

CORYELL COUNTY, TEXAS

FINANCIAL
STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2012

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CORYELL COUNTY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Coryell County, Texas**, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Coryell County, Texas**, as of September 30, 2012, and the respective changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 25, 2013, on my consideration of **Coryell County, Texas'** internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The management's discussion and analysis (MD&A) and the budgetary comparison schedules on pages 3 through 8 and 27 through 28, are not a required part of the basic statements but are required by the Governmental Accounting Standards Board, who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The combining and other fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information (MD&A, budgetary schedules, and other supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the

audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Becky Roberts, CPA

BECKY ROBERTS, CPA

Abilene, Texas
February 25, 2013

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

As management of Coryell County, we offer readers of Coryell County's financial statements this narrative overview and analysis of the financial activities of the Coryell County for the fiscal year ended September 30, 2012.

Financial Highlights

Government-Wide Financial Statements

- The assets of Coryell County exceeded its liabilities at the close of the most recent fiscal year by \$14,887,765 (net assets). Of this amount, \$5,577,765 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. \$1,551,027 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$7,758,973 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2012 is \$930,047.
- The total net assets (*equity*) of the County decreased by \$193,582 during the 2012 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Coryell County's governmental funds reported combined ending fund balances of \$6,897,751. Approximately 75% of the total fund balance amount, \$5,145,496, is unassigned and available for spending at the government's discretion. The fund balance in the general fund reflects a decrease of \$154,605 from the prior year.
- At the end of the current fiscal year, restricted fund balance for debt service, capital improvement and special revenue funds was \$1,525,881, which is a decrease of \$71,143 from the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The government-wide financial statements reflect functions of Coryell County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Coryell County include general administration, judicial, legal, financial administration, public facilities, public safety, health and welfare, conservation, other supported services, and road and bridge. The government-wide financial statements can be found on pages 9-10 of this report.

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Fund Financial Statements

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

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

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

Coryell County has four governmental fund types which are the general fund, special revenue funds, debt service fund and capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into the aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 11-14 of this report.

Coryell County adopts an annual appropriated budget for its general fund, road and bridge fund, debt service fund, and various other special revenue funds. A budgetary comparison statement has been provided for the general fund and the debt service fund to demonstrate compliance with these budgets on pages 27-28.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are all reported as Agency Funds. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The basic agency fund financial statement can be found on page 15, and the schedule of changes in the agency assets and liabilities can be found on pages 38-39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-26 of this report.

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 29-36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Coryell County, assets exceeded liabilities by \$14,887,765 at the close of the most recent fiscal year.

Coryell County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$7,758,973. Coryell County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Coryell County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Coryell County's Net Assets

	Governmental Activities	
	2012	2011
Current assets	\$ 7,779,338	\$ 7,862,956
Capital assets	8,689,020	9,092,485
Total Assets	16,468,358	16,955,441
Current liabilities	650,546	530,049
Long-term liabilities	930,047	1,344,045
Total Liabilities	1,580,593	1,874,094
Invested in capital assets, net of related debt	7,758,973	7,748,440
Restricted	1,551,027	1,622,064
Unrestricted	5,577,765	5,710,843
Total net assets	\$ 14,887,765	\$ 15,081,347

The government's net assets decreased by \$193,582 during the current fiscal year.

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Coryell County's Changes in Net Assets

	Governmental Activities	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,709,905	\$ 2,867,237
Operating Grants and Contributions	887,314	1,136,725
Capital Grants and Contributions	68,635	115,153
General Revenues		
Property and Other Taxes	10,692,145	10,379,188
Investment Income	50,124	34,789
Gain (loss) on disposal of assets	2,377	211,556
Miscellaneous Income	116,588	132,972
Total Revenues	14,527,088	14,877,620
Expenses		
General Administration	1,228,037	1,211,455
Judicial	1,763,578	1,799,822
Legal	998,643	899,196
Financial Administration	872,064	848,535
Public Facilities	2,737,513	2,251,222
Public Safety	2,745,630	3,101,759
Health and Welfare	969,488	798,350
Conservation	134,618	144,715
Other Supported Services	919,406	733,800
Road and Bridge	2,329,518	2,375,057
Interest on Long-term Debt	22,175	24,735
Total expenditures	14,720,670	14,188,646
Increase in net assets	(193,582)	688,974
Net Assets - Beginning of Year	15,081,347	14,471,948
Prior Period Adjustment		(79,575)
Net Assets - End of Year	\$ 14,887,765	\$ 15,081,347

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

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

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

As of the end of the current fiscal year, Coryell County's governmental funds reported combined ending fund balances of \$6,897,751. Approximately 75 percent of this total amount, \$5,145,496 constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance for prepaid assets is \$226,374 at year end, and the remainder of fund balance is restricted for capital improvements, special revenue and debt service purposes to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the County. \$5,145,496 of the general fund's fund balance is unassigned. The unassigned fund balance represents 45% of the total general fund expenditures or approximately 5.5 months of operating equity.

Fund Budgetary Highlights

The amended budget for the General Fund reflects a deficit of \$1,208,216, which would draw upon the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$584,678 less than the final budgeted amounts, and actual revenues were \$476,064 more than was budgeted. This resulted in a favorable budget variance of \$1,060,742 before other financing sources and uses.

In the Debt Service fund, the original and amended budgets reflect an increase in fund balance of \$16,411. The actual expenditures were \$988 less than the budgeted amounts, and actual revenues were \$6,253 more than was budgeted. This resulted in a favorable budget variance of \$7,241.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Coryell County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$8,689,020 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

**Coryell County's Capital Assets
(net of depreciation)**

	Governmental Activities	
	2012	2011
Land	\$ 11,634	\$ 11,634
Buildings and improvements	3,496,512	3,459,985
Machinery and equipment	1,282,635	1,532,319
Vehicles	383,557	498,167
Infrastructure	3,514,682	3,590,380
Total	\$ 8,689,020	\$ 9,092,485

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Capital Assets - Continued

Current year additions to capital outlays amounted to \$372,689 and \$46,936 of capital assets were disposed of. Depreciation expense was \$776,154 and 754,813 for the years ended September 31, 2012 and 2011, respectively.

Debt Administration

- **Notes Payable.** The County obtained \$102,633 in new debt during the current year to help finance the purchase of sheriff vehicles. \$516,631 was paid during the year on the outstanding debt, and the balance of the County's notes payables at September 30, 2012 was \$930,047.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate for the 2013 fiscal year was increased from .4242 per \$100 valuation to .4492 per \$100 valuation.
- The County's 2013 fiscal year general fund budget proposed an increase in total revenues of approximately \$505,000 or a 4.7% increase, and the budgeted expenditures were also increased approximately \$526,000 or a 4.4% increase.
- Voters approved a proposition in November 2011 giving the County authority to issue Tax Bonds in an amount not to exceed \$18,764,000 at an interest rate not to exceed 4.62% with the proceeds being used to construct a new jail. The County has 10 years from the date of the election to act on this authority.

Requests for Information

This financial report is designed to provide a general overview of Coryell County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Coryell County Auditor, 620 E. Main, Gatesville, Texas 76528.

BASIC FINANCIAL STATEMENTS

CORYELL COUNTY, TEXAS
STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and cash investments	\$ 4,237,077
Investments	2,228,493
Receivables:	
Property tax, net	272,904
Sales tax	300,509
Fines, net	417,173
Intergovernmental	96,808
Prepaid insurance	226,374
Capital assets net of accumulated depreciation	8,689,020
TOTAL ASSETS	16,468,358
 LIABILITIES:	
Accounts payable	248,167
Deposits payable	222,717
Due to state	80,741
Compensated absences	90,781
Accrued interest payable	8,140
Noncurrent liabilities:	
Due in one year	408,422
Due in more than one year	521,625
TOTAL LIABILITIES	1,580,593
 NET ASSETS:	
Invested in capital assets, net of related debt	7,758,973
Restricted for debt service	25,175
Restricted for special revenue and capital improvements	1,525,852
Unrestricted	5,577,765
TOTAL NET ASSETS	\$ 14,887,765

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Function/Program	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 1,228,037	\$ 427,811	\$ 15,712	\$ 68,635	\$ (715,879)
Judicial	1,763,578	599,768	95,453		(1,068,357)
Legal	998,643	44,998	179,337		(774,308)
Financial administration	872,064	392,964			(479,100)
Public facilities	2,737,513	33,387			(2,704,126)
Public safety	2,745,630	208,450	102,509		(2,434,671)
Health and welfare	969,488		78,423		(891,065)
Conservation	134,618				(134,618)
Other supported services	919,406		377,778		(541,628)
Road and bridge	2,329,518	1,002,527	38,102		(1,288,889)
Interest on long-term debt	22,175				(22,175)
Total governmental activities	14,720,670	2,709,905	887,314	68,635	(11,054,816)
Total primary government	\$ 14,720,670	\$ 2,709,905	\$ 887,314	\$ 68,635	(11,054,816)
General revenues:					
					8,943,258
Property taxes					1,748,887
Sales tax					50,124
Investment income					2,377
Gain on disposal of assets					116,588
Miscellaneous income					
Total general revenues					10,861,234
Change in net assets					(193,582)
Net assets - beginning of year					15,081,347
Net assets - end of year					\$ 14,887,765

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash investments	\$ 2,551,464	\$ 25,175	\$ 1,660,438	\$ 4,237,077
Investments	2,228,493			2,228,493
Receivables:				
Property tax, net	272,904			272,904
Sales tax	300,509			300,509
Fines, net	417,173			417,173
Intergovernmental	67,017		29,791	96,808
Prepaid insurance	201,228		25,146	226,374
TOTAL ASSETS	\$ 6,038,788	\$ 25,175	\$ 1,715,375	\$ 7,779,338
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 208,644	\$	\$ 39,523	\$ 248,167
Deposits payable	72,717		150,000	222,717
Due to state	80,741			80,741
Compensated absences	90,781			90,781
Deferred revenue	239,181			239,181
TOTAL LIABILITIES	692,064		189,523	881,587
Fund Balances:				
Nonspendable for prepaids	201,228		25,146	226,374
Restricted for debt service		25,175		25,175
Restricted for special revenue and capital			1,500,706	1,500,706
Unassigned	5,145,496			5,145,496
TOTAL FUND BALANCES	5,346,724	25,175	1,525,852	6,897,751
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,038,788	\$ 25,175	\$ 1,715,375	\$ 7,779,338

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

Total Fund Balances - Governmental Funds	\$ 6,897,751
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is an increase in net assets.	8,689,020
Other long-term assets are not available to pay for current-period expenditures, therefore, are deferred in the governmental funds. Deferred revenue is recognized in the government-wide financial statements. This results in an increase in net assets.	239,181
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net assets.	<u>(938,187)</u>
Net Assets of Governmental Activities	\$ <u>14,887,765</u>

The accompanying notes are an integral part of this statement.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 7,139,541	\$ 567,806	\$ 1,219,732	\$ 8,927,079
Sales tax	1,748,887			1,748,887
Licenses and permits			975,903	975,903
Fees and charges for services	890,595		266,531	1,157,126
Intergovernmental	645,281		310,828	956,109
Investment earnings	49,909		215	50,124
Other miscellaneous	250,120		27,074	277,194
Fines, forfeitures and settlements	416,110			416,110
	<u>11,140,443</u>	<u>567,806</u>	<u>2,800,283</u>	<u>14,508,532</u>
EXPENDITURES:				
Current:				
General administration	1,090,870		59,371	1,150,241
Judicial	1,712,167		51,411	1,763,578
Legal	800,485		188,545	989,030
Financial administration	870,378		1,686	872,064
Public facilities	2,418,595		308,918	2,727,513
Public safety	2,376,756		96,823	2,473,579
Health and welfare	969,488			969,488
Conservation	134,618			134,618
Other supported services	918,210			918,210
Road and bridge			1,924,020	1,924,020
Debt service		544,154		544,154
Capital outlay	101,548		271,141	372,689
	<u>11,393,115</u>	<u>544,154</u>	<u>2,901,915</u>	<u>14,839,184</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(252,672)	23,652	(101,632)	(330,652)
OTHER FINANCING SOURCES (USES):				
Transfers in			6,943	6,943
Transfers out	(6,943)			(6,943)
Proceeds from financing agreements	102,633			102,633
Proceeds from sale of property	2,377			2,377
Total Other Financing Sources (Uses)	<u>98,067</u>		<u>6,943</u>	<u>105,010</u>
CHANGE IN FUND BALANCE	(154,605)	23,652	(94,689)	(225,642)
FUND BALANCE - BEGINNING OF YEAR	<u>5,501,329</u>	<u>1,523</u>	<u>1,620,541</u>	<u>7,123,393</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,346,724</u>	<u>\$ 25,175</u>	<u>\$ 1,525,852</u>	<u>\$ 6,897,751</u>

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Net Change in Fund Balances - Governmental Funds	\$	(225,642)
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Amounts reported for governmental activities in the statement of net assets are different because:

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net assets.		372,689
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Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of current year depreciation expense is to decrease net assets.		(776,154)
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Revenue from property taxes and court fines recognized in the fund financial statements on the modified accrual basis but are recognized on the accrual basis in the government-wide financial statements. The net effect is to increase net assets.		16,179
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Current year payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions of the debt in the government-wide financial statements. The net effect is to increase net assets.		521,979
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Current year proceeds from issuance of debt is not shown as revenue in the government-wide financial statements. The net effect is to decrease net assets.		<u>(102,633)</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>(193,582)</u></u>
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The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
BALANCE SHEET
FIDUCIARY FUNDS

SEPTEMBER 30, 2012

ASSETS	Agency Funds
Cash and cash investments held by:	
County Clerk	\$ 58,336
District Clerk	81,050
Justice of the Peace Pct #1	200
Justice of the Peace Pct #2	200
Justice of the Peace Pct #3	0
Justice of the Peace Pct #4	0
Jail	11,193
Sheriff	25,642
Tax Assessor Collector	638,794
Hot check fund	0
Investments held by:	
County Clerk	204,860
District Clerk	492,981
TOTAL ASSETS	\$ <u><u>1,513,256</u></u>
LIABILITIES	
Due to others	\$ <u>1,513,256</u>
TOTAL LIABILITIES	\$ <u><u>1,513,256</u></u>

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and Vernon's Annotated Civil Statutes. The County was established on March 15, 1854 and operates under a county judge/commissioners' court type government as provided by state statute. The Commissioners' Court has governance responsibilities over all activities related to Coryell County, Texas. The County is not included in any other governmental reporting entity, and there are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, recreation facilities, judicial and legal, and general administrative services.

The financial and reporting policies of the County conform to U.S. 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. The following is a summary of the more significant practices used by the County.

Government-Wide and Fund Financial Statements

Government-wide financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

Fund financial statements. Separate fund 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Governmental Funds

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 government 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.

Property taxes, fines, interest revenue, and revenue received from various governmental entities associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year-end on behalf of the County also are recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

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

Additionally, the government reports the following nonmajor governmental fund types:

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. Formal budgetary accounting is not required for fiduciary funds. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues*. Likewise, general revenues include all taxes.

In the fund financial statements, governmental special revenue and debt service funds report restrictions of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Budget Policies

The County follows these procedures in establishing budgetary data reflected in the financial statements:

Public hearings are conducted at the Coryell County Courthouse to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court. Budgets are adopted for the general fund, debt service fund, and most special revenue funds. All budget amendments are approved by the Commissioners' Court.

The budgeted amounts presented in these statements are as originally adopted and as amended by the Commissioners' Court during the year ended September 30, 2012. All appropriations lapse at year end.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

Custodial credit risk—deposits. Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2012, the County had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At September 30, 2012, the County was fully insured by federal depository insurance and pledged securities held by the County's agent bank.

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit.

Interest rate risk - For short term liquidity investment requirements, the County utilizes TexStar, which is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. TexStar is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. TexStar maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools.

Credit Risk - State law and County policy limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2012, the County's investments in TexStar were rated AAAM by Standard and Poor's.

As of September 30, 2012, Coryell County had the following investments:

	<u>Cost Basis</u>	<u>Fair Value</u>
TexStar	\$ 109,740	\$ 109,740
Money Market	4,270,012	4,270,012
Certificates of Deposit-Primary Government	2,228,493	2,228,493
Certificates of Deposit-Fiduciary Funds	697,841	697,841

CORYELL COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds”: (i.e., the non-current portion of interfund loans).

Property taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed. The Coryell Central Appraisal District assesses the property taxes for the County and the Coryell County Tax Assessor Collector collects the property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2012 was \$.4242 per \$100 valuation.

All receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The County’s policy is to capitalize assets costing \$5,000 or more and having an estimated life of two years or more. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available.

Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments which materially extend the useful lives of the capital assets are capitalized. Depreciable capital assets are depreciated using the straight-line method over the asset’s estimated useful life as follows:

Buildings and improvements	10-50 years
Infrastructure	50-60 years
Machinery and equipment	5-7 years
Vehicles	5-7 years

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities. The long-term debt of the County includes notes payable.

Compensated Absences

The County’s policy does not permit employees to accumulate earned but unused vacation. Unused sick time can be accumulated; however, there is no liability for unpaid accumulated sick leave as the County does not have a policy to pay unused sick time when employees separate from service. Certain employees can accrue compensated time off for overtime worked. The amount accrued at September 30, 2012 is \$90,781 and is considered a short-term liability of the County.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2: CAPITAL ASSET ACTIVITY

The changes in capital assets for the year ended September 31, 2012 are as follows:

Capital Assets	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012
Land (not depreciated)	\$ 11,634	\$	\$	\$ 11,634
Buildings and improvements	6,319,344	188,875		6,508,219
Machinery and equipment	4,092,527	77,765		4,170,292
Vehicles	2,637,584	106,049	(46,936)	2,696,697
Infrastructure	18,317,951			18,317,951
Total capital assets	<u>31,379,040</u>	<u>372,689</u>	<u>(46,936)</u>	<u>31,704,793</u>
Less accumulated depreciation for:				
Buildings and improvements	2,859,359	152,348		3,011,707
Machinery and equipment	2,560,208	327,449		2,887,657
Vehicles	2,139,417	220,659	(46,936)	2,313,140
Infrastructure	14,727,571	75,698		14,803,269
Total accumulated depreciation	<u>22,286,555</u>	<u>776,154</u>	<u>(46,936)</u>	<u>23,015,773</u>
Governmental activities capital assets	<u>\$ 9,092,485</u>	<u>\$ (403,465)</u>	<u>\$</u>	<u>\$ 8,689,020</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities		
General administration	\$	77,796
Public safety		272,051
Legal		9,613
Public facilities		10,000
Other supporting services		1,196
Road and bridge		405,498
	<u>\$</u>	<u>776,154</u>

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 3: LONG-TERM DEBT

A summary of changes in long-term debt at September 30, 2012 is as follows:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012
Note 274 Road & Bridge Equipment	\$ 62,824	\$	\$ 62,824	\$ -
Note 275 Road & Bridge Equipment	112,000		56,000	56,000
Note 277 Road & Bridge Equipment	38,625		38,625	-
Note 251 Road & Bridge Equipment	244,564		81,521	163,043
Note 252 Sheriff Vehicles	41,296		41,296	-
Note 253 Fire Truck for Copperas Cove	129,000		43,000	86,000
Note 254 Komatsu Loader	131,800		32,950	98,850
Note 255 Sheriff Vehicles	103,075		34,358	68,717
Note 256 Road & Bridge Equipment	77,093		25,698	51,395
Note 257 Fire Truck for Gatesville VFD	249,568		49,914	199,654
Note 258 Road & Bridge Equipment	154,200		50,445	103,755
Note 259 Sheriff Vehicles		102,633		102,633
Total long-term debt	\$ <u>1,344,045</u>	\$ <u>102,633</u>	\$ <u>516,631</u>	\$ <u>930,047</u>

Current maturities of the outstanding long-term debt at September 30, 2012 are as follows:

Year	Principal	Interest	Total
2013	\$ 408,422	\$ 18,787	\$ 427,209
2014	353,999	10,612	364,611
2015	117,712	3,500	121,212
2016	49,914	1,071	50,985
	\$ <u>930,047</u>	\$ <u>33,970</u>	\$ <u>964,017</u>

Notes payable at September 30, 2012 are comprised of the following:

Note 275 in the amount of \$280,000 was issued December 11, 2007 and was used to purchase Road and Bridge equipment. The note is due in annual installments on December 11, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due December 11, 2012. The principal balance at September 30, 2012 is \$56,000.

Note 251 in the amount of \$407,607 was issued March 5, 2009 and was used to purchase Road and Bridge equipment. The note is due in annual installments on March 5, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due March 5, 2014. The principal balance at September 30, 2012 is \$163,043.

CORYELL COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3: LONG-TERM DEBT - continued

Note 253 in the amount of \$215,000 was issued June 8, 2009 and was used to purchase a fire truck for the Copperas Cove fire department. The note is due in annual installments on June 8, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due June 8, 2014. The principal balance at September 30, 2012 is \$86,000.

Note 254 in the amount of \$164,750 was issued April 30, 2010 and was used to purchase Road and Bridge equipment. The note is due in annual installments on April 30, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due April 30, 2015. The principal balance at September 30, 2012 is \$98,850.

Note 255 in the amount of \$103,075 was issued January 14, 2011 and was used to purchase Sheriff vehicles. The note is due in annual installments on January 14, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due January 14, 2014. The principal balance at September 30, 2012 is \$68,717.

Note 256 in the amount of \$77,093 was issued March 1, 2011 and was used to purchase Road and Bridge equipment. The note is due in annual installments on March 1, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due March 1, 2014. The principal balance at September 30, 2012 is \$51,395.

Note 257 in the amount of \$249,568 was issued May 3, 2011 and was used to purchase a fire truck for the Gatesville fire department. The note is due in annual installments on May 3, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due May 3, 2016. The principal balance at September 30, 2012 is \$199,654.

Note 258 in the amount of \$154,200 was issued June 14, 2011 and was used to purchase Road and Bridge equipment. The note is due in annual installments on June 14, with an annually adjusted interest rate of 1.38 points below prime. The final interest and principal payment is due June 14, 2014. The principal balance at September 30, 2012 is \$103,755.

Note 259 in the amount of \$102,633 was issued October 21, 2011 and was used to purchase Sheriff vehicles. The note is due in annual installments on October 21, with an annually adjusted interest rate of 2/3 of Wall Street Prime. The final interest and principal payment is due October 21, 2014. The principal balance at September 30, 2012 is \$102,633.

There are a number of limitations and restrictions contained in the debt agreements. Management has indicated that the County is in compliance with all significant limitations and restrictions at September 30, 2012.

NOTE 4: RETIREMENT PLAN

Plan Description - Coryell County provides retirement, service 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 624 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.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012

NOTE 4: RETIREMENT PLAN - continued

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, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy - The County has elected the annually determined contribution rate (ADCR) plan 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 employer contributed using the actuarially determined rate of 9.82% and 9.35% for the 2012 and 2011 years, respectively. The contribution rate payable by the employee members for 2012 and 2011 was 7.0% 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 County's year ending September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$552,390, and the actual employee contributions were \$393,761.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance based on the actuarial valuations as of December 31, 2011, the basis for determining the contribution rate for calendar year 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 4: RETIREMENT PLAN – continued

Actuarial Valuation Information

Actuarial valuation date	<u>12/31/09</u>	<u>12/31/10</u>	<u>12/31/11</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage	level percentage	level percentage
	of payroll, closed	of payroll, closed	of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10 yr	SAF: 10 yr	SAF: 10 yr
	Smoothed value	smoothed value	smoothed value
	ESF: Fund value	ESF: Fund value	ESF: Fund value
Actuarial Assumptions:			
Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost of living adjustments	0.0%	0.0%	0.0%
*Includes inflation at the stated rate			

Trend Information
for the Retirement Plan for the Employees of Coryell County

<u>Accounting</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
September 30, 2010	\$ 532,856	100%	- 0 -
September 30, 2011	\$ 534,239	100%	- 0 -
September 30, 2012	\$ 552,390	100%	- 0 -

Schedule of Funding Progress for the Retirement Plan
for the Employees of Coryell County

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
12/31/09	13,491,182	15,350,184	1,859,002	87.89%	6,389,369	29.10%
12/31/10	14,192,330	16,352,186	2,159,856	86.79%	6,490,907	33.28%
12/31/11	14,515,626	16,834,414	2,318,788	86.23%	6,261,553	37.03%

NOTE 5: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. During fiscal year 2012, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012

NOTE 6: *FUND BALANCE*

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

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

1. Nonspendable fund balance includes amounts not in spendable form, such as inventory, prepaid assets, or property held for resale.
2. Restricted fund balance includes amounts constrained for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance includes amounts constrained for specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned fund balance includes amounts intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund which includes all spendable amounts not contained in the other classifications. In other funds, the unassigned fund balance is used only to report a deficit balance resulting from overspending from specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 7: *PRIOR PERIOD ADJUSTMENT*

The beginning fund balance is adjusted for a change in the estimate of the allowance for uncollectability on the outstanding receivable for fines. The effect of the change in estimate was to reduce fund balance in the general fund and the governmental activities by \$79,575.

REQUIRED SUPPLEMENTAL INFORMATION

CORYELL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES:				
Property taxes	\$ 7,054,659	\$ 7,054,659	\$ 7,139,541	\$ 84,882
Sales tax	1,500,000	1,500,000	1,748,887	248,887
Fees and charges for services	989,600	989,600	890,595	(99,005)
Intergovernmental	412,284	412,284	645,281	232,997
Investment earnings	35,000	39,836	49,909	10,073
Other miscellaneous	247,000	266,000	250,120	(15,880)
Fines, forfeitures and settlements	402,000	402,000	416,110	14,110
	10,640,543	10,664,379	11,140,443	476,064
EXPENDITURES:				
Current:				
General administration	1,160,115	1,161,810	1,090,870	70,940
Judicial	1,879,956	1,878,272	1,712,167	166,105
Legal	830,680	827,240	800,485	26,755
Financial administration	885,348	882,968	870,378	12,590
Public facilities	2,611,577	2,614,347	2,418,595	195,752
Public safety	2,382,464	2,401,543	2,376,756	24,787
Health and welfare	1,082,673	1,085,612	969,488	116,124
Conservation	137,993	138,010	134,618	3,392
Other supported services	847,220	847,220	918,210	(70,990)
Capital outlay	140,771	140,771	101,548	39,223
	11,958,797	11,977,793	11,393,115	584,678
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,318,254)	(1,313,414)	(252,672)	1,060,742
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,000)	(14,836)	(6,943)	7,893
Proceeds from financing agreements	105,034	105,034	102,633	(2,401)
Proceeds from sale of property	15,000	15,000	2,377	(12,623)
Total Other Financing Sources (Uses)	110,034	105,198	98,067	(7,131)
CHANGE IN FUND BALANCE	(1,208,220)	(1,208,216)	(154,605)	1,053,611
FUND BALANCE - BEGINNING OF YEAR	5,501,329	5,501,329	5,501,329	
FUND BALANCE - END OF YEAR	\$ 4,293,109	\$ 4,293,113	\$ 5,346,724	\$ 1,053,611

CORYELL COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 561,553	\$ 561,553	\$ 567,806	\$ 6,253
Total Revenues	561,553	561,553	567,806	6,253
EXPENDITURES:				
Debt service	545,142	545,142	544,154	988
Total Expenditures	545,142	545,142	544,154	988
CHANGE IN FUND BALANCE	16,411	16,411	23,652	7,241
FUND BALANCE - BEGINNING OF YEAR	1,523	1,523	1,523	
FUND BALANCE - END OF YEAR	\$ 17,934	\$ 17,934	\$ 25,175	\$ 7,241

ADDITIONAL INFORMATION

CORYELL COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	<u>Road and Bridge</u>	<u>Law Library</u>	<u>Records Management</u>	<u>Courthouse Security</u>
ASSETS				
Cash and cash investments	\$ 469,092	\$ 3,893	\$ 262,041	\$ 26,128
Intergovernmental receivable	18,562			
Prepaid insurance	<u>25,146</u>			
Total Assets	<u>\$ 512,800</u>	<u>\$ 3,893</u>	<u>\$ 262,041</u>	<u>\$ 26,128</u>
LIABILITIES				
Accounts payable	\$ 20,215	\$	\$	\$
Deposits payable				
Total Liabilities	<u>20,215</u>			
FUND EQUITY				
Nonspendable for prepaids	25,146			
Restricted fund balances	<u>467,439</u>	<u>3,893</u>	<u>262,041</u>	<u>26,128</u>
Total Fund Balance	<u>492,585</u>	<u>3,893</u>	<u>262,041</u>	<u>26,128</u>
Total Liabilities and Fund Balance	<u>\$ 512,800</u>	<u>\$ 3,893</u>	<u>\$ 262,041</u>	<u>\$ 26,128</u>

<u>Court Reporter Service</u>	<u>LEOSE Training</u>	<u>Justice Court Technology</u>	<u>Activities Complex</u>	<u>Fire Department</u>	<u>Pre-Trial Diversion</u>	<u>Bail Bond Board</u>
2,817 \$	4,453 \$	8,309 \$		11,005 \$	191,730 \$	159,968
<u>\$ 2,817</u>	<u>\$ 4,453</u>	<u>\$ 8,309</u>	<u>\$</u>	<u>\$ 11,005</u>	<u>\$ 191,730</u>	<u>\$ 159,968</u>
\$	\$	\$	\$	\$	\$	\$
						150,000
						150,000
<u>2,817</u>	<u>4,453</u>	<u>8,309</u>		<u>11,005</u>	<u>191,730</u>	<u>9,968</u>
<u>2,817</u>	<u>4,453</u>	<u>8,309</u>		<u>11,005</u>	<u>191,730</u>	<u>9,968</u>
<u>\$ 2,817</u>	<u>\$ 4,453</u>	<u>\$ 8,309</u>	<u>\$</u>	<u>\$ 11,005</u>	<u>\$ 191,730</u>	<u>\$ 159,968</u>

CORYELL COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - Continued

SEPTEMBER 30, 2012

	<u>Hot</u>	<u>Vehicle</u>	<u>Seized\</u>	<u>District</u>
	<u>Check</u>	<u>Inventory</u>	<u>Forfeiture</u>	<u>Attorney</u>
		<u>Tax Interest</u>		<u>Supplement</u>
ASSETS				
Cash and cash investments	\$ 13,234	\$ 2,710	\$ 32,323	\$ 18,786
Intergovernmental receivable				
Prepaid insurance				
Total Assets	<u>\$ 13,234</u>	<u>\$ 2,710</u>	<u>\$ 32,323</u>	<u>\$ 18,786</u>
LIABILITIES				
Accounts payable	\$	\$	\$ 19,308	\$
Deposits payable				
Total Liabilities			<u>19,308</u>	
FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	<u>13,234</u>	<u>2,710</u>	<u>13,015</u>	<u>18,786</u>
Total Fund Balance	<u>13,234</u>	<u>2,710</u>	<u>13,015</u>	<u>18,786</u>
Total Liabilities and Fund Balance	<u>\$ 13,234</u>	<u>\$ 2,710</u>	<u>\$ 32,323</u>	<u>\$ 18,786</u>

<u>Crime Victims CJD Grant</u>	<u>HOT Auto Theft Task Force</u>	<u>Crime Victims Attorney General Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ (2,464) 7,883	\$	\$ (3,340) 3,346	\$ 1,200,685 29,791 25,146	\$ 459,753	\$ 1,660,438 29,791 25,146
<u>\$ 5,419</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,255,622</u>	<u>\$ 459,753</u>	<u>\$ 1,715,375</u>
\$	\$	\$	\$ 39,523 150,000	\$	\$ 39,523 150,000
			<u>189,523</u>		<u>189,523</u>
<u>5,419</u>		<u>6</u>	25,146 <u>1,040,953</u>	<u>459,753</u>	25,146 <u>1,500,706</u>
<u>5,419</u>		<u>6</u>	<u>1,066,099</u>	<u>459,753</u>	<u>1,525,852</u>
<u>\$ 5,419</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,255,622</u>	<u>\$ 459,753</u>	<u>\$ 1,715,375</u>

CORYELL COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Road and Bridge	Law Library	Records Management	Courthouse Security
REVENUES:				
Property taxes	\$ 904,284	\$	\$	\$
Licenses and permits	975,903			
Fees and charges for services		25,577	114,083	21,369
Intergovernmental	38,102			
Investment earnings				
Other miscellaneous	26,624			
	1,944,913	25,577	114,083	21,369
Total Revenues				
EXPENDITURES:				
Current:				
Salaries and benefits	1,075,470	3,900	40,868	14,683
Supplies	676,235			
Repairs	144,895			
Other operating	27,420	21,670	18,503	766
Capital outlay	82,265			
	2,006,285	25,570	59,371	15,449
Total Expenditures				
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(61,372)	7	54,712	5,920
OTHER FINANCING SOURCES (USES):				
Transfers in				
Proceeds from financing agreements				
Proceeds from sale of property				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	(61,372)	7	54,712	5,920
FUND BALANCE - BEGINNING OF YEAR	553,957	3,886	207,329	20,208
FUND BALANCE - END OF YEAR	\$ 492,585	\$ 3,893	\$ 262,041	\$ 26,128

<u>Court Reporter Service</u>	<u>LEOSE Training</u>	<u>Justice Court Technology</u>	<u>Activities Complex</u>	<u>Fire Department</u>	<u>Pre-Trial Diversion</u>	<u>Bail Bond Board</u>
\$ 15,321	\$	\$ 9,124	\$ 1,400	\$ 315,448	\$ 69,322	\$ 1,050
<u>15,321</u>		<u>9,124</u>	<u>1,400</u>	<u>315,448</u>	<u>69,322</u>	<u>1,050</u>
17,493	6,078	1,561 7,930	580 2,145 13,780	308,918	27,447 6,050	
<u>17,493</u>	<u>6,078</u>	<u>9,491</u>	<u>16,505</u>	<u>308,918</u>	<u>33,497</u>	
(2,172)	(6,078)	(367)	(15,105)	6,530	35,825	1,050
			14,836			
			<u>14,836</u>			
(2,172)	(6,078)	(367)	(269)	6,530	35,825	1,050
<u>4,989</u>	<u>10,531</u>	<u>8,676</u>	<u>269</u>	<u>4,475</u>	<u>155,905</u>	<u>8,918</u>
<u>\$ 2,817</u>	<u>\$ 4,453</u>	<u>\$ 8,309</u>	<u>\$</u>	<u>\$ 11,005</u>	<u>\$ 191,730</u>	<u>\$ 9,968</u>

CORYELL COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS - continued

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Hot</u>	<u>Vehicle</u>	<u>Seized\</u>	<u>District</u>
	<u>Check</u>	<u>Inventory</u>	<u>Forfeiture</u>	<u>Attorney</u>
		<u>Tax Interest</u>		<u>Supplement</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fees and charges for services	9,285			
Intergovernmental				29,605
Investment earnings		215		
Other miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	9,285	215		29,605
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
Salaries and benefits	7,303		1,486	21,172
Supplies				
Repairs				
Other operating	1,675		200	
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	8,978		1,686	21,172
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	307	215	(1,686)	8,433
OTHER FINANCING SOURCES (USES):				
Transfers in	(1,157)			(6,100)
Proceeds from financing agreements				
Proceeds from sale of property				
Total Other Financing Sources (Uses)	<hr/> (1,157) <hr/>	<hr/>	<hr/>	<hr/> (6,100) <hr/>
NET CHANGE IN FUND BALANCE	(850)	215	(1,686)	2,333
FUND BALANCE - BEGINNING OF YEAR	<hr/> 14,084	<hr/> 2,495	<hr/> 14,701	<hr/> 16,453
FUND BALANCE - END OF YEAR	\$ <u>13,234</u>	\$ <u>2,710</u>	\$ <u>13,015</u>	\$ <u>18,786</u>

<u>Crime Victims CJD Grant</u>	<u>HOT Auto Theft Task Force</u>	<u>Crime Victims Attorney General Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$	\$	\$ 1,219,732	\$	\$ 1,219,732
			975,903		975,903
			266,531		266,531
46,489	87,254	40,743	242,193	68,635	310,828
			215		215
450			27,074		27,074
<u>46,939</u>	<u>87,254</u>	<u>40,743</u>	<u>2,731,648</u>	<u>68,635</u>	<u>2,800,283</u>
44,635	86,735	39,758	1,363,457		1,363,457
1,084			679,460		679,460
			147,040		147,040
9,300	49	985	440,817		440,817
			82,265	188,876	271,141
<u>55,019</u>	<u>86,784</u>	<u>40,743</u>	<u>2,713,039</u>	<u>188,876</u>	<u>2,901,915</u>
(8,080)	470		18,609	(120,241)	(101,632)
7,257	(7,893)		6,943		6,943
<u>7,257</u>	<u>(7,893)</u>		<u>6,943</u>		<u>6,943</u>
(823)	(7,423)		25,552	(120,241)	(94,689)
6,242	7,423	6	1,040,547	579,994	1,620,541
<u>\$ 5,419</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,066,099</u>	<u>\$ 459,753</u>	<u>\$ 1,525,852</u>

CORYELL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 894,324	\$ 894,324	\$ 904,284	\$ 9,960
Licenses and permits	890,000	890,000	975,903	85,903
Intergovernmental	29,000	29,000	38,102	9,102
Other miscellaneous	21,000	21,000	26,624	5,624
Total Revenues	1,834,324	1,834,324	1,944,913	110,589
EXPENDITURES:				
Current:				
Road and bridge	2,141,282	2,175,282	1,924,020	251,262
Capital outlay	125,000	91,000	82,265	8,735
Total Expenditures	2,266,282	2,266,282	2,006,285	259,997
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(431,958)	(431,958)	(61,372)	370,586
OTHER FINANCING SOURCES (USES):				
Proceeds from financing agreements	125,000	125,000		(125,000)
Proceeds from sale of property	20,000	20,000		(20,000)
Total Other Financing Sources (Uses)	145,000	145,000		(145,000)
CHANGE IN FUND BALANCE	(286,958)	(286,958)	(61,372)	225,586
FUND BALANCE - BEGINNING OF YEAR	553,957	553,957	553,957	
FUND BALANCE - END OF YEAR	\$ 266,999	\$ 266,999	\$ 492,585	\$ 225,586

CORYELL COUNTY, TEXAS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
COUNTY CLERK				
Assets:				
Cash and cash investments	\$ 287,992	\$ 1,174,147	\$ 1,403,803	\$ 58,336
Investments	218,582	2,092	15,814	204,860
Total Assets	<u>\$ 506,574</u>	<u>\$ 1,176,239</u>	<u>\$ 1,419,617</u>	<u>\$ 263,196</u>
Liabilities:				
Due to others	\$ 506,574	\$ 1,176,239	\$ 1,419,617	\$ 263,196
Total Liabilities	<u>\$ 506,574</u>	<u>\$ 1,176,239</u>	<u>\$ 1,419,617</u>	<u>\$ 263,196</u>
 DISTRICT CLERK				
Assets:				
Cash and cash investments	\$ 120,710	\$ 474,085	\$ 513,745	\$ 81,050
Investments	532,416	14,764	54,199	492,981
Total Assets	<u>\$ 653,126</u>	<u>\$ 488,849</u>	<u>\$ 567,944</u>	<u>\$ 574,031</u>
Liabilities:				
Due to others	\$ 653,126	\$ 488,849	\$ 567,944	\$ 574,031
Total Liabilities	<u>\$ 653,126</u>	<u>\$ 488,849</u>	<u>\$ 567,944</u>	<u>\$ 574,031</u>
 JUSTICE OF THE PEACE #1				
Assets:				
Cash and cash investments	\$ 200	\$ 58,671	\$ 58,671	\$ 200
Total Assets	<u>\$ 200</u>	<u>\$ 58,671</u>	<u>\$ 58,671</u>	<u>\$ 200</u>
Liabilities:				
Due to others	\$ 200	\$ 58,671	\$ 58,671	\$ 200
Total Liabilities	<u>\$ 200</u>	<u>\$ 58,671</u>	<u>\$ 58,671</u>	<u>\$ 200</u>
 JUSTICE OF THE PEACE #2				
Assets:				
Cash and cash investments	\$ 200	\$ 126,403	\$ 126,403	\$ 200
Total Assets	<u>\$ 200</u>	<u>\$ 126,403</u>	<u>\$ 126,403</u>	<u>\$ 200</u>
Liabilities:				
Due to others	\$ 200	\$ 126,403	\$ 126,403	\$ 200
Total Liabilities	<u>\$ 200</u>	<u>\$ 126,403</u>	<u>\$ 126,403</u>	<u>\$ 200</u>
 JUSTICE OF THE PEACE #3				
Assets:				
Cash and cash investments	\$	\$ 70,782	\$ 70,782	\$
Total Assets	<u>\$</u>	<u>\$ 70,782</u>	<u>\$ 70,782</u>	<u>\$</u>
Liabilities:				
Due to others	\$	\$ 70,782	\$ 70,782	\$
Total Liabilities	<u>\$</u>	<u>\$ 70,782</u>	<u>\$ 70,782</u>	<u>\$</u>
 JUSTICE OF THE PEACE #4				
Assets:				
Cash and cash investments	\$ 3	\$ 88,896	\$ 88,899	\$
Total Assets	<u>\$ 3</u>	<u>\$ 88,896</u>	<u>\$ 88,899</u>	<u>\$</u>
Liabilities:				
Due to others	\$ 3	\$ 88,896	\$ 88,899	\$
Total Liabilities	<u>\$ 3</u>	<u>\$ 88,896</u>	<u>\$ 88,899</u>	<u>\$</u>

CORYELL COUNTY, TEXAS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
JAIL				
Assets:				
Cash and cash investments	\$ 12,418	\$ 197,878	\$ 199,103	\$ 11,193
Total Assets	<u>\$ 12,418</u>	<u>\$ 197,878</u>	<u>\$ 199,103</u>	<u>\$ 11,193</u>
Liabilities:				
Due to others	\$ 12,418	\$ 197,878	\$ 199,103	\$ 11,193
Total Liabilities	<u>\$ 12,418</u>	<u>\$ 197,878</u>	<u>\$ 199,103</u>	<u>\$ 11,193</u>
SHERIFF				
Assets:				
Cash and cash investments	\$ 19,695	\$ 14,447	\$ 8,500	\$ 25,642
Total Assets	<u>\$ 19,695</u>	<u>\$ 14,447</u>	<u>\$ 8,500</u>	<u>\$ 25,642</u>
Liabilities:				
Due to others	\$ 19,695	\$ 14,447	\$ 8,500	\$ 25,642
Total Liabilities	<u>\$ 19,695</u>	<u>\$ 14,447</u>	<u>\$ 8,500</u>	<u>\$ 25,642</u>
TAX ASSESSOR COLLECTOR				
Assets:				
Cash and cash investments	\$ 525,598	\$ 58,818,314	\$ 58,705,118	\$ 638,794
Total Assets	<u>\$ 525,598</u>	<u>\$ 58,818,314</u>	<u>\$ 58,705,118</u>	<u>\$ 638,794</u>
Liabilities:				
Due to others	\$ 525,598	\$ 58,818,314	\$ 58,705,118	\$ 638,794
Total Liabilities	<u>\$ 525,598</u>	<u>\$ 58,818,314</u>	<u>\$ 58,705,118</u>	<u>\$ 638,794</u>
HOT CHECK FUND				
Assets:				
Cash and cash investments	\$ _____	\$ 39,685	\$ 39,685	\$ _____
Total Assets	<u>\$ _____</u>	<u>\$ 39,685</u>	<u>\$ 39,685</u>	<u>\$ _____</u>
Liabilities:				
Due to others	\$ _____	\$ 39,685	\$ 39,685	\$ _____
Total Liabilities	<u>\$ _____</u>	<u>\$ 39,685</u>	<u>\$ 39,685</u>	<u>\$ _____</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash investments	\$ 966,816	\$ 61,063,308	\$ 61,214,709	\$ 815,415
Investments	750,998	16,856	70,013	697,841
Total Assets	<u>\$ 1,717,814</u>	<u>\$ 61,080,164</u>	<u>\$ 61,284,722</u>	<u>\$ 1,513,256</u>
Liabilities:				
Due to others	<u>1,717,814</u>	<u>61,080,164</u>	<u>61,284,722</u>	<u>1,513,256</u>
Total Liabilities	<u>\$ 1,717,814</u>	<u>\$ 61,080,164</u>	<u>\$ 61,284,722</u>	<u>\$ 1,513,256</u>

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

To the Honorable County Judge and
Members of the Commissioners Court of
Coryell County, Texas

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Coryell County, Texas** as of and for the year ended September 30, 2012, which collectively comprise **Coryell County, Texas'** basic financial statements and have issued our report thereon dated February 25, 2013. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **Coryell County, Texas'** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Coryell County, Texas'** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the organization's 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 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Coryell County, Texas'** financial statements are free of material misstatement, I 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 my audit and, accordingly, I 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*.

This report is intended solely for the information and use of the Commissioners Court, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Becky Roberts, CPA

BECKY ROBERTS, CPA

Abilene, Texas
February 25, 2013