

CORYELL COUNTY, TEXAS

FINANCIAL
STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2013

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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, 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

My responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coryell County, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

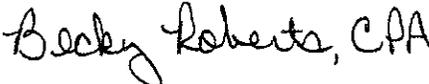
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coryell County, Texas' basic financial statements. The other supplementary schedules on pages 29-39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 3, 2014, on my consideration of the Coryell County, Texas' internal control over financial reporting and on 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 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 Coryell County, Texas' internal control over financial reporting and compliance.



BECKY ROBERTS, CPA

Abilene, Texas
March 3, 2014

CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

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, 2013.

Financial Highlights

Government-Wide Financial Statements

- The assets of Coryell County exceeded its liabilities at the close of the most recent fiscal year by \$15,102,585 (net position). Of this amount, \$5,710,053 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$2,106,240 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$7,286,292 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2013 is \$1,611,042.
- The total net position (*equity*) of the County increased by \$214,820 during the 2013 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 \$7,609,874. Approximately 70% of the total fund balance amount, \$5,308,706, is unassigned and available for spending at the government's discretion. The fund balance in the general fund reflects an increase of \$156,910 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 \$2,081,688, which is an increase of \$555,807 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 position presents information on all of Coryell County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Coryell County is improving or deteriorating.

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

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, 2013**

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, 2013**

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 position 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 \$15,102,585 at the close of the most recent fiscal year.

Coryell County's net position 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 \$7,286,292. 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 Position

	Governmental Activities	
	2013	2012
Current assets	\$ 8,411,699	\$ 7,779,338
Capital assets	8,897,334	8,689,020
Total Assets	17,309,033	16,468,358
Current liabilities	595,406	650,546
Long-term liabilities	1,611,042	930,047
Total Liabilities	2,206,448	1,580,593
Net investment in capital assets	7,286,292	7,758,973
Restricted	2,106,240	1,551,027
Unrestricted	5,710,053	5,577,765
Total net position	\$ 15,102,585	\$ 14,887,765

The government's net position increased by \$214,820 during the current fiscal year.

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Coryell County's Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,851,605	\$ 2,709,905
Operating Grants and Contributions	700,123	887,314
Capital Grants and Contributions		68,635
General Revenues		
Property and Other Taxes	11,542,639	10,692,145
Investment Income	47,503	50,124
Gain (loss) on disposal of assets		2,377
Miscellaneous Income	97,778	116,588
Total Revenues	15,239,648	14,527,088
Expenses		
General Administration	1,241,390	1,228,037
Judicial	1,836,154	1,763,578
Legal	945,371	998,643
Financial Administration	1,010,115	872,064
Public Facilities	3,015,991	2,737,513
Public Safety	2,871,438	2,745,630
Health and Welfare	916,475	969,488
Conservation	134,771	134,618
Other Supported Services	657,711	919,406
Road and Bridge	2,369,909	2,329,518
Interest on Long-term Debt	25,503	22,175
Total expenditures	15,024,828	14,720,670
Increase in net assets	214,820	(193,582)
Net Assets - Beginning of Year	14,887,765	15,081,347
Net Assets - End of Year	\$ 15,102,585	\$ 14,887,765

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, 2013**

As of the end of the current fiscal year, Coryell County's governmental funds reported combined ending fund balances of \$7,609,874. Approximately 70 percent of this total amount, \$5,308,706 constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance for prepaid assets is \$219,480 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. \$5,308,706 of the general fund's fund balance is unassigned. The unassigned fund balance represents 46% 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 \$1,275,954, 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 \$1,209,883 less than the final budgeted amounts, and actual revenues were \$276,995 more than was budgeted. This resulted in a favorable budget variance of \$1,486,878 before other financing sources and uses.

In the Debt Service fund, the original and amended budgets reflect a decrease in fund balance of \$15,818. The actual expenditures were \$49,084 less than the budgeted amounts, and actual revenues were \$9,393 more than was budgeted. This resulted in a favorable budget variance of \$58,477.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Coryell County's investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$8,897,334 (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	
	2013	2012
Land	\$ 11,634	\$ 11,634
Buildings and improvements	4,097,525	3,496,512
Machinery and equipment	950,555	1,282,635
Vehicles	398,636	383,557
Infrastructure	3,438,984	3,514,682
Total	\$ 8,897,334	\$ 8,689,020

**CORYELL COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Capital Assets - Continued

Current year additions to capital outlays amounted to \$967,924 and \$89,528 of capital assets were disposed of. Depreciation expense was \$759,610 and 776,154 for the years ended September 30, 2013 and 2012, respectively.

Debt Administration

- **Notes Payable.** The County obtained \$1,089,409 in new debt during the current year to finance the purchase of the Extraco bank building, jail security equipment, and sheriff vehicles. \$408,414 was paid during the year on the outstanding debt, and the balance of the County's notes payables at September 30, 2013 was \$1,611,042.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate for the 2014 fiscal year remained the same as the prior year at .4492 per \$100 valuation.
- The County's 2014 fiscal year general fund budget proposed an increase in total budgeted revenues of approximately \$485,000 or a 4.3% increase, and the budgeted expenditures were also increased approximately \$268,000 or a 2.1% increase.

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 POSITION

SEPTEMBER 30, 2013

	Primary Government Governmental Activities
ASSETS:	
Cash and cash investments	\$ 4,869,173
Investments	2,238,890
Receivables:	
Property tax, net	255,846
Sales tax	326,749
Fines, net	401,007
Intergovernmental	100,554
Prepaid insurance	219,480
Capital assets net of accumulated depreciation	8,897,334
TOTAL ASSETS	17,309,033
 LIABILITIES:	
Accounts payable	229,519
Deposits payable	172,717
Due to state	74,646
Compensated absences	103,883
Accrued interest payable	14,641
Noncurrent liabilities:	
Due in one year	544,559
Due in more than one year	1,066,483
TOTAL LIABILITIES	2,206,448
 NET POSITION:	
Net investment in capital assets	7,286,292
Restricted for debt service	67,834
Restricted for special revenue and capital improvements	2,038,406
Unrestricted	5,710,053
TOTAL NET POSITION	\$ 15,102,585

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

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	\$ 1,241,390	\$ 480,055	\$ 14,825	\$ (746,510)
Judicial	1,836,154	613,092	87,610	(1,135,452)
Legal	945,371	44,796	159,734	(740,841)
Financial administration	1,010,115	401,274	53,581	(555,260)
Public facilities	3,015,991	38,163		(2,977,828)
Public safety	2,871,438	223,293	112,201	(2,535,944)
Health and welfare	916,475		82,495	(833,980)
Conservation	134,771			(134,771)
Other supported services	657,711		155,013	(502,698)
Road and bridge	2,369,909	1,050,932	34,664	(1,284,313)
Interest on long-term debt	25,503			(25,503)
	15,024,828	2,851,605	700,123	(11,473,100)
Total governmental activities	15,024,828	2,851,605	700,123	(11,473,100)
Total primary government	\$ 15,024,828	\$ 2,851,605	\$ 700,123	\$ (11,473,100)
General revenues:				
Property taxes				9,669,068
Sales tax				1,873,571
Investment income				47,503
Miscellaneous income				97,778
				11,687,920
Total general revenues				11,687,920
Change in net position				214,820
Net position - beginning of year				14,887,765
Net position - end of year				\$ 15,102,585

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash investments	\$ 2,700,832	\$ 67,834	\$ 2,100,507	\$ 4,869,173
Investments	2,238,890			2,238,890
Receivables:				
Property tax, net	255,846			255,846
Sales tax	326,749			326,749
Fines, net	401,007			401,007
Intergovernmental	42,715		57,839	100,554
Prepaid insurance	194,928		24,552	219,480
TOTAL ASSETS	\$ 6,160,967	\$ 67,834	\$ 2,182,898	\$ 8,411,699
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 185,027	\$	\$ 44,492	\$ 229,519
Deposits payable	72,717		100,000	172,717
Due to state	74,646			74,646
Compensated absences	103,883			103,883
Deferred revenue	221,060			221,060
TOTAL LIABILITIES	657,333		144,492	801,825
Fund Balances:				
Nonspendable for prepaids	194,928		24,552	219,480
Restricted for debt service		67,834		67,834
Restricted for special revenue and capital			2,013,854	2,013,854
Unassigned	5,308,706			5,308,706
TOTAL FUND BALANCES	5,503,634	67,834	2,038,406	7,609,874
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,160,967	\$ 67,834	\$ 2,182,898	\$ 8,411,699

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 POSITION

SEPTEMBER 30, 2013

Total Fund Balances - Governmental Funds	\$ 7,609,874
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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 balance sheet. The net effect is an increase in net position.	8,897,334
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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 is an increase in net position.	221,060
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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 position.	<u>(1,625,683)</u>
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Net Position of Governmental Activities	<u>\$ 15,102,585</u>
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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, 2013

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 7,427,380	\$ 470,075	\$ 1,789,734	\$ 9,687,189
Sales tax	1,873,571			1,873,571
Licenses and permits			1,013,731	1,013,731
Fees and charges for services	933,993		310,302	1,244,295
Intergovernmental	486,263		213,860	700,123
Investment earnings	47,503			47,503
Other miscellaneous	250,191		40,814	291,005
Fines, forfeitures and settlements	400,352			400,352
	11,419,253	470,075	3,368,441	15,257,769
EXPENDITURES:				
Current:				
General administration	1,110,343		55,337	1,165,680
Judicial	1,791,404		44,750	1,836,154
Legal	771,048		167,601	938,649
Financial administration	1,007,328		2,787	1,010,115
Public facilities	2,592,419		413,572	3,005,991
Public safety	2,458,913		133,583	2,592,496
Health and welfare	916,475			916,475
Conservation	134,771			134,771
Other supported services	650,683			650,683
Road and bridge			1,988,701	1,988,701
Debt service		427,416		427,416
Capital outlay	169,917		798,007	967,924
	11,603,301	427,416	3,604,338	15,635,055
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(184,048)	42,659	(235,897)	(377,286)
OTHER FINANCING SOURCES (USES):				
Transfers in	10,549		6,000	16,549
Transfers out			(16,549)	(16,549)
Proceeds from financing agreements	330,409		759,000	1,089,409
Total Other Financing Sources (Uses)	340,958		748,451	1,089,409
CHANGE IN FUND BALANCE	156,910	42,659	512,554	712,123
FUND BALANCE - BEGINNING OF YEAR	5,346,724	25,175	1,525,852	6,897,751
FUND BALANCE - END OF YEAR	\$ 5,503,634	\$ 67,834	\$ 2,038,406	\$ 7,609,874

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, 2013

Net Change in Fund Balances - Governmental Funds	\$	712,123
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Amounts reported for governmental activities in the statement of net position 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 position.		967,924
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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 position.		(759,610)
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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 decrease net position.		(18,121)
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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 position.		401,913
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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 position.		<u>(1,089,409)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>214,820</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, 2013

ASSETS	Agency Funds
Cash and cash investments held by:	
County Clerk	\$ 45,111
District Clerk	94,015
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	7,462
Sheriff	23,142
Tax Assessor Collector	675,298
Hot check fund	0
Investments held by:	
County Clerk	183,894
District Clerk	339,749
TOTAL ASSETS	\$ 1,369,071
LIABILITIES	
Due to others	\$ 1,369,071
TOTAL LIABILITIES	\$ 1,369,071

The accompanying notes are an integral part of this statement.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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 position 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, 2013

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, 2013

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, 2013. All appropriations lapse at year end.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Position 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, 2013, 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, 2013, 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, 2013, the County's investments in TexStar were rated AAAM by Standard and Poor's.

As of September 30, 2013, Coryell County had the following investments:

	<u>Cost Basis</u>	<u>Fair Value</u>
TexStar	\$ 109,850	\$ 109,850
Money Market	4,415,397	4,415,397
Certificates of Deposit-Primary Government	2,238,890	2,238,890
Certificates of Deposit-Fiduciary Funds	523,643	523,643

CORYELL COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013 was \$.4492 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, 2013 is \$103,883 and is considered a short-term liability of the County.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 2: CAPITAL ASSET ACTIVITY

The changes in capital assets for the year ended September 30, 2013 are as follows:

Capital Assets	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013
Land (not depreciated)	\$ 11,634	\$	\$	\$ 11,634
Buildings and improvements	6,508,219	760,507		7,268,726
Machinery and equipment	4,170,292		(21,000)	4,149,292
Vehicles	2,696,697	207,417	(68,528)	2,835,586
Infrastructure	18,317,951			18,317,951
Total capital assets	<u>31,704,793</u>	<u>967,924</u>	<u>(89,528)</u>	<u>32,583,189</u>
Less accumulated depreciation for:				
Buildings and improvements	3,011,707	159,494		3,171,201
Machinery and equipment	2,887,659	332,078	(21,000)	3,198,737
Vehicles	2,313,138	192,340	(68,528)	2,436,950
Infrastructure	14,803,269	75,698		14,878,967
Total accumulated depreciation	<u>23,015,773</u>	<u>759,610</u>	<u>(89,528)</u>	<u>23,685,855</u>
Governmental activities capital assets	<u>\$ 8,689,020</u>	<u>\$ 208,314</u>	<u>\$</u>	<u>\$ 8,897,334</u>

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

Governmental Activities	
General administration	\$ 75,710
Public safety	278,942
Legal	6,722
Public facilities	10,000
Other supporting services	7,028
Road and bridge	<u>381,208</u>
	<u>\$ 759,610</u>

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 3: LONG-TERM DEBT

A summary of changes in long-term debt at September 30, 2013 is as follows:

	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013
Note 275 Road & Bridge Equipment	\$ 56,000	\$	\$ 56,000	\$ -
Note 251 Road & Bridge Equipment	163,043		81,521	81,522
Note 253 Fire Truck for Copperas Cove	86,000		43,000	43,000
Note 254 Komatsu Loader	98,850		32,950	65,900
Note 255 Sheriff Vehicles	68,717		34,359	34,358
Note 256 Road & Bridge Equipment	51,395		25,698	25,697
Note 257 Fire Truck for Gatesville VFD	199,654		49,913	149,741
Note 258 Road & Bridge Equipment	103,755		51,397	52,358
Note 259 Sheriff Vehicles	102,633		33,576	69,057
Note 260 Jail Security Equipment		210,100		210,100
Note 261 Sheriff Vehicles		120,309		120,309
Note 262 Extraco Bank Building		759,000		759,000
Total long-term debt	<u>\$ 930,047</u>	<u>\$ 1,089,409</u>	<u>\$ 408,414</u>	<u>\$ 1,611,042</u>

Current maturities of the outstanding long-term debt at September 30, 2013 are as follows:

Year	Principal	Interest	Total
2014	\$ 544,559	\$ 30,987	\$ 575,546
2015	308,264	20,308	328,572
2016	240,466	14,316	254,782
2017	150,449	10,432	160,881
2018	150,449	6,083	156,532
2019	108,429	4,055	112,484
2020	108,426		108,426
	<u>\$ 1,611,042</u>	<u>\$ 86,181</u>	<u>\$ 1,697,223</u>

Notes payable at September 30, 2013 are comprised of the following:

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, 2013 is \$81,522.

CORYELL COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013 is \$43,000.

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, 2013 is \$65,900.

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, 2013 is \$34,358.

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, 2013 is \$25,697.

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, 2013 is \$149,741.

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, 2013 is \$52,358.

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, 2013 is \$69,057.

Note 260 in the amount of \$210,100 was issued October 24, 2012 and was used to purchase jail security equipment. The note is due in annual installments on October 24, with an annually adjusted interest rate of 1.38 points below prime. The final interest and principal payment is due October 24, 2017. The principal balance at September 30, 2013 is \$210,100.

Note 261 in the amount of \$120,309 was issued December 6, 2012 and was used to purchase Sheriff vehicles. The note is due in annual installments on December 6, with an annually adjusted interest rate of 1.38 points below prime. The final interest and principal payment is due December 6, 2015. The principal balance at September 30, 2013 is \$120,309.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013

NOTE 3: LONG-TERM DEBT - continued

Note 262 in the amount of \$759,000 was issued June 27, 2013 and was used to purchase the Extraco bank building. The note is due in annual installments on June 27, with an annually adjusted interest rate of 1.38 points below prime. The final interest and principal payment is due June 27, 2020. The principal balance at September 30, 2013 is \$759,000.

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, 2013.

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 641 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, 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 10.15% and 9.82% for the 2013 and 2012 years, respectively. The contribution rate payable by the employee members for 2013 and 2012 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.

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 4: RETIREMENT PLAN - continued

Annual Pension Cost

For the County's year ending September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$562,210, and the actual employee contributions were \$391,821.

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, 2012, the basis for determining the contribution rate for calendar year 2013. The December 31, 2012 actuarial valuation is the most recent valuation.

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 in years	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
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

Accounting Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2011	\$ 534,239	100%	- 0 -
September 30, 2012	\$ 552,390	100%	- 0 -
September 30, 2013	\$ 562,210	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)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
12/31/12	15,553,773	18,052,914	2,499,141	86.16%	6,337,479	39.43%

CORYELL COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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 2013, 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.

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.

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, 2013

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES:				
Property taxes	\$ 7,277,824	\$ 7,277,824	\$ 7,427,380	\$ 149,556
Sales tax	1,650,000	1,650,000	1,873,571	223,571
Fees and charges for services	952,000	952,000	933,993	(18,007)
Intergovernmental	493,490	546,434	486,263	(60,171)
Investment earnings	45,000	45,000	47,503	2,503
Other miscellaneous	218,000	218,000	250,191	32,191
Fines, forfeitures and settlements	453,000	453,000	400,352	(52,648)
Total Revenues	11,089,314	11,142,258	11,419,253	276,995
EXPENDITURES:				
Current:				
General administration	1,207,878	1,220,111	1,110,343	109,768
Judicial	2,021,930	2,026,216	1,791,404	234,812
Legal	843,801	886,871	771,048	115,823
Financial administration	988,571	1,036,761	1,007,328	29,433
Public facilities	2,644,932	2,810,920	2,592,419	218,501
Public safety	2,587,870	2,618,011	2,458,913	159,098
Health and welfare	1,070,636	1,071,712	916,475	155,237
Conservation	142,449	142,459	134,771	7,688
Other supported services	830,001	802,636	650,683	151,953
Capital outlay	182,072	197,487	169,917	27,570
Total Expenditures	12,520,140	12,813,184	11,603,301	1,209,883
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,430,826)	(1,670,926)	(184,048)	1,486,878
OTHER FINANCING SOURCES (USES):				
Transfers in			10,549	10,549
Proceeds from financing agreements	150,072	360,172	330,409	(29,763)
Proceeds from sale of property	34,800	34,800		(34,800)
Total Other Financing Sources (Uses)	184,872	394,972	340,958	(54,014)
CHANGE IN FUND BALANCE	(1,245,954)	(1,275,954)	156,910	1,432,864
FUND BALANCE - BEGINNING OF YEAR	5,346,724	5,346,724	5,346,724	
FUND BALANCE - END OF YEAR	\$ 4,100,770	\$ 4,070,770	\$ 5,503,634	\$ 1,432,864

CORYELL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 460,682	\$ 460,682	\$ 470,075	\$ 9,393
Total Revenues	460,682	460,682	470,075	9,393
EXPENDITURES:				
Debt service	476,500	476,500	427,416	49,084
Total Expenditures	476,500	476,500	427,416	49,084
CHANGE IN FUND BALANCE	(15,818)	(15,818)	42,659	58,477
FUND BALANCE - BEGINNING OF YEAR	25,175	25,175	25,175	
FUND BALANCE - END OF YEAR	\$ 9,357	\$ 9,357	\$ 67,834	\$ 58,477

ADDITIONAL INFORMATION

CORYELL COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>Road and Bridge</u>	<u>Law Library</u>	<u>Records Management</u>	<u>Courthouse Security</u>
ASSETS				
Cash and cash investments	\$ 455,761	\$ 3,908	\$ 336,550	\$ 36,127
Intergovernmental receivable	23,797			
Prepaid insurance	<u>24,552</u>			
Total Assets	\$ <u>504,110</u>	\$ <u>3,908</u>	\$ <u>336,550</u>	\$ <u>36,127</u>
 LIABILITIES				
Accounts payable	\$ 24,919	\$	\$	\$
Deposits payable				
Total Liabilities	<u>24,919</u>			
 FUND EQUITY				
Nonspendable for prepaids	24,552			
Restricted fund balances	<u>454,639</u>	<u>3,908</u>	<u>336,550</u>	<u>36,127</u>
Total Fund Balance	<u>479,191</u>	<u>3,908</u>	<u>336,550</u>	<u>36,127</u>
Total Liabilities and Fund Balance	\$ <u>504,110</u>	\$ <u>3,908</u>	\$ <u>336,550</u>	\$ <u>36,127</u>

<u>Court Reporter Service</u>	<u>LEOSE Training</u>	<u>Justice Court Technology</u>	<u>Child Abuse Prevention</u>	<u>Fire Department</u>	<u>Pre-Trial Diversion</u>	<u>Bail Bond Board</u>
7,588 \$	3,452 \$	8,344 \$	3,128 \$	3,981 \$	198,650 \$	110,023
<u>7,588</u>	<u>3,452</u>	<u>8,344</u>	<u>3,128</u>	<u>3,981</u>	<u>198,650</u>	<u>110,023</u>
\$	\$	\$	\$	\$	\$	\$
						100,000
						100,000
<u>7,588</u>	<u>3,452</u>	<u>8,344</u>	<u>3,128</u>	<u>3,981</u>	<u>198,650</u>	<u>10,023</u>
<u>7,588</u>	<u>3,452</u>	<u>8,344</u>	<u>3,128</u>	<u>3,981</u>	<u>198,650</u>	<u>10,023</u>
<u>7,588</u>	<u>3,452</u>	<u>8,344</u>	<u>3,128</u>	<u>3,981</u>	<u>198,650</u>	<u>110,023</u>

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

SEPTEMBER 30, 2013

	<u>Hot Check</u>	<u>Vehicle Inventory Tax Interest</u>	<u>Seized\ Forfeiture</u>	<u>District Attorney Supplement</u>
ASSETS				
Cash and cash investments	\$ 13,852	\$ 520	\$ 33,126	\$ 13,147
Intergovernmental receivable				
Prepaid insurance				
Total Assets	<u>\$ 13,852</u>	<u>\$ 520</u>	<u>\$ 33,126</u>	<u>\$ 13,147</u>
LIABILITIES				
Accounts payable	\$	\$	\$ 19,573	\$
Deposits payable				
Total Liabilities			<u>19,573</u>	
FUND EQUITY				
Nonspendable for prepaids				
Restricted fund balances	<u>13,852</u>	<u>520</u>	<u>13,553</u>	<u>13,147</u>
Total Fund Balance	<u>13,852</u>	<u>520</u>	<u>13,553</u>	<u>13,147</u>
Total Liabilities and Fund Balance	<u>\$ 13,852</u>	<u>\$ 520</u>	<u>\$ 33,126</u>	<u>\$ 13,147</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>
\$ 2,714	\$ (29,874) 29,874	\$ (4,162) 4,168	\$ 1,196,835 57,839 24,552	\$ 903,672	\$ 2,100,507 57,839 24,552
<u>\$ 2,714</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,279,226</u>	<u>\$ 903,672</u>	<u>\$ 2,182,898</u>
\$	\$	\$	\$ 44,492 100,000	\$	\$ 44,492 100,000
			144,492		144,492
<u>2,714</u>		<u>6</u>	24,552 <u>1,110,182</u>	<u>903,672</u>	24,552 <u>2,013,854</u>
<u>2,714</u>		<u>6</u>	<u>1,134,734</u>	<u>903,672</u>	<u>2,038,406</u>
<u>\$ 2,714</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,279,226</u>	<u>\$ 903,672</u>	<u>\$ 2,182,898</u>

CORYELL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Road and Bridge</u>	<u>Law Library</u>	<u>Records Management</u>	<u>Courthouse Security</u>
REVENUES:				
Property taxes	\$ 927,211	\$	\$	\$
Licenses and permits	1,013,731			
Fees and charges for services		20,240	129,846	22,830
Intergovernmental	34,664			
Investment earnings				
Other miscellaneous	37,201			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>2,012,807</u>	<u>20,240</u>	<u>129,846</u>	<u>22,830</u>
EXPENDITURES:				
Current:				
Salaries and benefits	1,061,350	3,900		11,771
Supplies	768,194			
Repairs	136,884			
Other operating	22,273	16,325	55,337	1,060
Capital outlay	37,500			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>2,026,201</u>	<u>20,225</u>	<u>55,337</u>	<u>12,831</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(13,394)	15	74,509	9,999
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
Proceeds from financing agreements				
Proceeds from sale of property				
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(13,394)	15	74,509	9,999
FUND BALANCE - BEGINNING OF YEAR	<u>492,585</u>	<u>3,893</u>	<u>262,041</u>	<u>26,128</u>
FUND BALANCE - END OF YEAR	\$ <u>479,191</u>	\$ <u>3,908</u>	\$ <u>336,550</u>	\$ <u>36,127</u>

<u>Court Reporter Service</u>	<u>LEOSE Training</u>	<u>Justice Court Technology</u>	<u>Child Abuse Prevention</u>	<u>Fire Department</u>	<u>Pre-Trial Diversion</u>	<u>Bail Bond Board</u>
\$	\$	\$	\$	\$ 323,446	\$	\$
14,402		11,336	3,128		96,860	55
<u>14,402</u>		<u>11,336</u>	<u>3,128</u>	<u>323,446</u>	<u>96,860</u>	<u>55</u>
9,631	1,001	9,291		319,921	33,416	
<u>9,631</u>	<u>1,001</u>	<u>11,301</u>		<u>319,921</u>	<u>89,940</u>	
4,771	(1,001)	35	3,128	3,525	6,920	55
				(10,549)		
<u>4,771</u>	<u>(1,001)</u>	<u>35</u>	<u>3,128</u>	<u>(10,549)</u>	<u>6,920</u>	<u>55</u>
2,817	4,453	8,309		11,005	191,730	9,968
<u>7,588</u>	<u>3,452</u>	<u>8,344</u>	<u>3,128</u>	<u>3,981</u>	<u>198,650</u>	<u>10,023</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Hot</u> <u>Check</u>	<u>Vehicle</u> <u>Inventory</u> <u>Tax Interest</u>	<u>Seized\</u> <u>Forfeiture</u>	<u>District</u> <u>Attorney</u> <u>Supplement</u>
REVENUES:				
Property taxes	\$	\$	\$	\$
Licenses and permits				
Fees and charges for services	11,605			
Intergovernmental				24,283
Investment earnings				
Other miscellaneous			3,325	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	11,605		3,325	24,283
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
Salaries and benefits	7,327			23,322
Supplies	125	990		
Repairs				
Other operating	3,535	1,200	2,787	600
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	10,987	2,190	2,787	23,922
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	618	(2,190)	538	361
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				(6,000)
Proceeds from financing agreements				
Proceeds from sale of property				
Total Other Financing Sources (Uses)				(6,000)
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	618	(2,190)	538	(5,639)
FUND BALANCE - BEGINNING OF YEAR	13,234	2,710	13,015	18,786
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	\$ 13,852	\$ 520	\$ 13,553	\$ 13,147
	<hr/>	<hr/>	<hr/>	<hr/>

Crime Victims CJD Grant	HOT Auto Theft Task Force	Crime Victims Attorney General Grant	Total Nonmajor Special Revenue Funds	Capital Improvement Fund	Total Nonmajor Governmental Funds
\$	\$	\$	\$ 1,250,657	\$ 539,077	\$ 1,789,734
			1,013,731		1,013,731
			310,302		310,302
22,809	89,462	42,642	213,860		213,860
288			40,814		40,814
<u>23,097</u>	<u>89,462</u>	<u>42,642</u>	<u>2,829,364</u>	<u>539,077</u>	<u>3,368,441</u>
28,427	89,462	41,116	1,317,051		1,317,051
427		236	778,130		778,130
			136,884		136,884
2,948		1,290	480,615	93,651	574,266
			37,500	760,507	798,007
<u>31,802</u>	<u>89,462</u>	<u>42,642</u>	<u>2,750,180</u>	<u>854,158</u>	<u>3,604,338</u>
(8,705)			79,184	(315,081)	(235,897)
6,000			6,000		6,000
			(16,549)		(16,549)
				759,000	759,000
<u>6,000</u>			<u>(10,549)</u>	<u>759,000</u>	<u>748,451</u>
(2,705)			68,635	443,919	512,554
5,419		6	1,066,099	459,753	1,525,852
<u>\$ 2,714</u>	<u>\$</u>	<u>\$ 6</u>	<u>\$ 1,134,734</u>	<u>\$ 903,672</u>	<u>\$ 2,038,406</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, 2013

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ 917,863	\$ 917,863	\$ 927,211	\$ 9,348
Licenses and permits	962,000	962,000	1,013,731	51,731
Intergovernmental	29,000	29,000	34,664	5,664
Other miscellaneous	13,000	13,000	37,201	24,201
Total Revenues	<u>1,921,863</u>	<u>1,921,863</u>	<u>2,012,807</u>	<u>90,944</u>
EXPENDITURES:				
Current:				
Road and bridge	2,241,397	2,241,397	1,988,701	252,696
Capital outlay	52,000	52,000	37,500	14,500
Total Expenditures	<u>2,293,397</u>	<u>2,293,397</u>	<u>2,026,201</u>	<u>267,196</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(371,534)	(371,534)	(13,394)	358,140
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	_____	_____	_____	_____
Total Other Financing Sources (Uses)	_____	_____	_____	_____
CHANGE IN FUND BALANCE	(371,534)	(371,534)	(13,394)	358,140
FUND BALANCE - BEGINNING OF YEAR	<u>492,585</u>	<u>492,585</u>	<u>492,585</u>	_____
FUND BALANCE - END OF YEAR	<u>\$ 121,051</u>	<u>\$ 121,051</u>	<u>\$ 479,191</u>	<u>\$ 358,140</u>

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

SEPTEMBER 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
COUNTY CLERK				
Assets:				
Cash and cash investments	\$ 58,336	\$ 989,422	\$ 1,002,647	\$ 45,111
Investments	204,860	1,362	22,328	183,894
Total Assets	<u>\$ 263,196</u>	<u>\$ 990,784</u>	<u>\$ 1,024,975</u>	<u>\$ 229,005</u>
Liabilities:				
Due to others	\$ 263,196	\$ 990,784	\$ 1,024,975	\$ 229,005
Total Liabilities	<u>\$ 263,196</u>	<u>\$ 990,784</u>	<u>\$ 1,024,975</u>	<u>\$ 229,005</u>
 DISTRICT CLERK				
Assets:				
Cash and cash investments	\$ 81,050	\$ 653,032	\$ 640,067	\$ 94,015
Investments	492,981	74,436	227,668	339,749
Total Assets	<u>\$ 574,031</u>	<u>\$ 727,468</u>	<u>\$ 867,735</u>	<u>\$ 433,764</u>
Liabilities:				
Due to others	\$ 574,031	\$ 727,468	\$ 867,735	\$ 433,764
Total Liabilities	<u>\$ 574,031</u>	<u>\$ 727,468</u>	<u>\$ 867,735</u>	<u>\$ 433,764</u>
 JUSTICE OF THE PEACE #1				
Assets:				
Cash and cash investments	\$ 200	\$ 61,181	\$ 61,181	\$ 200
Total Assets	<u>\$ 200</u>	<u>\$ 61,181</u>	<u>\$ 61,181</u>	<u>\$ 200</u>
Liabilities:				
Due to others	\$ 200	\$ 61,181	\$ 61,181	\$ 200
Total Liabilities	<u>\$ 200</u>	<u>\$ 61,181</u>	<u>\$ 61,181</u>	<u>\$ 200</u>
 JUSTICE OF THE PEACE #2				
Assets:				
Cash and cash investments	\$ 200	\$ 142,985	\$ 142,985	\$ 200
Total Assets	<u>\$ 200</u>	<u>\$ 142,985</u>	<u>\$ 142,985</u>	<u>\$ 200</u>
Liabilities:				
Due to others	\$ 200	\$ 142,985	\$ 142,985	\$ 200
Total Liabilities	<u>\$ 200</u>	<u>\$ 142,985</u>	<u>\$ 142,985</u>	<u>\$ 200</u>
 JUSTICE OF THE PEACE #3				
Assets:				
Cash and cash investments	\$	\$ 76,960	\$ 76,960	\$
Total Assets	<u>\$</u>	<u>\$ 76,960</u>	<u>\$ 76,960</u>	<u>\$</u>
Liabilities:				
Due to others	\$	\$ 76,960	\$ 76,960	\$
Total Liabilities	<u>\$</u>	<u>\$ 76,960</u>	<u>\$ 76,960</u>	<u>\$</u>
 JUSTICE OF THE PEACE #4				
Assets:				
Cash and cash investments	\$	\$ 89,379	\$ 89,379	\$
Total Assets	<u>\$</u>	<u>\$ 89,379</u>	<u>\$ 89,379</u>	<u>\$</u>
Liabilities:				
Due to others	\$	\$ 89,379	\$ 89,379	\$
Total Liabilities	<u>\$</u>	<u>\$ 89,379</u>	<u>\$ 89,379</u>	<u>\$</u>

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

SEPTEMBER 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
JAIL				
Assets:				
Cash and cash investments	\$ 11,193	\$ 206,519	\$ 210,250	\$ 7,462
Total Assets	<u>\$ 11,193</u>	<u>\$ 206,519</u>	<u>\$ 210,250</u>	<u>\$ 7,462</u>
Liabilities:				
Due to others	\$ 11,193	\$ 206,519	\$ 210,250	\$ 7,462
Total Liabilities	<u>\$ 11,193</u>	<u>\$ 206,519</u>	<u>\$ 210,250</u>	<u>\$ 7,462</u>
SHERIFF				
Assets:				
Cash and cash investments	\$ 25,642	\$ 14,550	\$ 17,050	\$ 23,142
Total Assets	<u>\$ 25,642</u>	<u>\$ 14,550</u>	<u>\$ 17,050</u>	<u>\$ 23,142</u>
Liabilities:				
Due to others	\$ 25,642	\$ 14,550	\$ 17,050	\$ 23,142
Total Liabilities	<u>\$ 25,642</u>	<u>\$ 14,550</u>	<u>\$ 17,050</u>	<u>\$ 23,142</u>
TAX ASSESSOR COLLECTOR				
Assets:				
Cash and cash investments	\$ 638,794	\$ 61,285,459	\$ 61,248,955	\$ 675,298
Total Assets	<u>\$ 638,794</u>	<u>\$ 61,285,459</u>	<u>\$ 61,248,955</u>	<u>\$ 675,298</u>
Liabilities:				
Due to others	\$ 638,794	\$ 61,285,459	\$ 61,248,955	\$ 675,298
Total Liabilities	<u>\$ 638,794</u>	<u>\$ 61,285,459</u>	<u>\$ 61,248,955</u>	<u>\$ 675,298</u>
HOT CHECK FUND				
Assets:				
Cash and cash investments	\$ _____	\$ 36,421	\$ 36,421	\$ _____
Total Assets	<u>\$ _____</u>	<u>\$ 36,421</u>	<u>\$ 36,421</u>	<u>\$ _____</u>
Liabilities:				
Due to others	\$ _____	\$ 36,421	\$ 36,421	\$ _____
Total Liabilities	<u>\$ _____</u>	<u>\$ 36,421</u>	<u>\$ 36,421</u>	<u>\$ _____</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash investments	\$ 815,415	\$ 63,555,908	\$ 63,525,895	\$ 845,428
Investments	697,841	75,798	249,996	523,643
Total Assets	<u>\$ 1,513,256</u>	<u>\$ 63,631,706</u>	<u>\$ 63,775,891</u>	<u>\$ 1,369,071</u>
Liabilities:				
Due to others	<u>1,513,256</u>	<u>63,631,706</u>	<u>63,775,891</u>	<u>1,369,071</u>
Total Liabilities	<u>\$ 1,513,256</u>	<u>\$ 63,631,706</u>	<u>\$ 63,775,891</u>	<u>\$ 1,369,071</u>

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

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

I 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 Coryell County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Coryell County, Texas' basic financial statements, and have issued my report thereon dated March 3, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Coryell County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of Coryell County, Texas' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coryell County, Texas' financial statements are free from 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 my 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 my 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.

Becky Roberts, CPA

BECKY ROBERTS, CPA

Abilene, Texas
March 3, 2014