889	895,146	33,743
Risk management	536,800	455,566	422,611	32,955
Mailroom	125,975	91,975	88,459	3,516
Purchasing	177,292	177,292	174,143	3,149
Human resources	159,926	161,160	160,969	191
County auditor	285,209	285,616	279,169	6,447
County treasurer	201,105	201,105	193,807	7,298
County tax assessor/collector	461,152	461,152	410,588	50,564
Voter registration	41,534	41,534	40,162	1,372
Information systems	1,150,294	1,155,294	1,054,972	100,322
Elections	136,572	143,572	128,319	15,253
Total general administration	5,741,457	5,267,012	4,959,822	307,190
Judicial and legal				
County court	68,052	70,052	62,736	7,316
County court-at-law judge	292,411	292,411	287,155	5,256
County court-at-law	343,913	343,913	340,702	3,211
District judge	142,572	142,572	139,603	2,969
District court	521,889	521,889	512,151	9,738
District clerk	453,588	454,033	410,328	43,705
Justice of the peace, precincts 1 and 2	352,985	352,985	339,209	13,776
Justice of the peace, precinct 3	192,872	192,872	185,073	7,799
Justice of the peace, precinct 4	176,328	176,328	161,562	14,766
County attorney	779,816	779,816	762,522	17,294
District attorney	721,275	721,275	705,266	16,009
Jury	72,000	72,000	43,551	28,449
Total judicial and legal	4,117,701	4,120,146	3,949,858	170,288

HOOD COUNTY, TEXAS
 General Fund
 Budgetary Comparison Schedule- continued
 For The Year Ended September 30, 2015

Exhibit B-1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Public facilities				
Buildings and grounds	\$ 971,234	\$ 979,465	\$ 924,839	\$ 54,626
Total public facilities	971,234	979,465	924,839	54,626
Public safety				
Fire protection	305,500	315,810	263,896	51,914
Fire marshal	296,834	296,957	262,595	34,362
Civil process services	61,040	61,040	59,569	1,471
Constable, precincts 1 and 2	268,230	268,442	253,121	15,321
Constable, precincts 3 and 4	271,018	271,018	250,537	20,481
Sheriff, administration	4,093,895	4,071,579	3,910,820	160,759
Sheriff, dispatch	958,027	959,027	916,684	42,343
Sheriff, civil	5,000	5,000	3,580	1,420
Justice center security contract	241,525	238,525	236,673	1,852
Highway patrol	95,764	95,764	95,205	559
911 coordinator	57,207	57,207	57,099	108
Animal control	340,781	355,257	333,368	21,889
Jail	3,544,805	3,658,325	3,468,223	190,102
Juvenile probation	370,580	370,580	267,849	102,731
Adult probation	17,525	17,525	17,495	30
Total public safety	10,927,731	11,042,056	10,396,714	645,342
Health and welfare				
County health	265,723	265,723	257,917	7,806
Environmental protection	117,471	117,471	105,399	12,072
Public assistance	71,000	69,000	59,891	9,109
Total health and welfare	454,194	452,194	423,207	28,987
Conservation				
County extension agent	92,579	92,579	87,158	5,421
Total conservation	92,579	92,579	87,158	5,421
Debt service				
Principal	130,314	130,314	130,314	-
Interest and other charges	15,354	15,354	8,579	6,775
Total debt service	145,668	145,668	138,893	6,775

HOOD COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule- continued
For The Year Ended September 30, 2015

Exhibit B-1

	Original Budget	Final Budget	Actual	Variance from Final Budget
Capital outlay	-	41,000	40,450	550
Total expenditures	<u>22,450,564</u>	<u>22,140,120</u>	<u>20,920,941</u>	<u>1,219,179</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,414)	1,107,463	2,355,468	1,248,005
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of capital lease	-	-	33,297	33,297
Proceeds from the sale of fixed assets	15,000	(14,000)	40,098	54,098
Transfers in	1,609,534	1,050,120	46,915	(1,003,205)
Transfers out	<u>(1,493,120)</u>	<u>(2,201,584)</u>	<u>(2,171,277)</u>	<u>30,307</u>
Total other financing sources	<u>131,414</u>	<u>(1,165,464)</u>	<u>(2,050,967)</u>	<u>(885,503)</u>
NET CHANGE IN FUND BALANCE	-	(58,001)	304,501	362,502
FUND BALANCE, BEGINNING	<u>10,469,886</u>	<u>10,469,886</u>	<u>10,469,886</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 10,469,886</u>	<u>\$ 10,411,885</u>	<u>\$ 10,774,387</u>	<u>\$ 362,502</u>

HOOD COUNTY, TEXAS
Special Road and Bridge Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit B-2

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Ad valorem taxes	\$ 2,417,000	\$ 2,421,450	\$ 2,413,867	\$ (7,583)
Intergovernmental	75,000	75,000	84,460	9,460
Fees of office	1,168,800	1,168,800	984,886	(183,914)
Interest on investments	1,200	1,200	1,063	(137)
Total revenues	<u>3,662,000</u>	<u>3,666,450</u>	<u>3,484,276</u>	<u>(182,174)</u>
EXPENDITURES				
Current:				
Public transportation				
Operations	3,706,480	3,722,655	3,204,485	518,170
Appraisals	67,300	67,300	65,120	2,180
Development	1,220	1,220	386	834
Total expenditures	<u>3,775,000</u>	<u>3,791,175</u>	<u>3,269,991</u>	<u>521,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(113,000)	(124,725)	214,285	339,010
OTHER FINANCING USES				
Transfers in	113,000	129,175	16,175	(113,000)
Transfers out	-	(4,450)	(4,450)	-
Total other financing uses	<u>113,000</u>	<u>124,725</u>	<u>11,725</u>	<u>(113,000)</u>
NET CHANGE IN FUND BALANCE	-	-	226,010	226,010
FUND BALANCE, BEGINNING	<u>319,420</u>	<u>319,420</u>	<u>319,420</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 319,420</u>	<u>\$ 319,420</u>	<u>\$ 545,430</u>	<u>\$ 226,010</u>

HOOD COUNTY, TEXAS

Exhibit B-3

Schedule of Changes in Net Pension Asset and Related Ratios
Texas County & District Retirement System
For the Year Ended September 30, 2015

	Year Ended December 31, 2014
Service cost	\$ 1,483,370
Interest on total pension liability	2,369,502
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	148,370
Benefit payments/refunds of contributions	<u>(1,208,093)</u>
Net change in total pension liability	2,793,149
Total pension liability, beginning	<u>29,118,150</u>
Total pension liability, ending (a)	<u>\$ 31,911,299</u>
Fiduciary Net Position	
Employer contributions	\$ 899,643
Member contributions	793,556
Investment income net of investment expenses	2,104,408
Benefit payments/refunds of contributions	(1,208,093)
Administrative expenses	(24,848)
Other	<u>93,590</u>
Net change in fiduciary net position	2,658,256
Fiduciary net position, beginning	<u>30,895,477</u>
Fiduciary net position, ending (b)	<u>\$ 33,553,733</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,642,434)</u>
Fiduciary net position as a percentage of total pension liability	105.15 %
Pensionable covered payroll	\$ 13,114,333
Net pension liability as a percentage of covered payroll	(12.52) %

HOOD COUNTY, TEXAS
 Schedule of Employer Contributions
 Texas County & District Retirement System
 For Fiscal Year 2015

Exhibit B-4

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2006	\$ 494,348	\$ 494,348	-	\$ 8,859,282	5.6 %
2007	585,564	585,564	-	9,908,014	5.9 %
2008	712,876	712,876	-	11,138,695	6.4 %
2009	815,276	815,276	-	11,989,355	6.8 %
2010	891,645	891,645	-	12,131,230	7.3 %
2011	897,554	1,897,554	(1,000,000)	11,967,381	15.9 %
2012	892,726	1,642,726	(750,000)	11,808,546	13.9 %
2013	906,412	906,412	-	12,519,501	7.2 %
2014	899,643	899,643	-	13,114,333	6.9 %

HOOD COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2015

Note A: 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.

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.

Note B: NET PENSION ASSET – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market

HOOD COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2015

Note B: NET PENSION ASSET – TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM – *continued*

Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	8.10%, including inflation
Cost-of-living adjustments	Cost-of-living adjustments for the County are not considered to be substantively automatic. Therefore, no assumption for cost-of-living adjustments is included in the calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	Assumed life expectancies are based on the RP-2000 Active Employee Mortality Table for depositing members, the RP-2000 Combined Mortality Table for service retirees and the RP-2000 Disabled Mortality Table for disabled retirees.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

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

COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES AS
SUPPLEMENTARY INFORMATION

The supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

HOOD COUNTY, TEXAS
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2015

	District Attorney	District Attorney Forfeiture	County Attorney Collection Fee	Grants
ASSETS				
Cash and cash equivalents	\$ 15,979	\$ 69,027	\$ 30,841	\$ 111,903
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	1,232
Due from agency funds	-	-	-	-
Prepaid expenses	-	-	-	90
Total assets	<u>\$ 15,979</u>	<u>\$ 69,027</u>	<u>\$ 30,841</u>	<u>\$ 113,225</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ 2,428
Total liabilities	-	-	-	2,428
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and other revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	90
Restricted	15,979	69,027	30,841	110,707
Committed	-	-	-	-
Total fund balance	<u>15,979</u>	<u>69,027</u>	<u>30,841</u>	<u>110,797</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 15,979</u>	<u>\$ 69,027</u>	<u>\$ 30,841</u>	<u>\$ 113,225</u>

Judges Education	Courthouse Security	Justice Court Technology	Records Management	Records Preservation	Time Payment Collection Fee
\$ 5,087	\$ 82,318	\$ 74,292	\$ 597,510	\$ 183,040	\$ 53,930
-	-	-	-	-	-
-	-	-	-	-	-
115	1,853	-	19,966	2,863	127
-	-	-	-	-	-
<u>\$ 5,202</u>	<u>\$ 84,171</u>	<u>\$ 74,292</u>	<u>\$ 617,476</u>	<u>\$ 185,903</u>	<u>\$ 54,057</u>
\$ -	\$ 22,713	\$ 360	\$ 5,084	\$ -	\$ -
-	22,713	360	5,084	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,202	61,458	73,932	612,392	185,903	54,057
-	-	-	-	-	-
<u>5,202</u>	<u>61,458</u>	<u>73,932</u>	<u>612,392</u>	<u>185,903</u>	<u>54,057</u>
<u>\$ 5,202</u>	<u>\$ 84,171</u>	<u>\$ 74,292</u>	<u>\$ 617,476</u>	<u>\$ 185,903</u>	<u>\$ 54,057</u>

HOOD COUNTY, TEXAS
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2015

	Sheriff Forfeiture	Sheriff Commissary	Truant Officer	Abandoned Vehicle
ASSETS				
Cash and cash equivalents	\$ 6,639	\$ 33,811	\$ 18,293	\$ 74,866
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	-	-	-	4,182
Due from agency funds	-	-	-	-
Prepaid expenses	-	-	769	-
Total assets	<u>\$ 6,639</u>	<u>\$ 33,811</u>	<u>\$ 19,062</u>	<u>\$ 79,048</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 1,514	\$ 1,232
Total liabilities	-	-	1,514	1,232
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and other revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	769	-
Restricted	6,639	33,811	16,779	77,816
Committed	-	-	-	-
Total fund balance	<u>6,639</u>	<u>33,811</u>	<u>17,548</u>	<u>77,816</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 6,639</u>	<u>\$ 33,811</u>	<u>\$ 19,062</u>	<u>\$ 79,048</u>

TJJD Juvenile Probation Programs	Law Library	County Library	Library Special	Alternative Dispute Resolution Fees	County Attorney Forfeitures
\$ 111,343	\$ 6,740	\$ 480,078	\$ 10,534	\$ 131,939	10,232
-	-	4,235	-	-	-
-	-	87	-	-	-
-	2,709	-	-	585	-
-	-	4,588	-	-	-
<u>\$ 111,343</u>	<u>\$ 9,449</u>	<u>\$ 488,988</u>	<u>\$ 10,534</u>	<u>\$ 132,524</u>	<u>\$ 10,232</u>
\$ 87,794	\$ -	\$ 22,196	\$ -	\$ 600	\$ -
87,794	-	22,196	-	600	-
-	-	2,714	-	-	-
-	-	2,714	-	-	-
-	-	4,588	-	-	-
23,549	9,449	459,490	10,534	131,924	10,232
-	-	-	-	-	-
<u>23,549</u>	<u>9,449</u>	<u>464,078</u>	<u>10,534</u>	<u>131,924</u>	<u>10,232</u>
<u>\$ 111,343</u>	<u>\$ 9,449</u>	<u>\$ 488,988</u>	<u>\$ 10,534</u>	<u>\$ 132,524</u>	<u>\$ 10,232</u>

HOOD COUNTY, TEXAS
 Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2015

Exhibit C-1

	Medicaid 1115 Waiver	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 21,402	\$ 2,129,804	\$ 929,135	\$ 3,058,939
Taxes receivable (net)	-	4,235	20,407	24,642
Accounts receivable (net)	-	5,501	-	5,501
Due from agency funds	-	28,218	-	28,218
Prepaid expenses	-	5,447	32,500	37,947
Total assets	<u>\$ 21,402</u>	<u>\$ 2,173,205</u>	<u>\$ 982,042</u>	<u>\$ 3,155,247</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 21,402	\$ 165,323	\$ -	\$ 165,323
Total liabilities	21,402	165,323	-	165,323
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and other revenue	-	2,714	11,939	14,653
Total deferred inflows of resources	-	2,714	11,939	14,653
FUND BALANCE				
Nonspendable	-	5,447	32,500	37,947
Restricted	-	1,999,721	937,603	2,937,324
Committed	-	-	-	-
Total fund balance	<u>-</u>	<u>2,005,168</u>	<u>970,103</u>	<u>2,975,271</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 21,402</u>	<u>\$ 2,173,205</u>	<u>\$ 982,042</u>	<u>\$ 3,155,247</u>

HOOD COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Year Ended September 30, 2015

	District Attorney	District Attorney Forfeiture	County Attorney Collection Fee	Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,228	-	8,686	123,469
Charges for services	-	-	-	-
Fees of office	3,724	-	-	-
Forfeitures	-	5,580	-	-
Investment earnings	-	119	-	21
Miscellaneous	-	-	-	76,468
Total revenues	26,952	5,699	8,686	199,958
EXPENDITURES				
Current:				
General administration	-	-	-	-
Judicial and legal	31,430	9,983	9,539	17,602
Public safety	-	-	-	54,806
Health and welfare	-	-	-	14,412
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest on long-term debt	-	-	-	-
Capital outlay	-	-	-	373,441
Total expenditures	31,430	9,983	9,539	460,261
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(4,478)	(4,284)	(853)	(260,303)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,300
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	1,300
NET CHANGE IN FUND BALANCE	(4,478)	(4,284)	(853)	(259,003)
FUND BALANCES, BEGINNING	20,457	73,311	31,694	369,800
PRIOR PERIOD ADJUSTMENT	-	-	-	-
FUND BALANCES, ENDING	\$ 15,979	\$ 69,027	\$ 30,841	\$ 110,797

Judges Education	Courthouse Security	Justice Court Technology	Records Management	Records Preservation	Time Payment Collection Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	34,128	12,035	214,636	38,452	2,686
-	-	-	-	-	-
5	147	-	554	185	-
1,306	-	320	-	-	-
1,311	34,275	12,355	215,190	38,637	2,686
-	-	-	77,759	-	-
1,411	18,549	19,427	-	41,834	34,057
-	-	-	26,415	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	130,878	-	-	-	-
1,411	149,427	19,427	104,174	41,834	34,057
(100)	(115,152)	(7,072)	111,016	(3,197)	(31,371)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(100)	(115,152)	(7,072)	111,016	(3,197)	(31,371)
5,302	176,610	81,004	501,376	189,100	85,428
-	-	-	-	-	-
\$ 5,202	\$ 61,458	\$ 73,932	\$ 612,392	\$ 185,903	\$ 54,057

HOOD COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Year Ended September 30, 2015

	Sheriff Forfeiture	Sheriff Commissary	Truant Officer	Abandoned Vehicle
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	64,648	-
Charges for services	-	112,286	-	-
Fees of office	-	-	-	-
Forfeitures	1,923	-	-	-
Interest on investments	1	-	-	68
Miscellaneous	-	-	-	86,007
Total revenues	1,924	112,286	64,648	86,075
EXPENDITURES				
Current:				
General administration	7,296	97,611	-	-
Judicial and legal	-	-	-	-
Public safety	-	-	55,456	51,367
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest on long-term debt	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	7,296	97,611	55,456	51,367
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(5,372)	14,675	9,192	34,708
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(35,900)
Total other financing sources (uses)	-	-	-	(35,900)
NET CHANGE IN FUND BALANCE	(5,372)	14,675	9,192	(1,192)
FUND BALANCES, BEGINNING	12,011	19,136	8,356	79,008
PRIOR PERIOD ADJUSTMENT	-	-	-	-
FUND BALANCES, ENDING	\$ 6,639	\$ 33,811	\$ 17,548	\$ 77,816

TJJD Juvenile Probation Programs	Law Library	County Library	Library Special	Alternative Dispute Resolution Fees	County Attorney Forfeitures
\$ -	\$ -	546,149	\$ -	\$ -	\$ -
221,281	-	-	1,945	-	-
-	-	-	-	-	-
-	36,648	-	-	8,344	-
-	-	-	-	-	2,893
128	-	573	13	-	-
-	10	34,061	1,675	-	-
221,409	36,658	580,783	3,633	8,344	2,893
-	-	-	-	-	-
-	46,600	-	-	7,325	-
271,043	-	-	-	-	-
-	-	-	-	-	-
-	-	560,096	5,651	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
271,043	46,600	560,096	5,651	7,325	-
(49,634)	(9,942)	20,687	(2,018)	1,019	2,893
-	-	-	-	-	-
-	-	(1,005)	-	-	-
-	-	(1,005)	-	-	-
(49,634)	(9,942)	19,682	(2,018)	1,019	2,893
(3,700)	19,391	444,396	12,552	130,905	7,339
76,883	-	-	-	-	-
\$ 23,549	\$ 9,449	\$ 464,078	\$ 10,534	\$ 131,924	\$ 10,232

HOOD COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For The Year Ended September 30, 2015

Exhibit C-2

	Medicaid 1115 Waiver	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 546,149	\$ 2,914,033	\$ 3,460,182
Intergovernmental	-	443,257	-	443,257
Charges for services	-	112,286	-	112,286
Fees of office	-	350,653	-	350,653
Forfeitures	-	10,396	-	10,396
Interest on investments	-	1,814	1,075	2,889
Miscellaneous	64,206	264,053	-	264,053
Total revenues	64,206	1,728,608	2,915,108	4,643,716
EXPENDITURES				
Current:				
General administration	85,608	268,274	-	268,274
Judicial and legal	-	237,757	-	237,757
Public safety	-	459,087	-	459,087
Health and welfare	-	14,412	-	14,412
Culture and recreation	-	565,747	-	565,747
Debt service				
Principal	-	-	2,057,003	2,057,003
Interest on long-term debt	-	-	909,478	909,478
Capital outlay	-	504,319	-	504,319
Total expenditures	85,608	2,049,596	2,966,481	5,016,077
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(21,402)	(320,988)	(51,373)	(372,361)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,300	-	1,300
Transfers out	-	(36,905)	(5,560)	(42,465)
Total other financing sources (uses)	-	(35,605)	(5,560)	(41,165)
NET CHANGE IN FUND BALANCE	(21,402)	(356,593)	(56,933)	(413,526)
FUND BALANCES, BEGINNING	21,402	2,284,878	1,027,036	3,311,914
PRIOR PERIOD ADJUSTMENT	-	76,883	-	76,883
FUND BALANCES, ENDING	\$ -	\$ 2,005,168	\$ 970,103	\$ 2,975,271

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 TJJD programs as follows: TJJD – State Aid which accounts for revenues received from the TJJD 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 TJJD 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.

NONMAJOR DEBT SERVICE FUND

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
 District Attorney Forfeiture - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-3

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Forfeitures	\$ 5,000	\$ 5,000	\$ 5,580	\$ 580
Investment earnings	-	-	119	119
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,699</u>	<u>699</u>
EXPENDITURES				
Current				
Judicial and legal				
District attorney	35,000	35,000	1,130	33,870
County judge	-	-	8,853	(8,853)
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>9,983</u>	<u>25,017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(30,000)	(4,284)	25,716
OTHER FINANCING SOURCES				
Transfer in	<u>30,000</u>	<u>30,000</u>	-	(30,000)
Total other financing sources	<u>30,000</u>	<u>30,000</u>	-	(30,000)
NET CHANGE IN FUND BALANCE	-	-	(4,284)	(4,284)
FUND BALANCE, BEGINNING	<u>73,311</u>	<u>73,311</u>	<u>73,311</u>	-
FUND BALANCE, ENDING	<u>\$ 73,311</u>	<u>\$ 73,311</u>	<u>\$ 69,027</u>	<u>\$ (4,284)</u>

HOOD COUNTY, TEXAS
 Grants Fund - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-4

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 29,802	\$ 100,618	\$ 123,469	\$ 22,851
Investment earnings	-	-	21	21
Miscellaneous	4,100	70,872	76,468	5,596
Total revenues	<u>33,902</u>	<u>171,490</u>	<u>199,958</u>	<u>28,468</u>
EXPENDITURES				
Current				
Judicial				
District attorney	20,000	16,500	16,500	-
County attorney	1,400	1,495	1,102	393
Public safety				
Fire marshal	1,500	1,070	-	1,070
Victim coordinator	44,500	44,500	47,521	(3,021)
Constable precinct 1 and 2	3,100	4,569	1,304	3,265
Constable precinct 3 and 4	3,100	4,463	566	3,897
Sheriff	11,500	18,481	4,735	13,746
Other	2,100	7,060	680	6,380
Health and welfare				
County health	12,945	28,601	14,412	14,189
Capital outlay	-	91,175	373,441	(282,266)
Total expenditures	<u>100,145</u>	<u>217,914</u>	<u>460,261</u>	<u>(242,347)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(66,243)	(46,424)	(260,303)	(213,879)
OTHER FINANCING SOURCES				
Transfer in	21,743	46,424	1,300	(45,124)
Total other financing sources	<u>21,743</u>	<u>46,424</u>	<u>1,300</u>	<u>(45,124)</u>
NET CHANGE IN FUND BALANCE	(44,500)	-	(259,003)	(259,003)
FUND BALANCE, BEGINNING	<u>369,800</u>	<u>369,800</u>	<u>369,800</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 325,300</u>	<u>\$ 369,800</u>	<u>\$ 110,797</u>	<u>\$ (259,003)</u>

HOOD COUNTY, TEXAS
Judges Education - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-5

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ -	\$ -	\$ 5	\$ 5
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,306</u>	<u>306</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,311</u>	<u>311</u>
EXPENDITURES				
Current				
Judicial				
District judge	<u>2,000</u>	<u>2,000</u>	<u>1,411</u>	<u>589</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,411</u>	<u>589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	(100)	900
OTHER FINANCING SOURCES				
Transfer in	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(100)	(100)
FUND BALANCE, BEGINNING	<u>5,302</u>	<u>5,302</u>	<u>5,302</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,302</u>	<u>\$ 5,302</u>	<u>\$ 5,202</u>	<u>\$ (100)</u>

HOOD COUNTY, TEXAS
 Courthouse Security - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-6

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees of office	\$ 41,200	\$ 41,200	\$ 34,128	\$ (7,072)
Investment earnings	200	200	147	(53)
Total revenues	<u>41,400</u>	<u>41,400</u>	<u>34,275</u>	<u>(7,125)</u>
EXPENDITURES				
Current				
Judicial				
County court-at-law	25,400	25,400	18,549	6,851
Capital outlay	16,000	131,000	130,878	122
Total expenditures	<u>41,400</u>	<u>156,400</u>	<u>149,427</u>	<u>6,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(115,000)	(115,152)	(152)
OTHER FINANCING SOURCES				
Transfer in	-	115,000	-	(115,000)
Total other financing sources	<u>-</u>	<u>115,000</u>	<u>-</u>	<u>(115,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(115,152)	(115,152)
FUND BALANCE, BEGINNING	<u>176,610</u>	<u>176,610</u>	<u>176,610</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 176,610</u>	<u>\$ 176,610</u>	<u>\$ 61,458</u>	<u>\$ (115,152)</u>

HOOD COUNTY, TEXAS
Justice Court Technology - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-7

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees of office	\$ 18,000	\$ 18,000	\$ 12,035	\$ (5,965)
Miscellaneous	-	-	320	320
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>12,355</u>	<u>(5,645)</u>
EXPENDITURES				
Current				
Judicial				
Justice of the peace, precincts 1 and 2	30,000	30,000	7,865	22,135
Justice of the peace, precinct 3	15,000	15,000	6,425	8,575
Justice of the peace, precinct 4	15,000	15,000	5,137	9,863
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>19,427</u>	<u>40,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(42,000)	(42,000)	(7,072)	34,928
OTHER FINANCING SOURCES				
Transfer in	42,000	42,000	-	(42,000)
Total other financing sources	<u>42,000</u>	<u>42,000</u>	<u>-</u>	<u>(42,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(7,072)	(7,072)
FUND BALANCE, BEGINNING	<u>81,004</u>	<u>81,004</u>	<u>81,004</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 81,004</u>	<u>\$ 81,004</u>	<u>\$ 73,932</u>	<u>\$ (7,072)</u>

HOOD COUNTY, TEXAS
Records Preservation - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-8

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees of office	\$ 41,000	\$ 41,000	\$ 38,452	\$ (2,548)
Investment earnings	200	200	185	(15)
Total revenues	<u>41,200</u>	<u>41,200</u>	<u>38,637</u>	<u>(2,563)</u>
EXPENDITURES				
Current				
Judicial				
District clerk	60,000	60,000	41,834	18,166
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>41,834</u>	<u>18,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,800)	(18,800)	(3,197)	15,603
OTHER FINANCING SOURCES				
Transfer in	18,800	18,800	-	(18,800)
Total other financing sources	<u>18,800</u>	<u>18,800</u>	<u>-</u>	<u>(18,800)</u>
NET CHANGE IN FUND BALANCE	-	-	(3,197)	(3,197)
FUND BALANCE, BEGINNING	<u>189,100</u>	<u>189,100</u>	<u>189,100</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 189,100</u>	<u>\$ 189,100</u>	<u>\$ 185,903</u>	<u>\$ (3,197)</u>

HOOD COUNTY, TEXAS
Records Management - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-9

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees of office	\$ 159,180	\$ 159,180	\$ 214,636	\$ 55,456
Investment earnings	3,000	3,000	554	(2,446)
Total revenues	<u>162,180</u>	<u>162,180</u>	<u>215,190</u>	<u>53,010</u>
EXPENDITURES				
Current				
General administration				
County clerk	271,156	270,765	77,759	193,006
Public safety	<u>26,024</u>	<u>26,415</u>	<u>26,415</u>	<u>-</u>
Total expenditures	<u>297,180</u>	<u>297,180</u>	<u>104,174</u>	<u>193,006</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(135,000)	(135,000)	111,016	246,016
OTHER FINANCING SOURCES				
Transfer in	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
Total other financing sources	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
NET CHANGE IN FUND BALANCE	-	-	111,016	111,016
FUND BALANCE, BEGINNING	<u>501,376</u>	<u>501,376</u>	<u>501,376</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 501,376</u>	<u>\$ 501,376</u>	<u>\$ 612,392</u>	<u>\$ 111,016</u>

HOOD COUNTY, TEXAS
 Time Payment Collection Fee - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-10

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees of office	\$ 12,000	\$ 12,000	\$ 2,686	\$ (9,314)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>2,686</u>	<u>(9,314)</u>
EXPENDITURES				
Current				
Judicial				
District clerk	10,000	10,000	34,057	(24,057)
Justice of the peace, precincts 1 and 2	1,000	1,000	-	1,000
Justice of the peace, precinct 3	1,000	1,000	-	1,000
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>34,057</u>	<u>(22,057)</u>
NET CHANGE IN FUND BALANCE	-	-	(31,371)	(31,371)
FUND BALANCE, BEGINNING	<u>85,428</u>	<u>85,428</u>	<u>85,428</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 85,428</u>	<u>\$ 85,428</u>	<u>\$ 54,057</u>	<u>\$ (31,371)</u>

HOOD COUNTY, TEXAS
 Truant Officer - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-11

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Intergovernmental	\$ 58,400	\$ 58,400	\$ 64,648	\$ 6,248
Total revenues	<u>58,400</u>	<u>58,400</u>	<u>64,648</u>	<u>6,248</u>
EXPENDITURES				
Current				
Judicial				
Constable, precinct 4	64,752	64,752	55,456	9,296
Total expenditures	<u>64,752</u>	<u>64,752</u>	<u>55,456</u>	<u>9,296</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,352)	(6,352)	9,192	15,544
OTHER FINANCING SOURCES				
Transfer in	6,352	6,352	-	(6,352)
Total other financing sources	<u>6,352</u>	<u>6,352</u>	<u>-</u>	<u>(6,352)</u>
NET CHANGE IN FUND BALANCE	-	-	9,192	9,192
FUND BALANCE, BEGINNING	<u>8,356</u>	<u>8,356</u>	<u>8,356</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,356</u>	<u>\$ 8,356</u>	<u>\$ 17,548</u>	<u>\$ 9,192</u>

HOOD COUNTY, TEXAS
 Abandoned Vehicle - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-12

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ -	\$ -	\$ 68	\$ 68
Miscellaneous	78,000	78,000	86,007	8,007
Total revenues	<u>78,000</u>	<u>78,000</u>	<u>86,075</u>	<u>8,075</u>
EXPENDITURES				
Current				
Public safety				
Sheriff administration	60,000	60,000	51,367	8,633
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>51,367</u>	<u>8,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,000	18,000	34,708	16,708
OTHER FINANCING SOURCES				
Transfer in	47,000	47,000	-	(47,000)
Transfer out	(65,000)	(65,000)	(35,900)	29,100
Total other financing sources	<u>(18,000)</u>	<u>(18,000)</u>	<u>(35,900)</u>	<u>(17,900)</u>
NET CHANGE IN FUND BALANCE	-	-	(1,192)	(1,192)
FUND BALANCE, BEGINNING	<u>79,008</u>	<u>79,008</u>	<u>79,008</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 79,008</u>	<u>\$ 79,008</u>	<u>\$ 77,816</u>	<u>\$ (1,192)</u>

HOOD COUNTY, TEXAS
TJJD Juvenile Probation Programs - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-13

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees	\$ 370,889	\$ 370,889	\$ 221,281	\$ (149,608)
Investment earnings	-	-	128	128
Total revenues	<u>370,889</u>	<u>370,889</u>	<u>221,409</u>	<u>(149,480)</u>
EXPENDITURES				
Current				
Public safety				
Juvenile probation	370,889	370,889	271,043	99,846
Total expenditures	<u>370,889</u>	<u>370,889</u>	<u>271,043</u>	<u>99,846</u>
NET CHANGE IN FUND BALANCE	-	-	(49,634)	(49,634)
FUND BALANCE, BEGINNING	(3,700)	(3,700)	(3,700)	-
PRIOR PERIOD ADJUSTMENT	-	-	76,883	76,883
FUND BALANCE, ENDING	<u>\$ (3,700)</u>	<u>\$ (3,700)</u>	<u>\$ 23,549</u>	<u>\$ 27,249</u>

HOOD COUNTY, TEXAS
 Law Library - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-14

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Fees	\$ 37,000	\$ 37,000	\$ 36,648	\$ (352)
Investment earnings	-	-	10	10
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>36,658</u>	<u>(342)</u>
EXPENDITURES				
Current				
Judicial				
Law library	42,000	46,600	46,600	-
Total expenditures	<u>42,000</u>	<u>46,600</u>	<u>46,600</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(9,600)	(9,942)	(342)
OTHER FINANCING SOURCES				
Transfer in	5,000	9,600	-	(9,600)
Transfer out	-	(1,005)	-	1,005
Total other financing sources	<u>5,000</u>	<u>8,595</u>	<u>-</u>	<u>(8,595)</u>
NET CHANGE IN FUND BALANCE	-	(1,005)	(9,942)	(8,937)
FUND BALANCE, BEGINNING	<u>19,391</u>	<u>19,391</u>	<u>19,391</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 19,391</u>	<u>\$ 18,386</u>	<u>\$ 9,449</u>	<u>\$ (8,937)</u>

HOOD COUNTY, TEXAS
 County Library - Special Revenue Fund
 Budgetary Comparison Schedule
 For The Year Ended September 30, 2015

Exhibit C-15

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 546,500	\$ 547,505	\$ 546,149	\$ (1,356)
Investment earnings	1,000	1,000	573	(427)
Miscellaneous	33,000	33,000	34,061	1,061
Total revenues	<u>580,500</u>	<u>581,505</u>	<u>580,783</u>	<u>(722)</u>
EXPENDITURES				
Current				
Culture and recreation:				
Library	605,900	605,900	560,096	45,804
Total expenditures	<u>605,900</u>	<u>605,900</u>	<u>560,096</u>	<u>45,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(25,400)	(24,395)	20,687	45,082
OTHER FINANCING SOURCES				
Transfer in	25,400	25,400	-	(25,400)
Transfer out	-	(1,005)	(1,005)	-
Total other financing sources	<u>25,400</u>	<u>24,395</u>	<u>(1,005)</u>	<u>(25,400)</u>
NET CHANGE IN FUND BALANCE				
	-	-	19,682	19,682
FUND BALANCE, BEGINNING				
	<u>444,396</u>	<u>444,396</u>	<u>444,396</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 444,396</u>	<u>\$ 444,396</u>	<u>\$ 464,078</u>	<u>\$ 19,682</u>

HOOD COUNTY, TEXAS
Library Special - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-16

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,945	\$ 1,945
Investment earnings	-	-	13	13
Miscellaneous	4,000	4,000	1,675	(2,325)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,633</u>	<u>(367)</u>
EXPENDITURES				
Current				
Culture and recreation:				
Library	8,000	8,000	5,651	2,349
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>5,651</u>	<u>2,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(4,000)	(2,018)	1,982
OTHER FINANCING SOURCES				
Transfer in	4,000	4,000	-	(4,000)
Total other financing sources	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(2,018)	(2,018)
FUND BALANCE, BEGINNING	<u>12,552</u>	<u>12,552</u>	<u>12,552</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 12,552</u>	<u>\$ 12,552</u>	<u>\$ 10,534</u>	<u>\$ (2,018)</u>

HOOD COUNTY, TEXAS
County Attorney Forfeitures - Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-17

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Forfeitures	\$ 15,020	\$ 15,020	\$ 2,893	\$ (12,127)
Investment earnings	-	-	-	-
Total revenues	<u>15,020</u>	<u>15,020</u>	<u>2,893</u>	<u>(12,127)</u>
EXPENDITURES				
Current				
Judicial and legal	<u>19,580</u>	<u>19,580</u>	<u>-</u>	<u>19,580</u>
Total expenditures	<u>19,580</u>	<u>19,580</u>	<u>-</u>	<u>19,580</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,560)	(4,560)	2,893	7,453
OTHER FINANCING SOURCES				
Transfer in	<u>4,560</u>	<u>4,560</u>	<u>-</u>	<u>(4,560)</u>
Total other financing sources	<u>4,560</u>	<u>4,560</u>	<u>-</u>	<u>(4,560)</u>
NET CHANGE IN FUND BALANCE	-	-	2,893	2,893
FUND BALANCE, BEGINNING	<u>7,339</u>	<u>7,339</u>	<u>7,339</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,339</u>	<u>\$ 7,339</u>	<u>\$ 10,232</u>	<u>\$ 2,893</u>

HOOD COUNTY, TEXAS
Debt Service Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2015

Exhibit C-18

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 2,500,000	\$ 2,505,560	\$ 2,914,033	\$ 408,473
Interest on investments	<u>2,000</u>	<u>2,000</u>	<u>1,075</u>	<u>(925)</u>
Total revenues	<u>2,502,000</u>	<u>2,507,560</u>	<u>2,915,108</u>	<u>407,548</u>
EXPENDITURES				
Debt service:				
Principal on long-term debt	2,057,003	2,057,003	2,057,003	-
Interest and other charges	<u>910,578</u>	<u>910,578</u>	<u>909,478</u>	<u>1,100</u>
Total expenditures	<u>2,967,581</u>	<u>2,967,581</u>	<u>2,966,481</u>	<u>1,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(465,581)	(460,021)	(51,373)	408,648
OTHER FINANCING SOURCES				
Transfer out	<u>-</u>	<u>(5,560)</u>	<u>(5,560)</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>(5,560)</u>	<u>(5,560)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
NET CHANGE IN FUND BALANCE	(465,581)	(465,581)	(56,933)	408,648
FUND BALANCE, BEGINNING	<u>1,027,036</u>	<u>1,027,036</u>	<u>1,027,036</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 561,455</u>	<u>\$ 561,455</u>	<u>\$ 970,103</u>	<u>\$ 408,648</u>

FIDUCIARY FUNDS

HOOD COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2015

	County Clerk Board	County Clerk Special	District Clerk Trust	District Clerk Special
ASSETS:				
Cash and cash equivalents	\$ 48,025	\$ 73,450	\$ 148,279	\$ 139,137
TOTAL ASSETS	<u>\$ 48,025</u>	<u>\$ 73,450</u>	<u>\$ 148,279</u>	<u>\$ 139,137</u>
LIABILITIES:				
Due to other funds	\$ -	\$ 49,784	\$ -	\$ 97,800
Funds held for others	48,025	23,666	148,279	41,337
TOTAL LIABILITIES	<u>\$ 48,025</u>	<u>\$ 73,450</u>	<u>\$ 148,279</u>	<u>\$ 139,137</u>

District Attorney Seizure	District Attorney Restitution	County Attorney Restitution	Sheriff Inmate Trust	Justice of the Peace Precincts 2, 3 and 4	Unclaimed Property
\$ 20,155	\$ 5,940	\$ 5,371	\$ 28,199	\$ 26	\$ 18,930
<u>\$ 20,155</u>	<u>\$ 5,940</u>	<u>\$ 5,371</u>	<u>\$ 28,199</u>	<u>\$ 26</u>	<u>\$ 18,930</u>
\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -
20,155	5,940	5,371	28,199	21	18,930
<u>\$ 20,155</u>	<u>\$ 5,940</u>	<u>\$ 5,371</u>	<u>\$ 28,199</u>	<u>\$ 26</u>	<u>\$ 18,930</u>

HOOD COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 September 30, 2015

	Tax Assessor Auto Registration	Bail Bond Board	CSCD Adult Supervision	CSCD CCP Court Officer
ASSETS:				
Cash and cash equivalents	\$ 378,179	\$ 20,092	\$ 214,892	\$ 38,487
TOTAL ASSETS	<u>\$ 378,179</u>	<u>\$ 20,092</u>	<u>\$ 214,892</u>	<u>\$ 38,487</u>
LIABILITIES:				
Due to other funds	\$ 30,239	\$ -	\$ -	\$ -
Funds held for others	347,940	20,092	214,892	38,487
TOTAL LIABILITIES	<u>\$ 378,179</u>	<u>\$ 20,092</u>	<u>\$ 214,892</u>	<u>\$ 38,487</u>

CSCD Adult Probation Restitution	VIT Escrow	Bond Supervision	Total Agency Funds
\$ 678	\$ 303,513	\$ 77,444	\$ 1,520,797
<u>\$ 678</u>	<u>\$ 303,513</u>	<u>\$ 77,444</u>	<u>\$ 1,520,797</u>
\$ -	\$ -	\$ -	\$ 177,828
<u>678</u>	<u>303,513</u>	<u>77,444</u>	<u>1,342,969</u>
<u>\$ 678</u>	<u>\$ 303,513</u>	<u>\$ 77,444</u>	<u>\$ 1,520,797</u>

OTHER REPORTING

This section includes other reporting required by *Government Auditing Standards*

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

To the Honorable County Judge
And County Commissioners
Hood County, Texas:

We have audited 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Hood County's basic financial statements and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
March 22, 2016