



# County of Eastland

EASTLAND COUNTY, TEXAS

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

September 30, 2013

# EASTLAND COUNTY, TEXAS

## CONTENTS

September 30, 2013

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS:	
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to the Financial Statements	18
Required Supplemental Information Other than MD&A:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Road and Bridge Fund	33
Schedule of Funding Progress - Pension Plan	34
Schedule of Funding Progress - Other Post-Employment Benefits	35

SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS:

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds 36

Combining Statement of Revenues, Expenditures, and Changes in Fund  
Balances - Nonmajor Governmental Funds 41

Fiduciary Funds:

Combining Statement of Fiduciary Net Position - Agency Funds 46

INTERNAL CONTROLS SECTION:

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* 50

July 7, 2014

**The Honorable County Judge and Commissioners  
Comprising the Commissioner's Court of  
Eastland County, Texas**

**INDEPENDENT AUDITORS' REPORT**

**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 Eastland County, Texas as of and for the year ended September 30, 2013, 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 an opinion 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 general-purpose financial statements are free from material misstatement.

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

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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Eastland County, Texas as of September 30, 2013, and the respective changes in financial position, for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, budgetary comparison information on pages 32 through 33, and schedules of funding progress on pages 34 through 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information 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, and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2014 on our consideration of the Eastland County, Texas' 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 Eastland County, Texas' internal control over financial reporting and compliance.

*Condly and Company, L.L.P.*

Certified Public Accountants

*REQUIRED SUPPLEMENTARY INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS*

## EASTLAND COUNTY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the County's financial statements that begin on page 10.

#### **USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34.

#### **Report Components**

This annual report consists of five parts as follows:

**Government-Wide Financial Statements:** The statement of net position and the statement of activities (on pages 10 through 11) provide information about the activities of the County government-wide (or "as a whole") and present a longer term view of the County's finances.

**Fund Financial Statements:** Fund financial statements, (starting on page 12) focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information:** Management's discussion and analysis, budgetary comparison schedules, and schedules of funding progress (starting on page 32) represent financial information required by accounting principles generally accepted in the United States of America to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

**Other Supplementary Information:** This part of the annual report (starting on page 36) includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). Also included in this section are fiduciary fund statements which provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. This other supplemental financial information is provided to address certain specific needs of various users of the County's annual report.

## **Reporting the County as a Whole**

### **The County's Reporting Entity Presentation**

This annual report includes all activities for which the County is fiscally responsible.

### **The Government-Wide Statement of Net Position and the Statement of Activities**

Our financial analysis of the County as a whole begins on page 10. The government-wide financial statements are presented on pages 10 through 11. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question.

These two statements report the County's net position and changes in them. The statement of net position presents information on all of Eastland County's assets and liabilities, with the difference between the two being reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's sales tax base and the condition of the County's capital assets, to assess the overall health of the County. In the statement of activities we present information showing how the government's net position changed during the 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 the related cash flows.

## **Reporting the County's Most Significant Funds**

### **The Fund Financial Statements**

The fund financial statements begin on page 12 and provide detailed information about the most significant funds of the County as a whole, but do not portray the County as a whole. Some funds are required to be established by State law; however, the County establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds - governmental and fiduciary - use different accounting approaches.

*Governmental funds* - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 13 and 15. The County considers the general fund and the road and bridge fund to be its significant or major governmental funds. All other governmental funds are aggregated in a single column entitled other nonmajor governmental funds.

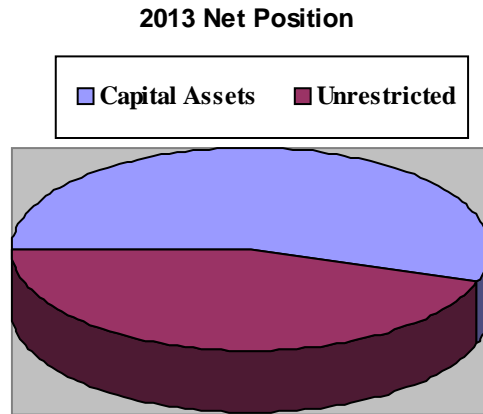


*Fiduciary funds* - The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position on page 16. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net Position**

Eastland County's combined net position was approximately \$9.00 million at September 30, 2013. The largest portion (approximately 55%) of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.



Eastland County's combined total assets amounted to \$10,602,097. This amount included current and other assets of \$5,095,871 and capital and non-current assets of \$5,506,226. Total liabilities of the County at September 30, 2013 were \$1,599,831. The portion of liabilities classified as current was \$1,255,294 and long-term liabilities were \$344,537. See **Table 1** for additional variances between September 30, 2013 and 2012.

<b>Table 1</b>	Governmental Activities	
	2013	2012
Assets:		
Current and other assets	\$ 5,095,871	\$ 4,129,718
Capital assets	5,506,226	5,037,876
Total Assets	\$ 10,602,097	\$ 9,167,594
Liabilities:		
Current liabilities	\$ 1,255,294	\$ 679,999
Noncurrent liabilities	344,537	112,759
Total Liabilities	1,599,831	792,758

	2013	2012
Net position:		
Invested in capital assets, net of related debt	4,974,345	4,897,060
Unrestricted	4,027,921	3,477,776
Total Net Position	\$ 9,002,266	\$ 8,374,836

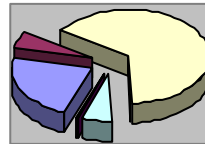
Total assets increased primarily because the County's cash and investment position improved as well as significant purchases of equipment were made. Cash and investments increased \$991,895 from September 30, 2012 to September 30, 2013. Capital assets increased \$468,350 from September 30, 2012 to September 30, 2013.

**Changes in Net Position**

Eastland County's net position increased by \$627,430 during fiscal year 2013. The County improved their net position primarily due to a revenues exceeding expenditures at a comparable rate to the prior year.

Total revenues for the fiscal year ended September 30, 2013 were \$9,682,842. Approximately 65% of the County's revenue comes from property taxes. Charges for services increased by \$30,444 and fines and forfeitures and other taxes decreased by \$91,598. Operating grants and contributions decreased \$116,888. Property taxes increased by \$499,768.

**Sources of Funds for  
Governmental Activities - Fiscal  
Year 2013**



- Charges for services
- Operating grants and contributions
- Property taxes
- Fines and forfeitures
- Investment earnings
- Other revenue sources

For the years ended September 30, 2013 and 2012, net position of the primary government changed as follows:

<b>Table 2</b>	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,238,874	\$ 2,208,430
Operating grants and contributions	518,915	635,803
General revenues:		
Property taxes	6,259,040	5,759,272
Fines and forfeitures and other taxes	564,891	656,489
Investment earnings	22,346	26,193
Miscellaneous	78,776	163,703
Total revenues	<u>9,682,842</u>	<u>9,449,890</u>
Expenses		
General government	2,048,789	2,341,304
Health and welfare	523,284	494,379
Judicial and legal	2,127,029	1,890,429
Public safety	2,511,535	2,277,029
Public facilities	420,711	366,816
Road maintenance	1,415,645	1,317,078
Interest on long-term debt	8,419	7,840
Total expenses	<u>9,055,412</u>	<u>8,694,875</u>
Increase in net position	627,430	755,015
Beginning net position	<u>8,374,836</u>	<u>7,619,821</u>
Ending net position	<u>\$ 9,002,266</u>	<u>\$ 8,374,836</u>

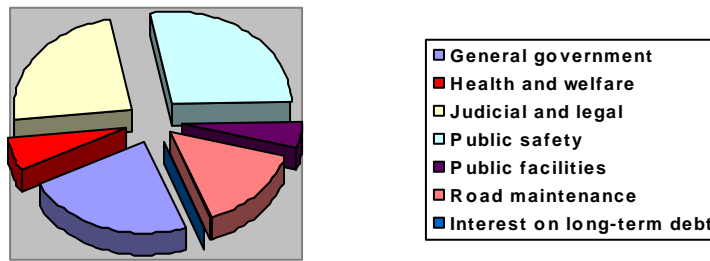
### **Governmental Activities**

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a net (expense)/revenue. This type of format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Expenditures increased overall by \$360,537 from the prior year. General government expenditures decreased \$292,515 due to timing of necessary repairs, public safety expenses increased \$234,506 due to added jail staff, and judicial and legal expenses increased by \$236,600 mostly due to the new drug enforcement task force. Other areas had expenses increase along with revenue.

The County's governmental resources were used as follows during the year ended September 30, 2013:

### Uses of Funds in Governmental Activities



Total expenses for governmental activities amounted to \$8,973,678 during the year ended September 30, 2013. Of these total expenses, taxpayers and other general revenues funded \$6,215,889 while those directly benefiting from the program funded \$518,915 from grants and other contributions; \$2,238,874 was provided from charges for services for the year ended September 30, 2013.

## A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

### Financial Highlights

- As of the end of the fiscal year, Eastland County's governmental funds reported a combined fund balance of \$4,031,039, an increase of \$553,240 or 16% in comparison with the prior year. The primary factor for this increase is the reduction of overall expenditures.
- The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$2,589,728 of the general fund's fund balance total of \$2,649,412 is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 40% of total general fund expenditures.
- The County's total revenues exceeded total expenditures by \$46,628 for the year.

### General Fund Budgetary Highlights

Over the course of the year, the County revised the general fund budget at various times. With these adjustments, actual expenditures were \$459,527 lower than final budgeted amounts. The most significant positive variance from budgeted expenses resulted from less general government expenditures than anticipated. The actual revenues were \$165,180 higher than expected due in large part to more charges for services than anticipated.

### Road and Bridge Fund Budgetary Highlights

Over the course of the year, the County revised the road and bridge fund budget at various times. With these adjustments, actual expenditures were \$40,249 lower than final budgeted amounts. Actual revenues were \$5,189 higher than expected primarily due to more charges for services than expected.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2013, the County had invested \$31,475,949 in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$872,519 or 3% over last year. The main events affecting capital assets during the year were the purchases of additional equipment for the road and bridge precincts and updates to buildings. See Note 5 in the notes to the financial statements for additional details.

#### **Primary Government Capital Assets - (Net of accumulated depreciation)**

	Governmental Activities 2013
Land	\$ 158,678
Buildings and improvements	2,394,818
Furniture and equipment	2,045,019
Infrastructure	<u>907,711</u>
Total	<u>\$ 5,506,226</u>

### Capital Leases

At year end, the County had outstanding capital leases totaling \$531,881 that were obtained in order to finance acquisition of various equipment. See Note 6 in the notes to the financial statements for additional details.

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

For the upcoming fiscal year ending September 30, 2014, the County's budget is fairly consistent with this year. Budgeted expenditures for next fiscal year are approximately the same as they were for the 2012-2013 year. The County's fund balance is projected to remain consistent.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Eastland County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office at: Eastland County, Texas, 100 W. Main Street, Suite 205, Eastland, Texas 76448.

*GOVERNMENT – WIDE FINANCIAL STATEMENTS*

EASTLAND COUNTY, TEXAS

STATEMENT OF NET POSITION

September 30, 2013

	<u>Governmental Activities</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 2,524,012
Investments	2,202,468
Taxes receivable - net of allowance for uncollectible taxes of \$270,968	270,970
Due from other governments	28,197
Prepaid expenses and other assets	70,224
Capital Assets:	
Land	158,678
Buildings and improvements	4,410,279
Infrastructure	21,040,905
Furniture and equipment	5,866,087
Less accumulated depreciation	<u>(25,969,723)</u>
 TOTAL ASSETS	 <u>10,602,097</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable and accrued expenses	627,500
Accrued wages	163,155
Accrued interest payable	3,118
Due to other governments	3,208
Deferred revenue	270,969
Leases payable - current	187,344
Noncurrent Liabilities:	
Leases payable - long term	<u>344,537</u>
 TOTAL LIABILITIES	 <u>1,599,831</u>
NET POSITION:	
Invested in capital assets, net of related debt	4,974,345
Unrestricted	<u>4,027,921</u>
 TOTAL NET POSITION	 <u>\$ 9,002,266</u>

*The accompanying notes are an integral part of the financial statements.*

**EASTLAND COUNTY, TEXAS**

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General government	\$ 2,048,789	\$ 898,864	\$ 46,713	\$ (1,103,212)
Judicial and legal	2,127,029	532,118	399,834	(1,195,077)
Public safety	2,511,535	499,056	21,895	(1,990,584)
Public facilities	420,711	18,855	23,000	(378,856)
Road and bridge	1,415,645	240,919	27,473	(1,147,253)
Health and welfare	523,284	49,062		(474,222)
Interest on long-term debt	8,419			(8,419)
Total governmental activities	9,055,412	2,238,874	518,915	(6,297,623)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				6,259,040
Fines and forfeitures				564,891
Gain on sale of assets				72,660
Other revenue				6,116
Interest income				22,346
Total General Revenues and Transfers				6,925,053
Change in Net Position				627,430
Net position - Beginning				8,374,836
Net position - Ending				\$ 9,002,266

*The accompanying notes are an integral part of the financial statements.*



*FUND FINANCIAL STATEMENTS*

**EASTLAND COUNTY, TEXAS**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2013

	<u>General</u>	<u>Road and Bridge</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,059,713	\$ 166,265	\$ 1,298,034	\$ 2,524,012
Investments	2,112,468		90,000	2,202,468
Taxes receivable	541,938			541,938
Allowance for uncollectible taxes	(270,968)			(270,968)
Due from other funds	19,795	48,002	15,309	83,106
Due from other governments	27,150		1,047	28,197
Prepaid expenses and other assets	<u>59,684</u>	<u>10,540</u>		<u>70,224</u>
 Total Assets	 <u>\$ 3,549,780</u>	 <u>\$ 224,807</u>	 <u>\$ 1,404,390</u>	 <u>\$ 5,178,977</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 502,977	\$ 109,252	\$ 15,271	\$ 627,500
Accrued wages	108,201	18,026	36,928	163,155
Due to other funds	15,309		67,797	83,106
Due to other governments	2,912	284	12	3,208
Deferred revenues	<u>270,969</u>			<u>270,969</u>
 Total Liabilities	 <u>900,368</u>	 <u>127,562</u>	 <u>120,008</u>	 <u>1,147,938</u>
 Fund Balances:				
Non-spendable	59,684			59,684
Restricted		97,245	1,125,278	1,222,523
Assigned			159,104	159,104
Unassigned	<u>2,589,728</u>			<u>2,589,728</u>
 Total Fund Balance	 <u>2,649,412</u>	 <u>97,245</u>	 <u>1,284,382</u>	 <u>4,031,039</u>
 Total Liabilities and Fund Balance	 <u>\$ 3,549,780</u>	 <u>\$ 224,807</u>	 <u>\$ 1,404,390</u>	 <u>\$ 5,178,977</u>

*The accompanying notes are an integral part of the financial statements.*

**EASTLAND COUNTY, TEXAS**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**

September 30, 2013

Fund Balances - Total Governmental funds \$ 4,031,039

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 31,475,949	
Less accumulated depreciation	<u>(25,969,723)</u>	5,506,226

Long-Term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Interest payable	(3,118)	
Governmental leases payable	<u>(531,881)</u>	<u>(534,999)</u>

Net position of governmental activities \$ 9,002,266

*The accompanying notes are an integral part of the financial statements.*

**EASTLAND COUNTY, TEXAS**

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

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Taxes	\$ 6,258,884	\$ 156	\$	\$ 6,259,040
Grants and contributions	53,334	27,472	438,109	518,915
Charges for services	846,703	482,224	909,947	2,238,874
Fines and forfeitures	555,864		9,027	564,891
Interest	16,950		5,396	22,346
Other	397,830	101,590	13,308	512,728
Total Revenues	<u>8,129,565</u>	<u>611,442</u>	<u>1,375,787</u>	<u>10,116,794</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,153,442		39,455	2,192,897
Judicial and legal	1,243,491		883,538	2,127,029
Public safety	2,063,203		393,966	2,457,169
Public facilities	525,169		147,945	673,114
Road and bridge		2,096,673		2,096,673
Health and welfare	496,679		26,605	523,284
Total Expenditures	<u>6,481,984</u>	<u>2,096,673</u>	<u>1,491,509</u>	<u>10,070,166</u>
Excess (Deficit) Revenues Over (Under) Expenditures	<u>1,647,581</u>	<u>(1,485,231)</u>	<u>(115,722)</u>	<u>46,628</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Capital lease proceeds		506,612		506,612
Transfers in (out)	(1,122,294)	1,033,922	88,372	0
Total Sources (Uses):	<u>(1,122,294)</u>	<u>1,540,534</u>	<u>88,372</u>	<u>506,612</u>
Excess (Deficit) Revenues and Other Financing Sources Over (Under) Expenditures and Financing Uses	<u>525,287</u>	<u>55,303</u>	<u>(27,350)</u>	<u>553,240</u>
Fund Balance, Beginning of Year	<u>2,124,125</u>	<u>41,942</u>	<u>1,311,732</u>	<u>3,477,799</u>
Fund Balance, End of Year	<u>\$ 2,649,412</u>	<u>\$ 97,245</u>	<u>\$ 1,284,382</u>	<u>\$ 4,031,039</u>

*The accompanying notes are an integral part of the financial statements.*

EASTLAND COUNTY, TEXAS

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

For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds	\$	553,240
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.		1,078,585
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(570,443)
The issuance of long-term debt provides current financial resources to government, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The net effect of the issuance of long-term debt is to decrease net position.		(506,612)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing gains and losses on the sale of fixed assets based on book value and the adjustment of other accrual accounts. The net effect of these reclassifications and recognitions is to increase net position.		<u>72,660</u>
Change in net position of governmental activities	\$	<u><u>627,430</u></u>

*The accompanying notes are an integral part of the financial statements.*

**EASTLAND COUNTY, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2013

	Employee Retirement Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$	\$ 2,340,897
Certificates of deposit and savings		137,541
Due from others		11,185
Investments at fair value	<u>294,699</u>	<u>                    </u>
Total Assets	<u>294,699</u>	<u>2,489,623</u>
<b>LIABILITIES:</b>		
Accrued liabilities		111,578
Due to others		2,374,075
Bonds held in trust	<u>                    </u>	<u>3,970</u>
Total Liabilities	<u>0</u>	<u>2,489,623</u>
<b>NET POSITION:</b>		
Held in trust for pension benefits and other purposes	<u>\$ 294,699</u>	<u>\$ 0</u>

*The accompanying notes are an integral part of the financial statements.*

**EASTLAND COUNTY, TEXAS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

For the Year Ended September 30, 2013

	<u>Employee Retirement Funds</u>
ADDITIONS:	
Contributions:	
Employee	\$ <u>14,553</u>
Investment Earnings:	
Investment income	56,498
Less Investment Expenses:	
Asset fees	<u>616</u>
Net Investment Income	<u>55,882</u>
Total Revenues	<u>70,435</u>
DEDUCTIONS:	
Benefits paid	<u>61,724</u>
Net increase	8,711
Net Position - Beginning of Year	<u>285,988</u>
Net Position - End of Year	<u>\$ <u>294,699</u></u>

*The accompanying notes are an integral part of the financial statements.*

*NOTES TO FINANCIAL STATEMENTS*



## EASTLAND COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

#### **NOTE 1: REPORTING ENTITY**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution. Eastland County (the "County") operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants Audit and Accounting Guide entitled "State and Local Governments."

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the County is financially accountable. The County has also considered all other potential organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the County to impose its will on that organization, or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

#### **NOTE 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### Government-Wide Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues. The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

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

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

#### Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

#### **Governmental Funds**

##### General Fund

The general fund is the primary operating fund of the County and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

##### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The following special revenue fund is reported as a major fund:

*Road and Bridge Fund* – The road and bridge fund is established to account for the resources devoted to maintaining the County’s roads and bridges.

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

*Non-spendable*, 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).

*Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

*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).

*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.

*Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

Non-spendable Fund Balance

The County's non-spendable fund balance as of September 30, 2013 totaling \$59,684 relates to prepaid insurance.

Restricted Fund Balance

The County's restricted fund balance as of September 30, 2013, which relates to use of external resources and resources created by enabling legislation for the purpose of the legislation, is comprised of the following:

<u>Restriction</u>	<u>Amount</u>
Texas Department of Criminal Justice grants and contracts	\$ 356,573
District attorney forfeitures	250,821
Record and statistic preservation	171,573
Road maintenance	97,245
Law library	80,080
Court technology	78,624
Courthouse security	55,353
Jury fund	39,584
Other grants	27,106
Election service	19,252
Sheriff commissary	15,374
Record archival	13,042
Law enforcement officers standards and education	10,254
Sheriff seizure	<u>7,642</u>
Total Restricted Fund Balance	\$ <u>1,222,523</u>

Assigned Fund Balance

The County's management has the authority to assign funds in accordance with various internal programs. The County's assigned fund balance as of September 30, 2013 is comprised of the following:

<u>Assignment</u>	<u>Amount</u>
County farm	\$ 121,387
Cooperative dispatch	34,590
Historical commission	<u>3,127</u>
Total Assigned Fund Balance	\$ <u>159,104</u>

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) Committed; 2) Assigned; 3) Unassigned.

## Fiduciary Funds

The County reports the following fiduciary fund types:

*Agency Funds* – Accounts for assets the County holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities), and do not involve measurement or results of operations.

*Employee Retirement Fund* – Accounts for resources that are required to be held in trust for the members and beneficiaries of the deferred compensation plan.

## Measurement Focus/Basis of Accounting

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

## Budget

The County's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30.

The County Auditor submits an annual budget to the County Commission in accordance with state law. In September, the County Commission adopts annual fiscal year budgets for specified County funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles. The budget is properly amended throughout the year and is filed with the County Clerk.

Budgeted amounts are as originally adopted, or as amended during the fiscal year by the Commissioners' Court.

### Cash and Cash Equivalents

Cash and cash equivalents reflected in the financial statements includes petty cash and cash in banks. Petty cash amounts are maintained in various County offices for purposes of collections of payments made to the County.

For purposes of reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

### Property Tax Calendar

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

### Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the statement of net position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the assets. Donated fixed assets are recorded at their estimated fair value at the date of donation. The County's infrastructure network is valued at historical cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of activities. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets.

The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	15
Vehicles	5
Equipment	5-10
Office equipment	5-7
Infrastructure	20-40

### Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

## Equity Classification

### Government-Wide Statements

Equity is classified as net position and displayed in two components:

*Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Unrestricted net position* – All other net position that do not meet the definition of the “restricted” or “invested in capital assets, net of related debt”.

### Fund Financial Statements

Governmental fund equity is classified as fund balance.

### Use of Estimates

The preparation of financial statements by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

## **NOTE 3: LEGAL COMPLIANCE - BUDGETS**

The County’s budgetary process requires that expending agencies of the County submit appropriation requests by mid May of each year. After review by the budget officer and department heads, the requests are combined and submitted to the Commissioners’ Court. In August, the proposed budget is filed with the County Clerk for public inspection at least fifteen days prior to hearings, which are open to the public. A final budget must be adopted prior to October 1. At the fund level, actual expenditures cannot exceed budgeted appropriations.

## **NOTE 4: CASH AND INVESTMENTS**

In addition to the \$250,000 insurance on accounts provided by Federal Deposit Insurance Corporation (“FDIC”) regulations, securities in the amount of \$7,914,787 were pledged by the depository bank to secure all bank deposits and investments. The largest cash balance amounted to \$6,475,853 and occurred on November 19, 2012. The pledged securities plus FDIC coverage were sufficient to cover the largest cash balance for the County. Cash deposits at September 30, 2013, totaling \$5,202,683 (all funds), were in checking or money market accounts during the year which are allowable types of deposits.

For an indication of the level of risk assumed by the District, all cash deposits are categorized as Category 1, insured by FDIC or collateralized with securities held by the County (or public trust) or by its agent in its name.

Statutes authorize the County to invest in the State’s investment pool. The County’s investments held at September 30, 2013, are not subject to classifications where securities related to the government cannot be identified. Investments at September 30, 2013 included certificates of deposit totaling \$2,140,000 and Tex-Pool investments totaling \$62,468.

### Investments

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 general purpose financial statements, disclosed that in the areas of investment practices, management reports and 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.

### Investment Policy

The County has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the County has the option of continuing to report certain investments at cost or amortized cost, but must disclose its policy in that regard.

In accordance with the Statement, 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 non-participating interest-earning investment contracts using the cost-based measure. However, if the 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 that 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 deposits are examples of nonparticipating interest-earning investment contracts. The cost basis was equivalent to the fair value of the investments at year end.

### Public Funds Investments Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "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: (1) 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; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

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 2a7 of the Investment Company Act of 1940.

### Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investments risks at year end and if so, the reporting of certain related disclosures.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2013, the County was not exposed to credit risk.

*Custodial credit risk* relates to deposits that are exposed to the risk that they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities, held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At September 30, 2013, the County was not exposed to custodial credit risk.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At September 30, 2013, the County was not exposed to concentration of credit risk.

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. At September 30, 2013, the County was not exposed to interest rate risk.

*Foreign currency risk* is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2013, the County was not exposed to foreign currency risk.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013, follows:

Governmental activities:	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Non-depreciable assets:				
Land and improvements	\$ 158,678	\$ _____	\$ _____	\$ 158,678
Depreciable assets:				
Buildings and improvements	4,023,907	386,372		4,410,279
Furniture and equipment	5,379,940	661,496	(175,349)	5,886,087
Infrastructure – roads and bridges	21,040,905			21,040,905
Total at historical cost	<u>30,444,752</u>	<u>1,047,868</u>	<u>(175,349)</u>	<u>31,317,271</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,905,187)	(110,274)		(2,015,461)
Furniture and equipment	(3,604,369)	(382,973)	166,274	(3,821,068)
Infrastructure – roads and bridges	<u>(20,055,998)</u>	<u>(77,196)</u>		<u>(20,133,194)</u>
Total accumulated depreciation	<u>(25,565,554)</u>	<u>(570,443)</u>	<u>166,274</u>	<u>(25,969,723)</u>
Governmental activity capital assets, net	<u>\$ 5,037,876</u>	<u>\$ 477,425</u>	<u>\$ (9,075)</u>	<u>\$ 5,506,226</u>

Depreciation expense was charged to functions as follows:

General government	\$ 73,398
Public safety	54,366
Public facilities	109,553
Road and bridge	<u>333,126</u>
	<u>\$ 570,443</u>



**NOTE 6: LONG-TERM OBLIGATIONS**

As of September 30, 2013, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Capital lease:

A capital lease obtained for the purchase of equipment, payable in annual installments of \$32,038 including interest at 3%, secured by equipment, final payment due February 2017. \$ 112,654

A capital lease obtained for the purchase of a vehicle, payable in annual installments of \$15,382 including interest at 2.06%, secured by the vehicle, final payment due August 2015. 29,754

A capital lease obtained for the purchase of a vehicle, payable in annual installments of \$16,470 including interest at 2.32%, secured by the vehicle, final payment due June 2016. 47,227

A capital lease obtained for the purchase of equipment, payable in annual installments of \$10,896 including interest at 1.99%, secured by equipment, final payment due January 2017. 41,882

A capital lease obtained for the purchase of equipment, payable in annual installments of \$16,607 including interest at 1.99%, secured by equipment, final payment due January 2017. 63,830

A capital lease obtained for the purchase of equipment, payable in annual installments of \$32,878 including interest at 1.99%, secured by equipment, final payment due June 2016. 95,200

A capital lease obtained for the purchase of equipment, payable in annual installments of \$73,451 including interest at 1.98%, secured by equipment, final payment due August 2015. 141,334

Total capital leases \$ 531,881

Changes in long-term obligations for the year ended September 30, 2012, are as follows:

	<u>October 1,</u> <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2013</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Capital leases	\$ 140,816	\$ 506,612	\$ (115,547)	\$ 531,881	\$ 187,344

Interest paid on long-term obligations during the year ended September 30, 2013 totaled \$5,324.

The County is obligated under leases accounted for as capital leases. Capital assets with an original cost basis of \$506,612 were acquired under the capital leases. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of September 30, 2013.

Year Ending September 30,		
2014	\$	197,722
2015		197,722
2016		108,889
2017		52,167
2018+		<u>0</u>
Minimum lease payments for capital lease		556,500
Less: Amount representing interest		<u>(24,619)</u>
Present value of minimum lease payments	\$	<u>531,881</u>

**NOTE 7: FEDERAL/STATE SOURCE REVENUES**

The majority of the federal grant funds received are for strengthening homeland security, bio terrorism, and voting facilities. State grant funds received and recorded in the general fund are primarily for tobacco grants, salary supplements, and additional law enforcement personnel. These grant funds have been awarded and accounted for by the County.

**NOTE 8: EMPLOYEE RETIREMENT PLANS**

Pension Plan Description

The County provides pension, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

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

rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.81% for fiscal year 2013. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer’s accounting year ending September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$400,328 and the actual contributions were \$400,328.

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 78.90 percent funded. The actuarial accrued liability for benefits was \$9,099,388, and the actuarial value of assets was \$7,179,544, resulting in unfunded actuarial accrued liability (UAAL) of \$1,919,844. The covered payroll (annual payroll of active employees covered by the plan) was \$3,228,287, and the ratio of the UAAL to the covered payroll was 59.47 percent.

Trend Information for Eastland County, Texas

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/11	\$ 342,718	100%	\$ 0
09/30/12	355,899	100%	0
09/30/13	400,328	100%	0

Actuarial Valuation Information

Actuarial valuation date	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0%	0%	0%

Other Post-Employment Benefits (OPEB)

The County provides medical benefits to eligible retirees. The retiree pays 100% of the contribution for the medical and dental coverage tier elected. All active employees who retire directly from the County and meet the eligibility criteria may participate. Eligibility requirements are the same as those of the pension plan above. The Texas Association of Counties Health and Employee Benefits Pool administers the plan and benefits include but are not limited to supplements for inpatient hospital services, skilled nursing facility care, lab work, hospice, home health, durable medical equipment, and other medical services. The Commissioners' Court has authority to continue, cancel, or otherwise amend the availability of these post-employment benefits.

Funding Policy

The retiree pays the full contribution rate for medical coverage. However, there is an implicit employer subsidy since the active employee rates are used rather than a separately determined retiree rate.

Annual OPEB Cost

For the employer's accounting year ending September 30, 2013, the annual OPEB cost for the medical plan for its retirees was \$12,033 and the actual contributions were \$12,033.

The required contribution was determined as part of the October 1, 2012 actuarial valuation using the projected unit cost method. The actuarial assumptions at October 1, 2012 included (a) 4.5 percent discount rate (including inflation), and (b) projected health care cost trend of 5.0 percent. Both (a) and (b) included an inflation component of 3.0 percent. The period used to determine amortization costs for the initial unfunded actuarial accrued liability is a level period for 30 years.

Funded Status and Funding Progress

As of October 1, 2011, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$75,256, and the actuarial value of assets was \$0, resulting in unfunded actuarial accrued liability (UAAL) of \$75,256. The covered payroll (annual payroll of active employees covered by the plan) was \$2,992,848, and the ratio of the UAAL to the covered payroll was 2.51 percent.

Trend Information for Eastland County, Texas

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/11	\$ 11,219	100%	\$ 0
09/30/12	10,873	100%	0
09/30/13	12,033	100%	0

Actuarial Valuation Information

Actuarial valuation date	10/1/10	10/1/11	10/1/12
Actuarial cost method	projected unit cost	projected unit cost	projected unit cost
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period (initial)	30	30	30
Assumptions:			
Real rate of return	1.50%	1.50%	1.50%
Inflation	3.00%	3.00%	3.00%
Healthcare cost trend	5.00%	5.00%	5.00%

Deferred Compensation Plan

The County established a 457 deferred compensation plan administered by Nationwide Retirement Solutions to provide additional employee benefits for general employees of the County. Contributions to the plan are optional and the County does not provide any employer funding. Plan provisions and contribution requirements are established and may be amended by the County Commissioners. The plan is included as a fiduciary fund and prepared using the accrual basis of accounting. Contributions to the plan are recognized in the period that the contributions are received. Employee contributions for the year ended September 30, 2013, totaled \$8,684. Plan investments are reported at fair value based on quoted market prices if traded on a national exchange or at estimated fair value.

**NOTE 9: DEFERRED REVENUE**

Deferred revenue at September 30, 2013, in the amount of \$270,969 consists of unearned property taxes.

**NOTE 10: RISK MANAGEMENT**

The County's risks of significant losses from auto and property damage and general, law enforcement, and public official liability are covered by participation in the Texas Association of counties (TAC) Risk Management Pool. Coverage with TAC is handled like commercial insurance by both parties. There have been no significant reductions in insurance coverage for the current year.

**NOTE 11: INTERFUND TRANSACTIONS**

The composition of interfund balances as of September 30, 2013, are as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Other governmental funds	\$ 19,795
Road and bridge fund	General fund	48,002
Other governmental funds	General fund	<u>15,309</u>
		\$ <u>83,106</u>

The above balances reflect temporary cash advances.

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General fund	Road and bridge fund	\$ 1,033,922
	Jury fund	14,000
	Courthouse security fund	<u>74,372</u>
		\$ <u>1,122,294</u>

**NOTE 12: DEFICIT FUND EQUITY**

The following had a fund balance deficit as of the fiscal year end:

<u>Fund</u>	<u>Deficit</u>
D.A State Allocation	\$ 1,206

The D.A. State Allocation fund deficit fund equity was caused by timing of funds received and spent. Management expects the deficit fund equity to reverse in the next fiscal year.

*REQUIRED SUPPLEMENTARY INFORMATION – BUDGET AND ACTUAL*

**EASTLAND COUNTY, TEXAS**

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

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive or (Negative)
	Original	Final		
Budgetary fund balances, October 1	\$ 506,932	\$ 633,745	\$ 2,124,125	\$ 1,490,380
<b>RESOURCES (INFLOWS):</b>				
Taxes	6,228,614	6,231,150	6,258,884	27,734
Grants and contributions	60,740	80,747	53,334	(27,413)
Charges for services	661,905	660,513	846,703	186,190
Fines and forfeitures	609,400	609,400	555,864	(53,536)
Interest	11,005	11,005	16,950	5,945
Other	82,803	371,570	397,830	26,260
Amounts available for appropriation	<u>7,654,467</u>	<u>7,964,385</u>	<u>8,129,565</u>	<u>165,180</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	2,305,501	2,363,956	2,153,442	210,514
Judicial and legal	1,103,800	1,370,805	1,243,491	127,314
Public safety	2,138,047	2,234,727	2,063,203	171,524
Public facilities	380,952	540,046	525,169	14,877
Health and welfare	384,250	395,506	496,679	(101,173)
Transfers out	<u>1,173,100</u>	<u>1,158,765</u>	<u>1,122,294</u>	<u>36,471</u>
Total charges to appropriations	<u>7,485,650</u>	<u>8,063,805</u>	<u>7,604,278</u>	<u>459,527</u>
Budgetary fund balances, September 30	\$ <u>675,749</u>	\$ <u>534,325</u>	\$ <u>2,649,412</u>	\$ <u>2,115,087</u>

Notes to Budgetary Comparison Schedule -Modified Cash Basis - General Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental fund in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.



**EASTLAND COUNTY, TEXAS**

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

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Budgetary fund balances, October 1	\$ <u>(1,865,312)</u>	\$ <u>(3,689,054)</u>	\$ <u>41,942</u>	\$ <u>3,730,996</u>
<b>RESOURCES (INFLOWS):</b>				
Taxes	5	5	156	151
Grants and contributions	27,690	27,690	27,472	(218)
Charges for services	440,000	440,000	482,224	42,224
Interest	600	600		(600)
Other	525	101,487	101,590	103
Transfers in	<u>945,426</u>	<u>1,070,393</u>	<u>1,033,922</u>	<u>(36,471)</u>
Amounts available for appropriation	<u>1,414,246</u>	<u>1,640,175</u>	<u>1,645,364</u>	<u>5,189</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Road and bridge	<u>1,414,247</u>	<u>1,630,310</u>	<u>1,590,061</u>	<u>40,249</u>
Total charges to appropriations	<u>1,414,247</u>	<u>1,630,310</u>	<u>1,590,061</u>	<u>40,249</u>
Budgetary fund balances, September 30	\$ <u><u>(1,865,313)</u></u>	\$ <u><u>(3,679,189)</u></u>	\$ <u><u>97,245</u></u>	\$ <u><u>3,776,434</u></u>

Notes to Budgetary Comparison Schedule -Modified Cash Basis - Road and Bridge Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental fund in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

**EASTLAND COUNTY, TEXAS**

**SCHEDULE OF FUNDING PROGRESS - PENSION PLAN**

For the Year Ended September 30, 2013

Actuarial valuation date	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial value of assets	\$ 6,371,401	\$ 6,867,485	\$ 7,179,544
Actuarial accrued liability (AAL)	\$ 8,000,557	\$ 8,757,773	\$ 9,099,388
Unfunded AAL (UAAL)	\$ 1,629,156	\$ 1,890,288	\$ 1,919,844
Funded ratio	79.64%	78.42%	78.90%
Annual covered payroll (actuarial)	\$ 3,053,238	\$ 3,158,334	\$ 3,228,287
UAAL as a percentage of covered payroll	53.36%	59.85%	59.47%

**EASTLAND COUNTY, TEXAS**

**SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS**

For the Year Ended September 30, 2013

Actuarial valuation date	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial value of assets	\$ 0	\$ 0	\$ 0
Actuarial accrued liability (AAL)	\$ 74,175	\$ 71,229	\$ 75,256
Unfunded AAL (UAAL)	\$ 74,175	\$ 71,229	\$ 75,256
Funded ratio	0.00%	0.00%	0.00%
Annual covered payroll (actuarial)	\$ 2,718,459	\$ 2,745,577	\$ 2,992,848
UAAL as a percentage of covered payroll	2.73%	2.59%	2.51%

*SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS*

**EASTLAND COUNTY, TEXAS**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2013

	<u>Grants</u>	<u>Adult Probation</u>	<u>Cooperative Dispatch</u>	<u>Constable LEOSE</u>	<u>County Clerk Record Archival</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,106	\$ 352,106	\$ 88,794	\$ 6,230	\$ 6,605
Investments			30,000		
Due from other funds					100
Due from other governments					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 27,106</u>	<u>\$ 352,106</u>	<u>\$ 118,794</u>	<u>\$ 6,230</u>	<u>\$ 6,705</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$	\$ 4,711	\$ 2,246	\$	\$
Accrued wages		12,888	14,221		
Due to other governments					
Due to other funds			67,737		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>17,599</u>	<u>84,204</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>					
Restricted	27,106	334,507		6,230	6,705
Assigned			34,590		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>27,106</u>	<u>334,507</u>	<u>34,590</u>	<u>6,230</u>	<u>6,705</u>
Total Liabilities and Fund Balance	<u>\$ 27,106</u>	<u>\$ 352,106</u>	<u>\$ 118,794</u>	<u>\$ 6,230</u>	<u>\$ 6,705</u>

<u>County Clerk Records Management</u>	<u>County Farm</u>	<u>Courthouse Security</u>	<u>D.A. E.C.C.C.</u>	<u>D.A. Forfeiture</u>	<u>D.A. LEOSE</u>	<u>D.A. State Allocation</u>
\$ 43,375	\$ 62,387 60,000	\$ 59,022	\$ 24,042	\$ 217,337	\$ 379	\$ 10,439
125		25 517				
<u>43,500</u>	<u>122,387</u>	<u>59,564</u>	<u>24,042</u>	<u>217,337</u>	<u>379</u>	<u>10,439</u>
\$	\$ 1,000	\$ 814 3,392	\$ 378	\$	\$	\$ 614
		5				5
<u>0</u>	<u>1,000</u>	<u>4,211</u>	<u>378</u>	<u>0</u>	<u>0</u>	<u>619</u>
43,500	121,387	55,353	23,664	217,337	379	9,820
<u>43,500</u>	<u>121,387</u>	<u>55,353</u>	<u>23,664</u>	<u>217,337</u>	<u>379</u>	<u>9,820</u>
<u>43,500</u>	<u>122,387</u>	<u>59,564</u>	<u>24,042</u>	<u>217,337</u>	<u>379</u>	<u>10,439</u>

EASTLAND COUNTY, TEXAS

COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

September 30, 2013

	Dist. Clerk Records Management & Preservation	Election Service	Justice Court Technology	Juvenile Probation	Law Library
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,885	\$ 19,252	\$ 73,324	\$ 33,805	\$ 80,311
Investments					
Due from other funds					
Due from other governments			524		
	<u>13,885</u>	<u>19,252</u>	<u>73,848</u>	<u>33,805</u>	<u>80,311</u>
Total Assets	<u>\$ 13,885</u>	<u>\$ 19,252</u>	<u>\$ 73,848</u>	<u>\$ 33,805</u>	<u>\$ 80,311</u>
<b>LIABILITIES AND FUND EQUITIES</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$ 5,926	\$ 196
Accrued wages				5,813	
Due to other governments					
Due to other funds	5				35
	<u>5</u>	<u>0</u>	<u>0</u>	<u>11,739</u>	<u>231</u>
Total Liabilities	<u>5</u>	<u>0</u>	<u>0</u>	<u>11,739</u>	<u>231</u>
<b>Fund Balances:</b>					
Restricted	13,880	19,252	73,848	22,066	80,080
Assigned					
	<u>13,880</u>	<u>19,252</u>	<u>73,848</u>	<u>22,066</u>	<u>80,080</u>
Total Fund Balance	<u>13,880</u>	<u>19,252</u>	<u>73,848</u>	<u>22,066</u>	<u>80,080</u>
Total Liabilities and Fund Balance	<u>\$ 13,885</u>	<u>\$ 19,252</u>	<u>\$ 73,848</u>	<u>\$ 33,805</u>	<u>\$ 80,311</u>

<u>Records Management and Preservation</u>	<u>Sheriff's LEOSE</u>	<u>Sheriff's Commissary</u>	<u>Historical Commission</u>	<u>Vital Statistics Preservation</u>	<u>Jury Fund</u>
\$ 21,938	\$ 3,642	\$ 15,374	\$ 3,127	\$ 81,760	\$ 24,581
	3			37	15,000
<u>21,938</u>	<u>3,645</u>	<u>15,374</u>	<u>3,127</u>	<u>81,797</u>	<u>39,584</u>
\$	\$	\$	\$	\$	\$
12					
5					
<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21,921	3,645	15,374		81,797	39,584
			3,127		
<u>21,921</u>	<u>3,645</u>	<u>15,374</u>	<u>3,127</u>	<u>81,797</u>	<u>39,584</u>
<u>\$ 21,938</u>	<u>\$ 3,645</u>	<u>\$ 15,374</u>	<u>\$ 3,127</u>	<u>\$ 81,797</u>	<u>\$ 39,584</u>



**EASTLAND COUNTY, TEXAS**

*COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)*

September 30, 2013

	<u>Dist. Court Records Preservation</u>	<u>Court Technology</u>	<u>District Clerk Record Archival</u>	<u>Sheriff's Seizure Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,453	\$ 4,776	\$ 6,342	\$ 7,642	\$ 1,298,034
Investments					90,000
Due from other funds	22				15,309
Due from other governments					1,047
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 10,475</u>	<u>\$ 4,776</u>	<u>\$ 6,342</u>	<u>\$ 7,642</u>	<u>\$ 1,404,390</u>
<b>LIABILITIES AND FUND EQUITIES</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$	\$ 15,271
Accrued wages					36,928
Due to other governments					12
Due to other funds			5		67,797
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>120,008</u>
<b>Fund Balances:</b>					
Restricted	10,475	4,776	6,337	7,642	1,125,278
Assigned					159,104
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>10,475</u>	<u>4,776</u>	<u>6,337</u>	<u>7,642</u>	<u>1,284,382</u>
Total Liabilities and Fund Balance	<u>\$ 10,475</u>	<u>\$ 4,776</u>	<u>\$ 6,342</u>	<u>\$ 7,642</u>	<u>\$ 1,404,390</u>

**EASTLAND COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>Grants</u>	<u>Adult Probation</u>	<u>Cooperative Dispatch</u>	<u>Constable LEOSE</u>	<u>County Clerk Record Archival</u>
<b>REVENUES:</b>					
Grants and contributions	\$	\$ 158,713	\$ 21,895	\$	\$
Charges for services		362,686	364,483		21,500
Fines and forfeitures					
Interest		1,692	97	28	106
Other		47			
	<u>0</u>	<u>523,138</u>	<u>386,475</u>	<u>28</u>	<u>21,606</u>
<b>EXPENDITURES:</b>					
Current:					
General government					38,059
Judicial and legal		527,175			
Public safety			367,304	702	
Public facilities					
Health and welfare					
	<u>0</u>	<u>527,175</u>	<u>367,304</u>	<u>702</u>	<u>38,059</u>
 Excess (Deficit) Revenues Over Expenditures	<u>0</u>	<u>(4,037)</u>	<u>19,171</u>	<u>(674)</u>	<u>(16,453)</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in					
 Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	<u>0</u>	<u>(4,037)</u>	<u>19,171</u>	<u>(674)</u>	<u>(16,453)</u>
Fund Balance, Beginning of Year	<u>27,106</u>	<u>338,544</u>	<u>15,419</u>	<u>6,904</u>	<u>23,158</u>
Fund Balance, End of Year	<u>\$ 27,106</u>	<u>\$ 334,507</u>	<u>\$ 34,590</u>	<u>\$ 6,230</u>	<u>\$ 6,705</u>

County Clerk Records Management	County Farm	Courthouse Security	D.A. E.C.C.C.	D.A. Forfeiture	D.A. LEOSE	D.A. State Allocation
\$ 22,208	\$	\$ 23,000	\$ 10,516	\$	\$	\$ 36,667
198	447	345	85	4,361		34
	<u>7,191</u>			<u>893</u>		
<u>22,406</u>	<u>7,638</u>	<u>42,200</u>	<u>10,601</u>	<u>5,254</u>	<u>0</u>	<u>36,701</u>
24,358			5,265	11,951		25,675
		147,855			447	
	<u>26,605</u>					
<u>24,358</u>	<u>26,605</u>	<u>147,855</u>	<u>5,265</u>	<u>11,951</u>	<u>447</u>	<u>25,675</u>
<u>(1,952)</u>	<u>(18,967)</u>	<u>(105,655)</u>	<u>5,336</u>	<u>(6,697)</u>	<u>(447)</u>	<u>11,026</u>
		<u>74,372</u>				
<u>(1,952)</u>	<u>(18,967)</u>	<u>(31,283)</u>	<u>5,336</u>	<u>(6,697)</u>	<u>(447)</u>	<u>11,026</u>
<u>45,452</u>	<u>140,354</u>	<u>86,636</u>	<u>18,328</u>	<u>224,034</u>	<u>826</u>	<u>(1,206)</u>
<u>\$ 43,500</u>	<u>\$ 121,387</u>	<u>\$ 55,353</u>	<u>\$ 23,664</u>	<u>\$ 217,337</u>	<u>\$ 379</u>	<u>\$ 9,820</u>

EASTLAND COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended September 30, 2013

	Dist. Clerk Records Management & Preservation	Election Service	Justice Court Technology	Juvenile Probation	Law Library
REVENUES:					
Grants and contributions	\$	\$	\$	\$ 234,501	\$
Charges for services	2,027	890	11,127		7,420
Fines and forfeitures				845	
Interest	50	80	287	139	327
Other		503			
Total Revenues	<u>2,077</u>	<u>1,473</u>	<u>11,414</u>	<u>235,485</u>	<u>7,747</u>
EXPENDITURES:					
Current:					
General government		1,396			
Judicial and legal			12,592	243,006	7,857
Public safety					
Public facilities					
Health and welfare					
Total Expenditures	<u>0</u>	<u>1,396</u>	<u>12,592</u>	<u>243,006</u>	<u>7,857</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,077</u>	<u>77</u>	<u>(1,178)</u>	<u>(7,521)</u>	<u>(110)</u>
OTHER FINANCING SOURCES:					
Transfers in					
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	<u>2,077</u>	<u>77</u>	<u>(1,178)</u>	<u>(7,521)</u>	<u>(110)</u>
Fund Balance, Beginning of Year	<u>11,803</u>	<u>19,175</u>	<u>75,026</u>	<u>29,587</u>	<u>80,190</u>
Fund Balance, End of Year	<u>\$ 13,880</u>	<u>\$ 19,252</u>	<u>\$ 73,848</u>	<u>\$ 22,066</u>	<u>\$ 80,080</u>

<u>Records Management and Preservation</u>	<u>Sheriff's LEOSE</u>	<u>Sheriff's Commissary</u>	<u>Historical Commission</u>	<u>Vital Statistics Preservation</u>	<u>Jury Fund</u>
\$ 11,307	\$	\$ 25,724	\$	\$ 8,333	\$
82		15		307	72
<u>11,389</u>	<u>0</u>	<u>25,739</u>	<u>0</u>	<u>8,640</u>	<u>5,567</u>
10,500					8,096
	724	24,789	90		
<u>10,500</u>	<u>724</u>	<u>24,789</u>	<u>90</u>	<u>0</u>	<u>8,096</u>
<u>889</u>	<u>(724)</u>	<u>950</u>	<u>(90)</u>	<u>8,640</u>	<u>(2,457)</u>
					14,000
<u>889</u>	<u>(724)</u>	<u>950</u>	<u>(90)</u>	<u>8,640</u>	<u>11,543</u>
<u>21,032</u>	<u>4,369</u>	<u>14,424</u>	<u>3,217</u>	<u>73,157</u>	<u>28,041</u>
<u>\$ 21,921</u>	<u>\$ 3,645</u>	<u>\$ 15,374</u>	<u>\$ 3,127</u>	<u>\$ 81,797</u>	<u>\$ 39,584</u>

**EASTLAND COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

For the Year Ended September 30, 2013

	<u>Dist. Court Records Preservation</u>	<u>Court Technology</u>	<u>District Clerk Record Archival</u>	<u>Sheriff's Seizure Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>					
Grants and contributions	\$	\$	\$	\$	\$ 438,109
Charges for services	2,706	1,815	1,683		909,947
Fines and forfeitures				3,821	9,027
Interest	35	15	21	41	5,396
Other					13,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,741	1,830	1,704	3,862	1,375,787
<b>EXPENDITURES:</b>					
Current:					
General government					39,455
Judicial and legal				7,063	883,538
Public safety					393,966
Public facilities					147,945
Health and welfare					26,605
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	0	0	0	7,063	1,491,509
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenditures	2,741	1,830	1,704	(3,201)	(115,722)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in					88,372
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	2,741	1,830	1,704	(3,201)	(27,350)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	7,734	2,946	4,633	10,843	1,311,732
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ 10,475	\$ 4,776	\$ 6,337	\$ 7,642	\$ 1,284,382
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

*SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS*

**EASTLAND COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
AGENCY FUNDS

September 30, 2013

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Property Fund</u>	<u>Fees Clearing Account</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 40,227	\$ 54,350	\$ 6,488	\$ 100,393
Certificates of deposit and savings				
Due from others				<u>11,185</u>
<b>Total Assets</b>	<u>40,227</u>	<u>54,350</u>	<u>6,488</u>	<u>111,578</u>
<b>LIABILITIES:</b>				
Accrued liabilities				111,578
Due to others	40,227	54,350	6,488	
Bonds held in trust				
<b>Total Liabilities</b>	<u>40,227</u>	<u>54,350</u>	<u>6,488</u>	<u>111,578</u>
<b>NET POSITION:</b>				
Unrestricted	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



<u>District Clerk Court Fund</u>	<u>Sheriff's Fund</u>	<u>District Registry Fund</u>	<u>District Clerk Trustee Funds</u>	<u>District Attorney Hot Check Fund</u>	<u>District Attorney Trustee Seizure Fund</u>
\$ 27,230	\$ 11,351	\$ 1,557,069	\$ 37,049	\$ 4,188	\$ 382 100,492
<u>27,230</u>	<u>11,351</u>	<u>1,557,069</u>	<u>37,049</u>	<u>4,188</u>	<u>100,874</u>
27,230	11,351	1,557,069	37,049	4,188	100,874
<u>27,230</u>	<u>11,351</u>	<u>1,557,069</u>	<u>37,049</u>	<u>4,188</u>	<u>100,874</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**EASTLAND COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
AGENCY FUNDS (CONTINUED)

September 30, 2013

	<u>Sheriff's Inmate Fund</u>	<u>Tax Collector VIT Account</u>	<u>Tax Collector Ad Valorem Fund</u>	<u>Tax Collector Auto Fund</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 28,149	\$ 99,523	\$ 19,070	\$ 369,518
Certificates of deposit and savings				
Due from others				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>28,149</u>	<u>99,523</u>	<u>19,070</u>	<u>369,518</u>
<b>LIABILITIES:</b>				
Accrued liabilities				
Due to others	28,149	99,523	19,070	369,518
Bonds held in trust				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>28,149</u>	<u>99,523</u>	<u>19,070</u>	<u>369,518</u>
<b>NET POSITION:</b>				
Unrestricted	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Justice of the Peace #1	Justice of the Peace #2	Justice of the Peace #4	Adult Supervision and Correction Fund	Total Agency Funds
\$ 6,736	\$ 7,222	\$ 8,859	\$ 142	\$ 2,340,897
				137,541
				11,185
<u>6,736</u>	<u>7,222</u>	<u>8,859</u>	<u>142</u>	<u>2,489,623</u>
				111,578
5,358	6,758	6,731	142	2,374,075
<u>1,378</u>	<u>464</u>	<u>2,128</u>		<u>3,970</u>
<u>6,736</u>	<u>7,222</u>	<u>8,859</u>	<u>142</u>	<u>2,489,623</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*INTERNAL CONTROLS*

July 7, 2014

**The Honorable County Judge and Commissioners  
Comprising the Commissioners' Court of  
Eastland County, Texas**

**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**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eastland County, Texas as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Eastland County, Texas' basic financial statements, and have issued our report thereon dated July 7, 2014.

**Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Eastland County, Texas' internal control over financial reporting 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 Eastland County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Eastland County, Texas' internal control over financial reporting.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Eastland County, Texas' 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of Eastland County, Texas' Commissioners' Court, management, federal awarding agencies, State of Texas awarding agencies, and other granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Condly and Company, L.L.P.*

Certified Public Accountants