

ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2015

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ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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PART I
INTRODUCTORY SECTION

ROBERTS COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2015

Rick Tennant	County Judge
Cleve Wheeler	Commissioner, Precinct #1
Ken Gill	Commissioner, Precinct #2
Kelly Flowers	Commissioner, Precinct #3
James Duvall	Commissioner, Precinct #4
Steve Emmert	District Judge, 31st Judicial District
Franklin McDonough	District Attorney
William P. Weiman	County Attorney
Toni Rankin	County and District Clerk
DeAnn Williams	County Tax Assessor/Collector
Amy Tennant	County Treasurer
Dana Miller	County Sheriff
Tresa A. Seuhs	Justice of the Peace

PART II
FINANCIAL SECTION



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Roberts County, Texas

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and their respective budgetary comparisons, and the aggregate remaining fund information of Roberts County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplemental Information

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

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roberts County, Texas' financial statements as a whole. The combining nonmajor and agency fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combined nonmajor and agency fund financial statements listed under other supplementary information in the accompanying table of contents 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, on our consideration of Roberts County, Texas' internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on 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 our audit.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
February 3, 2016

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BASIC FINANCIAL STATEMENTS

**ROBERTS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

ASSETS	<u>Governmental Activities</u>
Cash and equivalents	\$ 7,535,995
Investments	4,253,683
Accounts receivable, net	63,704
Delinquent taxes receivable, net	61,155
Due from other governments	295,133
Prepaid expenses	35,985
Net pension asset	155,070
Capital assets:	
Land and improvements not being depreciated	36,682
Buildings and improvements, net of depreciation	4,150,431
Machinery and equipment, net of depreciation	2,778,204
Construction in progress	765,466
Total assets	<u>20,131,508</u>
 DEFERRED OUTFLOWS OF RESOURCES 	
Pension contributions	80,325
Pension economic/demographic losses	47,482
Pension deficient earnings	42,589
Total deferred outflows of resources	<u>170,396</u>
 LIABILITIES 	
Accounts payable and accrued expenses	187,486
Due to other governments	22,426
Deferred revenues	28,333
Compensated absences	3,211
Noncurrent liabilities:	
Compensated absences	28,900
Total liabilities	<u>270,356</u>
 NET POSITION 	
Net investment in capital assets	7,730,783
Restricted by enabling legislation for:	
Special projects	256,259
Unrestricted	12,044,506
Total net position	<u><u>\$ 20,031,548</u></u>

The notes to the financial statements are an integral part of this statement.

**ROBERTS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 1,114,368	\$ 15,488	\$ -	\$ -	\$ (1,098,880)
Judicial	411,759	74,353	45,560	-	(291,846)
Elections	14,331	-	-	-	(14,331)
Public facilities	399,475	10,910	31,806	-	(356,759)
Public safety	661,408	254,064	42,137	-	(365,207)
Road and bridge	1,216,547	151,915	-	658,107	(406,525)
Public services	49,202	-	-	-	(49,202)
Extension services	142,839	-	-	-	(142,839)
Total	\$ 4,009,929	\$ 506,730	\$ 119,503	\$ 658,107	(2,725,589)
General revenues:					
					5,874,004
					29,666
					47,297
					<u>5,950,967</u>
					<u>3,225,378</u>
					16,542,509
					<u>263,661</u>
					<u>16,806,170</u>
					<u>\$ 20,031,548</u>

The notes to the financial statements are an integral part of this statement.

**ROBERTS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,253,114	\$ 1,843,865	\$ 439,016	\$ 7,535,995
Investment	4,253,683	-	-	4,253,683
Accounts receivable, net	63,414	-	290	63,704
Delinquent taxes receivable, net	44,626	16,529	-	61,155
Due from other funds	-	-	4,852	4,852
Due from other governments	1,512	293,621	-	295,133
Prepaid expenses	35,985	-	-	35,985
	<u>\$ 9,652,334</u>	<u>\$ 2,154,015</u>	<u>\$ 444,158</u>	<u>\$ 12,250,507</u>
LIABILITIES				
Accounts payable	\$ 35,551	\$ 139,902	\$ 12,033	\$ 187,486
Due to other funds	4,852	-	-	4,852
Due to other governments	22,426	-	-	22,426
Deferred revenues	28,333	-	-	28,333
	<u>91,162</u>	<u>139,902</u>	<u>12,033</u>	<u>243,097</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	96,031	13,628	-	109,659
	<u>96,031</u>	<u>13,628</u>	<u>-</u>	<u>109,659</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	35,985	-	-	35,985
Restricted for:				
By enabling legislation for special projects	-	-	256,259	256,259
Committed for:				
Special projects	-	2,000,485	175,866	2,176,351
Unassigned	9,429,156	-	-	9,429,156
	<u>9,465,141</u>	<u>2,000,485</u>	<u>432,125</u>	<u>11,897,751</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,652,334</u>	<u>\$ 2,154,015</u>	<u>\$ 444,158</u>	<u>\$ 12,250,507</u>

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total fund balances, governmental funds	\$	11,897,751
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		7,730,783
<p>Pension losses and deficit earnings are shown as deferred outflows of resources in the government-wide financial statements</p>		
Pension economic/demographic losses		47,482
Pension deficient earnings		42,589
<p>Pension contributions paid after the measurement date, December 31, 2014, and before September 30, 2015 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.</p>		80,325
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.</p>		109,659
<p>Long-term assets are not due and payable in the current period and therefore are not reported in the fund financial statements:</p>		
Net pension asset		155,070
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:</p>		
Tax notes and capital lease payable		-
Compensated absences		(32,111)
		(32,111)
Net Position of Governmental Activities in the Statement of Net Position	\$	20,031,548

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,956,503	\$ 1,909,001	\$ -	\$ 5,865,504
Licenses and fees	274,362	41,347	15,839	331,548
Intergovernmental	226,168	658,107	-	884,275
Investment earnings	26,249	2,880	537	29,666
Miscellaneous	64,009	2,098	23,481	89,588
Total revenues	<u>4,547,291</u>	<u>2,613,433</u>	<u>39,857</u>	<u>7,200,581</u>
EXPENDITURES				
Current:				
Administrative	1,011,619	-	-	1,011,619
Judicial	403,592	-	14,885	418,477
Elections	14,347	-	-	14,347
Public facilities	358,043	-	7,906	365,949
Public safety	631,960	-	2,610	634,570
Road and bridge	-	1,028,077	-	1,028,077
Public services	48,781	-	-	48,781
Extension service	145,174	-	-	145,174
Capital outlay	402,184	1,521,771	13,775	1,937,730
Total expenditures	<u>3,015,700</u>	<u>2,549,848</u>	<u>39,176</u>	<u>5,604,724</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,531,591</u>	<u>63,585</u>	<u>681</u>	<u>1,595,857</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	73,200	-	73,200
Transfers in	157,678	-	(136,874)	20,804
Transfers out	-	-	(20,804)	(20,804)
Total other financing sources (uses)	<u>157,678</u>	<u>73,200</u>	<u>(157,678)</u>	<u>73,200</u>
NET CHANGE IN FUND BALANCES	1,689,269	136,785	(156,997)	1,669,057
FUND BALANCES - BEGINNING	<u>7,775,872</u>	<u>1,863,700</u>	<u>589,122</u>	<u>10,228,694</u>
FUND BALANCES - ENDING	<u>\$ 9,465,141</u>	<u>\$ 2,000,485</u>	<u>\$ 432,125</u>	<u>\$ 11,897,751</u>

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -- GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds:	\$	1,669,057
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities do not report any of the outlays as expenses.</p>		
This is the amount by which capital outlays, \$1,937,730, exceeded depreciation, \$366,655, in the current period.		1,571,075
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>		
		(106,439)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balance. This amount represents the change in unavailable revenue.</p>		
		34,726
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Compensated absences, net change		(4,846)
Pension contributions, net change		4,753
Pension economic/demographic losses		47,482
Pension deficient earnings		42,589
Net pension asset, net change		(33,019)
		(33,019)
Change in net position of governmental activities	\$	3,225,378

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,070,801	\$ 4,070,801	\$ 3,956,503	\$ (114,298)
Licenses and fees	202,300	202,300	274,362	72,062
Intergovernmental	80,333	80,333	226,168	145,835
Investment earnings	10,000	10,000	26,249	16,249
Miscellaneous	1,000	21,750	64,009	42,259
Total revenues	<u>4,364,434</u>	<u>4,385,184</u>	<u>4,547,291</u>	<u>162,107</u>
EXPENDITURES				
Current:				
Administrative	1,796,631	1,773,481	1,011,619	761,862
Judicial	476,511	476,511	403,592	72,919
Elections	23,650	23,650	14,347	9,303
Public facilities	397,715	414,215	358,043	56,172
Public safety	677,624	698,374	631,960	66,414
Public services	347,872	347,872	48,781	299,091
Education	148,911	148,911	145,174	3,737
Capital outlay	495,520	502,170	402,184	99,986
Total expenditures	<u>4,364,434</u>	<u>4,385,184</u>	<u>3,015,700</u>	<u>1,369,484</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,531,591</u>	<u>1,531,591</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>157,678</u>	<u>157,678</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>157,678</u>	<u>157,678</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,689,269</u>	<u>1,689,269</u>
FUND BALANCE - BEGINNING	<u>7,775,872</u>	<u>7,775,872</u>	<u>7,775,872</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,775,872</u>	<u>\$ 7,775,872</u>	<u>\$ 9,465,141</u>	<u>\$ 1,689,269</u>

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,492,620	\$ 1,949,570	\$ 1,909,001	\$ (40,569)
Licenses and fees	18,000	18,000	41,347	23,347
Intergovernmental	-	1,363,720	658,107	(705,613)
Investment earnings	1,000	1,000	2,880	1,880
Miscellaneous	-	-	2,098	2,098
Total revenues	<u>1,511,620</u>	<u>3,332,290</u>	<u>2,613,433</u>	<u>(718,857)</u>
EXPENDITURES				
Current:				
Road and bridge	1,261,620	1,195,250	1,028,077	167,173
Capital outlay	<u>250,000</u>	<u>2,137,040</u>	<u>1,521,771</u>	<u>615,269</u>
Total expenditures	<u>1,511,620</u>	<u>3,332,290</u>	<u>2,549,848</u>	<u>782,442</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>63,585</u>	<u>63,585</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	73,200	73,200
Total other financing sources	<u>-</u>	<u>-</u>	<u>73,200</u>	<u>73,200</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>136,785</u>	<u>136,785</u>
FUND BALANCE - BEGINNING	<u>1,863,700</u>	<u>1,863,700</u>	<u>1,863,700</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,863,700</u>	<u>\$ 1,863,700</u>	<u>\$ 2,000,485</u>	<u>\$ 136,785</u>

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	<u>Permanent School</u>	<u>Registry of the Court</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS				
Cash	\$ 177,759	\$ 6,643	\$ 24,036	\$ 208,438
Total assets	<u>\$ 177,759</u>	<u>\$ 6,643</u>	<u>\$ 24,036</u>	<u>\$ 208,438</u>
LIABILITIES				
Accounts payable	\$ 259	\$ 6,643	\$ 977	\$ 7,879
Due to other governments	-	-	9,458	9,458
Deposits	-	-	13,601	13,601
Total liabilities	<u>259</u>	<u>6,643</u>	<u>24,036</u>	<u>30,938</u>
NET POSITION				
Held in trust for benefits and other purposes	<u>177,500</u>	<u>-</u>	<u>-</u>	<u>177,500</u>
Total liabilities and net position	<u>\$ 177,759</u>	<u>\$ 6,643</u>	<u>\$ 24,036</u>	<u>\$ 208,438</u>

The notes to the financial statements are an integral part of this statement.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Roberts County, Texas (County) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County is a public corporation and political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: administrative (e.g., tax collection), judicial (courts, juries, district attorney, etc.), public safety (sheriff, etc.), road and bridge, public facilities, and public services.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of inter-fund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

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

Fund-Level 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. The General Fund, Road and Bridge Fund, and the Criminal Justice Planning Funds meet the criteria as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include the other Special Revenue funds and the Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types which have been accrued are district clerk and county clerk fees, justice of the peace fees, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, investment earnings, and other miscellaneous revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

Revenues susceptible to accrual include property taxes, fines, forfeitures, licenses, interest income, and charges for services and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Interfund eliminations have not been made in the fund financial statements.

Expenditures generally are recorded when a fund liability is incurred; however, expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administrative, judicial, public facilities, public safety, road and bridge, public services, and capital outlay.

The **Road and Bridge Fund** is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures. Primary expenditures are for road and bridge and capital outlay.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Use of Restricted Assets

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

E. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand and demand deposits. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes. TexPool is duly chartered and administered by the Texas Treasury Safekeeping Trust Company and the portfolio normally consists of U.S. T-Bills or T-Notes, collateralized certificates of deposit, and repurchase agreements. The carrying value (cost) and market value are equal for these deposits.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment policies. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the area of investment practices, management has established and reports appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

2. Receivables and Payables

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$96,792.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, and Net Position or Equity – Continuation

2. Receivables and Payables – Continuation

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Prepaid Items

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

4. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$146,101.

5. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. The County has opted not to retroactively report infrastructure assets (assets acquired prior to January 1, 2004). The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Buildings and improvements, and equipment are depreciated using the straight-lien method over the following useful lives:

Buildings and improvements	40 years
Machinery and equipment	5 - 20 years

6. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, and Net Position or Equity – Continuation

6. Compensated Absences – Continuation

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

The County provides compensated vacation leave for all full-time regular employees. Employees earn the vacation leave on a per month basis of employment and earn greater amounts for long-term employment by the County. The maximum amount of unused vacation an employee is allowed to have at one time is the amount the employee would normally earn in one year at that employee's current accrued rate. Employees are not allowed to receive pay for vacation in lieu of taking time off except upon termination of employment with the County.

Sick leave accrues at a rate of one day per month, and may be accumulated up to sixty days. No unused sick leave will be paid upon termination.

7. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Additionally, the government reports deferred amounts related to the pension plan reported in the government-wide statement of net position. These deferred amounts include pension contributions paid after December 31, 2014, economic/demographic losses, and deficient earnings.

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

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, and Net Position or Equity – Continuation

9. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

11. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, and Net Position or Equity – Continuation

Restricted net position is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted net position consists of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

F. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Implementation of New Standards

The County implemented Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions*. This standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan’s fiduciary net position. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense; specifies requirements for discount rates and attribution methods; and changes disclosure requirements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund, the Road and Bridge Fund, and the Criminal Justice Planning Fund.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioner’s Court. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund, the Road and Bridge Fund, and the Criminal Justice Planning Fund.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund, the Road and Bridge Fund, the Criminal Justice Planning Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2015:

Cash and deposit balances consist of:

Bank deposits	\$ 7,503,380
Temporary investments - TexPool	241,053
	7,744,433
Total	\$ 7,744,433

Cash and deposit balances are reported in the basic financial statements as follows:

Government-Wide Statement of Net Position:

Unrestricted	\$ 7,535,995
Fiduciary Funds Statement of Net Position	208,438
	7,744,433
Total	\$ 7,744,433

Custodial credit risk – deposits. As of September 30, 2015, the carrying amount of the County's deposits with financial institutions was \$7,503,380 and the bank's balance was \$7,722,070. Of the bank balance, \$276,737 was insured through the Federal Depository Insurance Corporation (FDIC) and \$7,445,333 was collateralized with securities held by the pledging institution’s agent in the County’s name.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

As of September 30, 2015, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental Activities		
Certificates of deposit (interest rates at 0.25% - 0.80%)	\$ 4,253,683	
Total fair value	<u>\$ 4,253,683</u>	
Portfolio weighted average maturity		442

Custodial credit risk – investments. As of September 30, 2015, the carrying amount of the County’s investments was \$4,253,683 and the bank’s balance was \$4,253,683. Of the bank balance, \$2,003,691 was insured through the Federal Depository Insurance Corporation (FDIC) and \$2,249,992 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2015, the County had \$241,053 invested with the Texas Treasury Safekeeping Trust Company (TexPool). TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over the funds. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants of the pool and other persons who do not have a business relationship with the pool. The advisory board members review the investment policy and management fee structure.

The investment pool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. Both pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the shares.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, the readily available TexPool shares, or in certificates of deposit with maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of September 30, 2015, 99% of the County’s carrying value of cash was deposited with the County’s depository bank.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 36,682	\$ -	\$ -	\$ 36,682
Construction in progress	22,617	749,436	(6,587)	765,466
	<u>59,299</u>	<u>749,436</u>	<u>(6,587)</u>	<u>802,148</u>
Total capital assets, not being depreciated				
	59,299	749,436	(6,587)	802,148
Capital assets, being depreciated				
Buildings and improvements	4,606,179	53,513	(20,359)	4,639,333
Machinery and equipment	3,274,353	1,134,781	(228,351)	4,180,783
	<u>7,880,532</u>	<u>1,188,294</u>	<u>(248,710)</u>	<u>8,820,116</u>
Total capital assets, being depreciated				
	7,880,532	1,188,294	(248,710)	8,820,116
Less accumulated depreciation for:				
Buildings and improvements	(374,715)	(115,459)	1,272	(488,902)
Machinery and equipment	(1,298,969)	(251,196)	147,586	(1,402,579)
	<u>(1,673,684)</u>	<u>(366,655)</u>	<u>148,858</u>	<u>(1,891,481)</u>
Total accumulated depreciation				
	(1,673,684)	(366,655)	148,858	(1,891,481)
Total capital assets, being depreciated, net				
	6,206,848	821,639	(99,852)	6,928,635
Governmental activities capital assets, net				
	<u>\$ 6,266,147</u>	<u>\$ 1,571,075</u>	<u>\$ (106,439)</u>	<u>\$ 7,730,783</u>

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

Governmental activities	
Administrative	\$ 116,915
Judicial	1,681
Public facilities	12,284
Public safety	36,762
Road and bridge	197,200
Public services	1,813
	<u>366,655</u>
Total Depreciation Expense	
	<u>\$ 366,655</u>

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2014 tax roll was \$.422991 per \$100, which means that the County has a tax margin of \$.377009 per \$100 and could raise up to \$3,647,589 additional revenue from the 2014 assessed valuation of \$967,507,218 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$.30 on each \$100 of assessed valuation. The tax rate on the 2014 tax roll was \$.155110 per \$100, which means that the County has a tax margin of \$.144890 per \$100 and could raise up to \$1,401,135 additional revenue from the 2014 assessed valuation of \$967,033,468 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Late payments are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the 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 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Comprehensive Annual Financial Report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Benefits Provided

The Plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 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 the County.

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 County 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-financial monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Continued

**ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6 – RETIREMENT PLAN – Continuation

Employees Covered by Benefit Terms

At September 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	18
Active employees	40

Contributions

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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 7.37% for calendar year 2015, and 7.24% for calendar year 2014. The contribution rate payable by the employee members is 7.0% for fiscal year 2015 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 County within the options available in the TCDRS Act.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	General wage inflation component of 3.5% and a merit, promotion and longevity component that on average approximates 1.4% per year for career employees.
Investment rate of return	8.10%
Cost-of-living adjustments	Cost-of-living adjustments for Roberts County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 – RETIREMENT PLAN – Continuation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

Long-Term Expected Rate of Return

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

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Millimon's TCDRS Investigation of Experience Report for the period January 1, 2009 – December 31, 2013 for more details.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 – RETIREMENT PLAN – Continuation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 – RETIREMENT PLAN – Continuation

Depletion of Plan Assets / GASB Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 – RETIREMENT PLAN – Continuation

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in the Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2013	\$ 4,516,393	\$ 4,704,482	\$ (188,089)
Changes for the year:			
Service cost	148,895	-	148,895
Interest on total pension liability (1)	361,703	-	361,703
Effect of economic/demographic gains or losses	56,785	-	56,785
Refund of contributions	(9,750)	(9,750)	-
Benefit payments	(243,017)	(243,017)	-
Administrative expenses	-	(3,733)	3,733
Member contributions	-	99,322	(99,322)
Net investment income	-	323,770	(323,770)
Employer contributions	-	102,727	(102,727)
Other (2)	-	12,278	(12,278)
Balances as of December 31, 2014	\$ 4,831,009	\$ 4,986,079	\$ (155,070)

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

(2) Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 5,314,304	\$ 4,831,009	\$ 4,422,743
Fiduciary net position	4,986,079	4,986,079	4,986,079
Net pension liability / (asset)	\$ 328,225	\$ (155,070)	\$ (563,336)

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6 – RETIREMENT PLAN – Continuation

Pension Expense / (Income)

	January 1, 2014 to December 31, 2014
Service cost	\$ 148,895
Interest on total pension liability (1)	361,703
Administrative expenses	3,733
Member contributions	(99,322)
Expected investment return net of investment expenses	(383,121)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	14,196
Recognition of investment gains or losses	11,870
Other (2)	(12,278)
 Pension expense / (income)	 \$ 45,676

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

(2) Relates to allocation of system-wide items.

Deferred Inflows / Outflows of Resources

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 42,589
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	47,482
Contributions made subsequent to measurement date	N/A	80,325

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ 26,067
2016	26,067
2017	26,067
2018	11,870
2019	-
Thereafter	-
 Total	 \$ 90,071

**ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees.

The GTLF is a separate trust administered by the TCERS board of trustees. TCERS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcders.org. TCERS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and a contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended September 30, 2013, 2014, and 2015, were \$7,575, \$8,699, and \$9,883, respectively, which equaled the contractually required contributions each year.

NOTE 8 – INTERFUND TRANSFERS AND DUE TO/FROMS

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 157,678	\$ -
Special Revenue:		
Budget Reserves	-	136,874
Debt Service:		
Series 2008	-	20,804
	<u>\$ 157,678</u>	<u>\$ 157,678</u>

Transfers are primarily used to take unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8 – INTERFUND TRANSFERS AND DUE TO/FROMS – Continuation

Fund	Due From	Due To
General Fund	\$ -	\$ 4,852
Special Revenue:		
Courthouse Security	2,012	-
Law Library	455	-
Records Management	2,225	-
Records Preservation	160	-
	<u>\$ 4,852</u>	<u>\$ 4,852</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

NOTE 9 – LONG-TERM DEBT

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 27,265	\$ 47,031	\$ (42,185)	\$ 32,111	\$ 3,211
Governmental activity long-term liabilities	<u>\$ 27,265</u>	<u>\$ 47,031</u>	<u>\$ (42,185)</u>	<u>\$ 32,111</u>	<u>\$ 3,211</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

In the unlikely event that the County's health insurance policy with the insurance carrier were terminated before its annual expiration date, the County would be liable for any unpaid medical claims incurred before the termination date with no limitations. Such potential liability cannot be reasonably estimated.

The County has entered into agreements for servicing and maintaining two copiers, and their related controls. Total lease expenses for 2015 are \$3,712. Commitments under these agreements provide for minimum future payments as of September 30, 2015, as follows:

For Year Ended:	
2016	\$ 3,712
2017	3,712
2018	2,069
2019	<u>1,268</u>
Present value of future minimum lease payments	<u>\$ 10,761</u>

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 11 – RISK MANAGEMENT

The County’s major areas of risk management are: public officials’ liability, automobile liability, general comprehensive liability, and property damage and workers compensation. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident. There have been no significant reductions in insurance coverage from the prior year.

NOTE 12 – CONCENTRATION OF TAXPAYERS

As of September 30, 2015, the following taxpayers, all involved in the oil and gas industry, accounted for a significant portion of the County’s total tax levy.

Taxpayer	Tax Amount	Percent of Total Levy
Taxpayer A	\$ 910,248	22.21 %
Taxpayer B	358,603	8.75
Taxpayer C	292,768	7.14
Taxpayer D	258,998	6.32

NOTE 13 – PROBATION DEPARTMENTS

Community Supervision and Corrections (Adult Probation)

The 31st District CSCD is a joint venture between Wheeler, Lipscomb, Hemphill and Roberts Counties. Each County makes a contribution to the CSCD based on a predetermined percentage of budgeted expenditures. The CSCD is governed by a board whose members are the District Judge and the four County Judges of the member Counties.

CSCD operates on a fiscal year ending August 31 and issues audited financial statements of its funds that administer Community Justice Assistance Division of the Texas Department of Criminal Justice (TDCJ-CJAD) grant funds. This report is solely the TDCJ-CJAD grant funds and not the CSCD as a whole.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 13 – PROBATION DEPARTMENTS – Continuation

Summarized information of the 31st District Community Supervision and Corrections Department for the year ended August 31, 2015 is as follows:

Department revenues:	
TDCJ-CJAD grant revenues - audited	\$ 64,836
Other revenues - audited	103,239
Local funding - unaudited	<u>6,960</u>
Total revenues	<u>175,035</u>
Department expenditures:	
Grant expenditures - audited	152,612
Local expenditures - unaudited	<u>9,240</u>
Total expenditures	<u>161,852</u>
Excess of revenues over expenditures	<u>\$ 13,183</u>
Assets	
Cash - audited	\$ 101,326
Cash - unaudited	<u>24,639</u>
Total assets	<u>\$ 125,965</u>
Liabilities	
Accounts payable - audited	<u>\$ 12,142</u>
Total liabilities	<u>\$ 12,142</u>
Fund balance	
Fund balance - audited	\$ 89,184
Fund balance - unaudited	<u>24,639</u>
Total fund balance	<u>\$ 113,823</u>

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The beginning net position on the Statement of Revenues, Expenses and Changes in Net Position was changed due to the adoption of GASB Statements 67 and 68 and the resulting requirement to report the net pension liability and the deferred outflow of resources due to employer contributions. The following schedule summarizes the prior period adjustment:

Net pension asset as determined at the 12/31/13 measurement date	\$ 188,089
Deferred outflow of resources for employer contributions paid after the 12/31/13 measurement date and before the 9/30/14 fiscal year end date	<u>75,572</u>
Prior period adjustment	<u><u>\$ 263,661</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

ROBERTS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	Year Ended December 31,			
	2014	2013	2012	2011
Total Pension Liability:				
Service cost	\$ 148,895	\$ N/A	\$ N/A	\$ N/A
Interest on total pension liability	361,703	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A
Effect of assumption changes or inputs	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	56,785	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(252,767)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	314,616	N/A	N/A	N/A
Total pension liability, beginning	<u>4,516,393</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$ 4,831,009</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Fiduciary Net Position:				
Employer contributions	\$ 102,727	\$ N/A	\$ N/A	\$ N/A
Member contributions	99,322	N/A	N/A	N/A
Investment income net of investment expenses	323,770	N/A	N/A	N/A
Benefit payments/refunds of contributions	(252,767)	N/A	N/A	N/A
Administrative expenses	(3,733)	N/A	N/A	N/A
Other	<u>12,278</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	281,597	N/A	N/A	N/A
Fiduciary net position, beginning	<u>4,704,482</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$ 4,986,079</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (155,070)</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Fiduciary net position as a % of total pension liability	103.21%	N/A	N/A	N/A
Pensionable covered payroll	\$ 1,418,888	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a % of covered payroll	-10.93%	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Year Ended December 31,

2010	2009	2008	2007	2006	2005
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
N/A	N/A	N/A	N/A	N/A	N/A
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
N/A	N/A	N/A	N/A	N/A	N/A

ROBERTS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years

Year Ending December 31:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$ 52,097	\$ 52,097	-	\$ 814,013	\$ 6.4%
2007	55,440	55,440	-	860,871	6.4%
2008	55,441	55,441	-	977,791	5.7%
2009	60,757	60,757	-	1,067,792	5.7%
2010	77,520	77,520	-	1,061,923	7.3%
2011	72,766	72,766	-	1,048,506	6.9%
2012	83,229	83,229	-	1,128,171	7.4%
2013	99,504	99,504	-	1,242,639	8.0%
2014	102,727	102,727	-	1,418,888	7.2%

(1) Payroll is calculated based on contributions as reported to TCDRS

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	3%
Salary increases	General wage inflation component of 3.5% and a merit, promotion and longevity component that on average approximates 1.4% per year for career employees.
Investment rate of return	8.10%
Cost-of-living adjustments	Cost-of-living adjustments for Roberts County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement age	Expected retirement ages have been adjusted to more closely reflect actual experience using factors of age and gender.
Mortality	The RP-2000 Mortality Tables were utilized.

OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Cemetery Fund – The Cemetery Fund accounts for donations received by the County for the purpose of maintaining the County Cemetery.

Courthouse Security Fund – The Courthouse Security Fund accounts for statutory filing fees collected by the County/District Clerk which are dedicated by law to maintain the security of the courthouse.

Justice Court Technology Fund – The Justice Court Technology Fund accounts for revenues from fees collected by a justice court from defendants convicted of a misdemeanor offense. The revenues may be used only to finance the purchase of technology enhancements for a justice court.

Law Library Fund – The Law Library Fund accounts for revenues derived from the fees collected by the County/District Clerk which are dedicated by law to maintain the County's law library.

Museum Fund – The Museum Fund accounts for donations received by the County for the purpose of maintaining the County Museum.

Records Management Fund – The Records Management Fund accounts for statutory fees collected by the County/District Clerk which are dedicated by law to maintain the County's records.

Records Preservation Fund - The Records Preservation Fund accounts for statutory fees collected by the County/District Clerk which are dedicated by law to preserve the County's records.

Red Deer Watershed Fund – The Red Deer Watershed Fund accounts for grants from the state to be used to preserve the watershed.

Technology Fund – The Technology Fund accounts for statutory fees collected by the County/District Clerk which are dedicated by law to maintain the County's technology.

COMMITTED FUNDS

Budget Reserves Fund – The Budget Reserve Fund accounts for funds committed by the Commissioners' Court that can be used as they deem necessary.

Indigent Healthcare Fund – The Indigent Healthcare Fund accounts for funds committed by the Commissioners' Court to be used to provide healthcare to the indigent.

Parks Fund – The Parks Fund accounts for funds committed by the Commissioners' Court to be used to maintain the County Park.

South Loop Road Fund – The South Loop Road Fund accounts for funds received that are committed by the Commissioners' Court to be used to maintain the South Loop Road.

DEBT SERVICE FUNDS

Series 2008, Debt Service Fund – The Series 2008, Debt Service Fund accounts for the tax revenues to be used to retire the debt principal and interest of the Roberts County, Texas Tax Notes, Series 2008.

ROBERTS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

		Special Revenue							
		Budget Reserves	Cemetery	Courthouse Security	Indigent Healthcare	Justice Court Technology	Law Library	Museum	Parks
ASSETS									
Cash and equivalents	\$	-	\$ 25,875	\$ 22,093	\$ 104,137	\$ 13,365	\$ 6,616	\$ 38,407	\$ 39,614
Due from other funds	-	-	-	2,013	-	-	455	-	-
Accounts receivable	-	-	-	-	-	-	-	290	-
Total assets	\$	-	\$ 25,875	\$ 24,106	\$ 104,137	\$ 13,365	\$ 7,071	\$ 38,697	\$ 39,614
LIABILITIES									
Accounts payable	\$	-	\$ 38	\$ 11,995	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	38	11,995	-	-	-	-	-
FUND BALANCES									
Restricted for:									
Special projects	-	-	25,837	12,111	-	-	7,071	38,697	-
Committed to:									
Special projects	-	-	-	-	104,137	13,365	-	-	39,614
Total fund balances	-	-	25,837	12,111	104,137	13,365	7,071	38,697	39,614
Total liabilities and fund balances	\$	-	\$ 25,875	\$ 24,106	\$ 104,137	\$ 13,365	\$ 7,071	\$ 38,697	\$ 39,614

Continued

ROBERTS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

Continuation	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Records Management	Records Preservation	Red Deer Watershed	South Loop Road Fund	Technology Fund	Total Special Revenue		
Cash and equivalents	\$ 39,074	\$ 3,193	\$ 127,434	\$ 18,750	\$ 458	\$ 439,016	\$ 439,016	
Due from other funds	2,224	160	-	-	-	4,852	4,852	
Accounts receivable	-	-	-	-	-	290	290	
Total assets	\$ 41,298	\$ 3,353	\$ 127,434	\$ 18,750	\$ 458	\$ 444,158	\$ 444,158	
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,033	\$ 12,033	
Total liabilities	-	-	-	-	-	12,033	12,033	
FUND BALANCES								
Restricted for:								
Special projects	41,298	3,353	127,434	-	458	256,259	256,259	
Committed to:								
Special projects	-	-	-	18,750	-	175,866	175,866	
Total fund balances	41,298	3,353	127,434	18,750	458	432,125	432,125	
Total liabilities and fund balances:	\$ 41,298	\$ 3,353	\$ 127,434	\$ 18,750	\$ 458	\$ 444,158	\$ 444,158	

ROBERTS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue							
	Budget Reserves	Cemetery	Courthouse Security	Indigent Healthcare	Justice Court Technology	Law Library	Museum	Parks
REVENUES								
Licenses and fees	\$ -	\$ -	\$ 4,272	\$ -	\$ 4,247	\$ 665	\$ -	\$ -
Investment earnings	32	38	32	56	-	10	60	61
Miscellaneous	-	-	-	-	-	-	4,731	-
Total revenues	32	38	4,304	56	4,247	675	4,791	61
EXPENDITURES								
Current:								
Judicial	-	-	11,995	-	-	-	-	-
Public facilities	-	38	-	-	-	-	7,868	-
Public safety	-	-	-	-	2,610	-	-	-
Capital outlay	-	-	-	-	-	-	-	13,775
Total expenditures	-	38	11,995	-	2,610	-	7,868	13,775
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32	-	(7,691)	56	1,637	675	(3,077)	(13,714)
OTHER FINANCING SOURCES (USES)								
Transfers in	(136,874)	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(136,874)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(136,842)	-	(7,691)	56	1,637	675	(3,077)	(13,714)
FUND BALANCES - BEGINNING	136,842	25,837	19,802	104,081	11,728	6,396	41,774	53,328
FUND BALANCES - ENDING	\$ -	\$ 25,837	\$ 12,111	\$ 104,137	\$ 13,365	\$ 7,071	\$ 38,697	\$ 39,614

ROBERTS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue						Technology Fund	Total Special Revenue	Debt Service Series 2008	Total Nonmajor Governmental Funds
	Records Management	Records Preservation	Red Deer Watershed	South Loop Road Fund						
REVENUES										
Licenses and fees	\$ 6,121	\$ 315	\$ -	\$ -	\$ 219	\$ 15,839	\$ 15,839	\$ -	\$ 15,839	
Investment earnings	58	5	185	-	-	537	537	-	537	
Miscellaneous	-	-	-	18,750	-	23,481	23,481	-	23,481	
Total revenues	6,179	320	185	18,750	219	39,857	39,857	-	39,857	
EXPENDITURES										
Current:										
Judicial	2,890	-	-	-	-	14,885	14,885	-	14,885	
Public facilities	-	-	-	-	-	7,906	7,906	-	7,906	
Public safety	-	-	-	-	-	2,610	2,610	-	2,610	
Capital outlay	-	-	-	-	-	13,775	13,775	-	13,775	
Total expenditures	2,890	-	-	-	-	39,176	39,176	-	39,176	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,289	320	185	18,750	219	681	681	-	681	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	(136,874)	(136,874)	-	(136,874)	
Transfers out	-	-	-	-	-	-	-	(20,804)	(20,804)	
Total other financing sources (uses)	-	-	-	-	-	(136,874)	(136,874)	(20,804)	(157,678)	
NET CHANGE IN FUND BALANCES	3,289	320	185	18,750	219	(136,193)	(136,193)	(20,804)	(156,997)	
FUND BALANCES - BEGINNING	38,009	3,033	127,249	-	239	568,318	568,318	20,804	589,122	
FUND BALANCES - ENDING	\$ 41,298	\$ 3,353	\$ 127,434	\$ 18,750	\$ 458	\$ 432,125	\$ 432,125	\$ -	\$ 432,125	

**ROBERTS COUNTY, TEXAS
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2015**

	Tax Assessor/ Collector	Sheriff	County Attorney	Total Agency Funds
ASSETS				
Cash	\$ 9,585	\$ 13,601	\$ 850	\$ 24,036
Total assets	\$ 9,585	\$ 13,601	\$ 850	\$ 24,036
LIABILITIES				
Accounts payable	\$ 127	\$ -	\$ 850	\$ 977
Due to other governments	9,458	-	-	9,458
Deposits	-	13,601	-	13,601
Total liabilities	\$ 9,585	\$ 13,601	\$ 850	\$ 24,036

PART III
COMPLIANCE

ROBERTS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Award Contract Number	Expenditures, Indirect Costs and Refunds	Pass Through Entity Identifying Number
State Awards:				
Texas Department of Transportation County Transportation Infrastructure Grant	N/A	CTIF-01-197	\$ 653,107	N/A
Office of the Attorney General Victim Coordinator and Liaison Grant	N/A	1556067	<u>41,953</u>	N/A
Total State Awards			<u>\$ 695,060</u>	



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Roberts County, Texas

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

We have audited, in accordance with 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 their respective budgetary comparisons, and the aggregate remaining fund information of Roberts County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 3, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

February 3, 2016



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Roberts County, Texas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Report on Compliance for Each Major Federal and State Program

We have audited Roberts County, Texas' compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Roberts County, Texas' major federal and state programs for the year ended September 30, 2015. Roberts County, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roberts County, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roberts County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Roberts County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of Roberts County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roberts County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roberts County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

February 3, 2016

ROBERTS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended September 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ X
Yes No

- Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ X
Yes None reported

Noncompliance material to financial statements noted? _____ X
Yes No

State Awards

Internal control over major programs:

- Material weakness (es) identified? _____ X
Yes No

- Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ X
Yes None reported

Type of auditor’s report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in
accordance with section 501(a) of OMB Circular A-133? _____ X
Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	County Transportation Infrastructure Fund

Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**

Auditee qualified as low-risk auditee? _____ X
Yes No

ROBERTS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended September 30, 2015

Section II – Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Finding: Inadequate segregation of duties within a significant account or accounting process is considered to be a deficiency in your financial reporting controls. Due to the small size of the justice of the peace and county/district clerk offices, the officials have not been able to adequately segregate the processes of cash receipts and deposits, cash disbursements and checks, and reconciling the bank accounts. Because of this lack of segregation of duties within these processes of handling cash, there is a risk that a material misstatement could be present in the financial statements or that fraud could occur and would not be detected by management timely. Though the various offices may not be able to adequately segregate these processes within the office, the officials should implement compensating controls over these processes.

Section III – Federal Award Findings and Questioned Costs

None

ROBERTS COUNTY, TEXAS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
September 30, 2015

Section I – Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Inadequate segregation of duties within a significant account or accounting process is considered to be a deficiency in your financial reporting controls. Due to the small size of the offices of the Justice of the Peace, the County and District Clerk, and the Tax Assessor/Collector, they have not been able to adequately segregate the processes of handling cash receipts and deposits, and reconciling the bank accounts. This lack of segregation of duties within these processes of handling cash creates a risk that a material misstatement could be present in the financial statements or that fraud could occur and would not be detected by management timely. Though these offices may not be able to adequately segregate these processes within the office, the official should implement compensating controls over these processes.

Section II – Federal Award Findings and Questioned Costs

None