

ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2013

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ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	Page
PART I – INTRODUCTORY SECTION	
LIST OF PRINCIPAL COUNTY OFFICIALS.....	iii
PART II – FINANCIAL SECTION	
INDEPENDENT AUDITORS’ REPORT	1
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements</u>	
Statement of Net Position	3
Statement of Activities	4
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road and Bridge Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Criminal Justice Planning Fund	11
Statement of Fiduciary Net Position – Agency Funds	12
<u>Notes to Financial Statements</u>	13
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for the Retirement Plan for the Employees of Roberts County, Texas	29

ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	Page
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	32
Combining Statement of Net Position – Other Agency Funds	34
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Series 2008	35
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Series 2009	36
 PART III – COMPLIANCE 	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	37
Schedule of Findings	39

PART I

INTRODUCTORY SECTION

ROBERTS COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2013

Vernon Cook	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

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

INDEPENDENT AUDITORS' 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2013, 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 funding progress for the retirement plan for the employees of Roberts County, Texas on page 29 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 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 April 9, 2014, 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
April 9, 2014

BASIC FINANCIAL STATEMENTS

**ROBERTS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 7,997,496
Accounts receivable, net	34,952
Delinquent taxes receivable, net	22,558
Due from other governments	146,356
Prepaid expenses	17,784
Restricted assets:	
Cash	336,958
Capital assets:	
Land and improvements not being depreciated	36,682
Buildings, net of depreciation	4,309,226
Equipment and furniture, net of depreciation	1,788,469
	6,134,377
Capital assets, net of accumulated depreciation	6,134,377
	14,690,481
LIABILITIES	
Accounts payable and accrued expenses	94,327
Due to other governments	20,836
Accrued interest	4,161
Noncurrent liabilities:	
Due within one year	246,690
Due in more than one year	365,214
	731,228
NET POSITION	
Net investment in capital assets	5,539,377
Restricted by enabling legislation for:	
Special projects	346,594
Unrestricted	8,073,282
	13,959,253
Total net position	\$ 13,959,253

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, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Governmental Activities
Primary government					
Governmental Activities:					
Administrative	\$ 1,164,908	\$ 313,905	\$ -	\$ -	\$ (851,003)
Judicial	374,375	78,129	35,983	-	(260,263)
Elections	9,949	-	-	-	(9,949)
Public facilities	308,054	9,326	8,788	-	(289,940)
Public safety	613,189	158,474	15,000	3,034	(436,681)
Road and bridge	976,553	62,456	-	-	(914,097)
Public services	52,873	-	-	-	(52,873)
Extension services	101,339	-	-	-	(101,339)
Interest on long-term debt	31,445	-	-	-	(31,445)
Total	\$ 3,632,685	\$ 622,290	\$ 59,771	\$ 3,034	(2,947,590)
General revenues:					
					4,837,044
Property taxes					312,385
Property taxes, levied for debt service					18,467
Investment earnings					202,377
Miscellaneous					
Total general revenues					5,370,273
Change in net position					2,422,683
Net position - beginning					5,788,478
Prior period adjustment					5,748,092
Net assets - beginning, adjusted					11,536,570
Net position - ending					\$ 13,959,253

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

**ROBERTS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>Criminal Justice Planning</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,556,135	\$ 1,166,766	\$ 394,702	\$ 1,216,851	\$ 8,334,454
Accounts receivable, net	4,292	-	30,660	-	34,952
Delinquent taxes receivable, net	16,350	6,208	-	-	22,558
Due from other funds	3,147	2,963	-	11,136	17,246
Due from other governments	143,850	2,506	-	-	146,356
Prepaid expenses	17,784	-	-	-	17,784
 Total assets	 <u>\$ 5,741,558</u>	 <u>\$ 1,178,443</u>	 <u>\$ 425,362</u>	 <u>\$ 1,227,987</u>	 <u>\$ 8,573,350</u>
LIABILITIES					
Accounts payable	\$ 63,625	\$ 28,653	\$ 549	\$ 1,500	\$ 94,327
Due to other funds	2,963	-	14,283	-	17,246
Due to other governments	6,113	-	14,723	-	20,836
 Total liabilities	 <u>72,701</u>	 <u>28,653</u>	 <u>29,555</u>	 <u>1,500</u>	 <u>132,409</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	14,906	5,918	-	-	20,824
 Total deferred inflows of resources	 <u>14,906</u>	 <u>5,918</u>	 <u>-</u>	 <u>-</u>	 <u>20,824</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	17,784	-	-	-	17,784
Restricted for:					
Debt service	-	-	-	336,926	336,926
By enabling legislation for special projects	-	-	-	346,594	346,594
Committed for:					
Special projects	-	1,143,872	395,807	542,967	2,082,646
Unassigned	5,636,167	-	-	-	5,636,167
 Total fund balances	 <u>5,653,951</u>	 <u>1,143,872</u>	 <u>395,807</u>	 <u>1,226,487</u>	 <u>8,420,117</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 5,741,558</u>	 <u>\$ 1,178,443</u>	 <u>\$ 425,362</u>	 <u>\$ 1,227,987</u>	 <u>\$ 8,573,350</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, 2013**

Total fund balances, governmental funds	\$	8,420,117
<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>		6,134,377
<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>		20,824
<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		(595,000)
Accrued interest payable		(4,161)
Compensated absences		(16,904)
		(16,904)
Net Position of Governmental Activities in the Statement of Net Position	\$	13,959,253

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, 2013

	<u>General</u>	<u>Road and Bridge</u>	<u>Criminal Justice Planning</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 3,360,137	\$ 1,351,433	\$ -	\$ 423,610	\$ 5,135,180
Licenses and fees	96,662	12,765	161,466	23,025	293,918
Intergovernmental	331,733	-	-	-	331,733
Investment earnings	13,823	2,185	367	2,092	18,467
Miscellaneous	140,013	107,326	5,759	8,721	261,819
	<u>3,942,368</u>	<u>1,473,709</u>	<u>167,592</u>	<u>457,448</u>	<u>6,041,117</u>
Total revenues					
EXPENDITURES					
Current:					
Administrative	952,534	-	-	-	952,534
Judicial	268,732	-	155	104,569	373,456
Elections	9,949	-	-	-	9,949
Public facilities	295,666	-	-	2,894	298,560
Public safety	578,890	-	-	-	578,890
Road and bridge	-	946,315	-	-	946,315
Public services	48,790	-	-	-	48,790
Extension service	100,932	-	-	-	100,932
Capital outlay	91,227	580,865	-	-	672,092
Debt service:					
Principal	-	-	-	375,541	375,541
Interest	-	-	-	36,635	36,635
	<u>2,346,720</u>	<u>1,527,180</u>	<u>155</u>	<u>519,639</u>	<u>4,393,694</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,595,648</u>	<u>(53,471)</u>	<u>167,437</u>	<u>(62,191)</u>	<u>1,647,423</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	383,128	-	85,386	468,514
Transfers out	(417,303)	-	-	(51,211)	(468,514)
	<u>(417,303)</u>	<u>383,128</u>	<u>-</u>	<u>34,175</u>	<u>-</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCES	1,178,345	329,657	167,437	(28,016)	1,647,423
FUND BALANCES - BEGINNING	<u>4,475,606</u>	<u>814,215</u>	<u>228,370</u>	<u>1,254,503</u>	<u>6,772,694</u>
FUND BALANCES - ENDING	<u>\$ 5,653,951</u>	<u>\$ 1,143,872</u>	<u>\$ 395,807</u>	<u>\$ 1,226,487</u>	<u>\$ 8,420,117</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, 2013**

Net change in fund balances - total governmental funds:	\$	1,647,423
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
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.		
This is the amount by which capital outlays, \$672,092, exceeded depreciation, \$285,807, in the current period.		386,285
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.		14,248
In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.		
Principal repayments:		
Tax Notes, Series 2008 & 2009		235,000
Capital leases		140,541
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:		
Accrued interest on debt, net change		5,190
Compensated absences, net change		(6,004)
		2,422,683
Change in net position of governmental activities	\$	2,422,683

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, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,359,725	\$ 3,359,725	\$ 3,360,137	\$ 412
Licenses and fees	-	-	96,662	96,662
Intergovernmental	70,713	70,713	331,733	261,020
Investment earnings	25,000	25,000	13,823	(11,177)
Miscellaneous	23,200	38,200	140,013	101,813
Total revenues	3,478,638	3,493,638	3,942,368	448,730
EXPENDITURES				
Current:				
Administrative	2,742,109	2,159,726	952,534	1,207,192
Judicial	265,416	283,749	268,732	15,017
Elections	21,400	21,400	9,949	11,451
Public facilities	282,709	329,795	295,666	34,129
Public safety	701,850	671,985	578,890	93,095
Public services	103,500	103,500	48,790	54,710
Education	118,731	114,616	100,932	13,684
Capital outlay	-	91,227	91,227	-
Total expenditures	4,235,715	3,775,998	2,346,720	1,429,278
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(757,077)	(282,360)	1,595,648	1,878,008
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(417,303)	(417,303)
Total other financing sources (uses)	-	-	(417,303)	(417,303)
NET CHANGE IN FUND BALANCE	(757,077)	(282,360)	1,178,345	1,460,705
FUND BALANCE - BEGINNING	4,475,606	4,475,606	4,475,606	-
FUND BALANCE - ENDING	\$ 3,718,529	\$ 4,193,246	\$ 5,653,951	\$ 1,460,705

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, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,350,862	\$ 1,350,862	\$ 1,351,433	\$ 571
Licenses and fees	-	-	12,765	12,765
Investment earnings	-	-	2,185	2,185
Miscellaneous	-	-	107,326	107,326
Total revenues	<u>1,350,862</u>	<u>1,350,862</u>	<u>1,473,709</u>	<u>122,847</u>
EXPENDITURES				
Current:				
Road and bridge	1,098,211	860,347	946,315	(85,968)
Capital outlay	-	580,865	580,865	-
Total expenditures	<u>1,098,211</u>	<u>1,441,212</u>	<u>1,527,180</u>	<u>(85,968)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>252,651</u>	<u>(90,350)</u>	<u>(53,471)</u>	<u>36,879</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	383,128	383,128
Total financing sources	<u>-</u>	<u>-</u>	<u>383,128</u>	<u>383,128</u>
NET CHANGE IN FUND BALANCE	252,651	(90,350)	329,657	420,007
FUND BALANCE - BEGINNING	<u>814,215</u>	<u>814,215</u>	<u>814,215</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,066,866</u>	<u>\$ 723,865</u>	<u>\$ 1,143,872</u>	<u>\$ 420,007</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
CRIMINAL JUSTICE PLANNING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 95,000	\$ 95,000	\$ 161,466	\$ 66,466
Investment earnings	-	-	367	367
Miscellaneous	-	-	5,759	5,759
	<u>95,000</u>	<u>95,000</u>	<u>167,592</u>	<u>72,592</u>
Total revenues				
EXPENDITURES				
Judicial	-	-	155	(155)
	<u>-</u>	<u>-</u>	<u>155</u>	<u>(155)</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	95,000	95,000	167,437	72,437
FUND BALANCE - BEGINNING	<u>228,370</u>	<u>228,370</u>	<u>228,370</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 323,370</u>	<u>\$ 323,370</u>	<u>\$ 395,807</u>	<u>\$ 72,437</u>

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

ROBERTS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2013

	<u>Permanent School</u>	<u>Registry of the Court</u>	<u>Other Agency Funds</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 188,997	\$ 6,267	\$ 5,786	\$ 201,050
Total assets	<u>\$ 188,997</u>	<u>\$ 6,267</u>	<u>\$ 5,786</u>	<u>\$ 201,050</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,267	\$ 1,926	\$ 8,193
Due to other governments	-	-	3,860	3,860
Total liabilities	<u>-</u>	<u>6,267</u>	<u>5,786</u>	<u>12,053</u>
NET POSITION				
Held in trust for benefits and other purposes	<u>188,997</u>	<u>-</u>	<u>-</u>	<u>188,997</u>
Total liabilities and net position	<u>\$ 188,997</u>	<u>\$ 6,267</u>	<u>\$ 5,786</u>	<u>\$ 201,050</u>

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

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013

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, capital outlay, and debt service.

The **Criminal Justice Planning Fund** is a special revenue fund used to account for the collection of various court fees. These fees may be used at the discretion of the Commissioners' Court.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 \$89,444.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 \$31,362.

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, 2013

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. 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.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

8. Fund Balances – Continuation

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.

9. 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.

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.”

10. 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.

11. Deferred Outflows/Inflows of Resources

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. The County does not have any deferred outflows reported.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

11. Deferred Outflows/Inflows of Resources – Continuation

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 County has one item of this type, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The County 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.

12. New Accounting Pronouncements

In the current year, the County implemented the following standards:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement codifies into GASB accounting and financial reporting standards the “legacy” standards from the private-sector. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

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, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

A. Budgetary Information – 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.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2013, the Road & Bridge and Criminal Justice Planning Funds had expenditures that exceeded appropriations for the road & bridge services and judicial functions by (\$85,968) and (\$155), respectively. These over-expenditures were funded by a combination of higher than expected revenues and transfers in from other funds.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2013:

Cash and deposit balances consist of:

Bank deposits	\$ 8,398,708
Temporary investments - TexPool	<u>136,796</u>
Total	<u><u>\$ 8,535,504</u></u>

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

Government-Wide Statement of Net Position:

Unrestricted	\$ 7,997,496
Restricted	336,958
Fiduciary Funds Statement of Net Position	<u>201,050</u>
Total	<u><u>\$ 8,535,504</u></u>

Custodial credit risk – deposits. As of September 30, 2013, the carrying amount of the County's deposits with financial institutions was \$8,398,708 and the bank's balance was \$8,401,218. Of the bank balance, \$266,386 was insured through the Federal Depository Insurance Corporation (FDIC) and \$8,134,832 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2013, the County had \$136,796 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, 2013, 98% 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, 2013

NOTE 4 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 30,682	\$ 6,000	\$ -	\$ 36,682
Total capital assets, not being depreciated	<u>30,682</u>	<u>6,000</u>	<u>-</u>	<u>36,682</u>
Capital assets, being depreciated				
Buildings and improvements	4,569,795	-	-	4,569,795
Machinery and equipment	2,250,433	666,092	-	2,916,525
Total capital assets, being depreciated	<u>6,820,228</u>	<u>666,092</u>	<u>-</u>	<u>7,486,320</u>
Less accumulated depreciation for:				
Buildings and improvements	(146,846)	(113,723)	-	(260,569)
Machinery and equipment	(955,972)	(172,084)	-	(1,128,056)
Total accumulated depreciation	<u>(1,102,818)</u>	<u>(285,807)</u>	<u>-</u>	<u>(1,388,625)</u>
Total capital assets, being depreciated, net	<u>5,717,410</u>	<u>380,285</u>	<u>-</u>	<u>6,097,695</u>
Governmental activities capital assets, net	<u>\$ 5,748,092</u>	<u>\$ 386,285</u>	<u>\$ -</u>	<u>\$ 6,134,377</u>

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

Governmental activities	
Administrative	\$ 116,916
Judicial	1,681
Public facilities	8,301
Public safety	31,075
Road and bridge	123,751
Public services	4,083
Total Depreciation Expense	<u>\$ 285,807</u>

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 2012 tax roll was \$.443044 per \$100, which means that the County has a tax margin of \$.356956 per \$100 and could raise up to \$3,008,851 additional revenue from the 2012 assessed valuation of \$842,919,414 before the limit is reached. This tax rate assessed covers the rates assessed for the general (\$.398582), jury (\$.013100), and debt service (\$.031362) funds.

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 2012 tax roll was \$.166348 per \$100, which means that the County has a tax margin of \$.133652 per \$100 and could raise up to \$1,125,917 additional revenue from the 2012 assessed valuation of \$842,424,664 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 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The Plan provisions are adopted by the governing body of the County (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 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by 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-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

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 (GLTF). This optional plan provides group term life insurance coverage to current eligible employees.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 – RETIREMENT PLAN – Continuation

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

Funding Policy

The County has elected the annually determined contribution rate (ADCR) Plan provisions of the TCDRS Act. The Plan is funded by monthly contributions from both employee members and the 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 8.01% and 7.44% for calendar years 2013 and 2012, respectfully. The contribution rate payable by the employee members is 7.00% for fiscal year 2013 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.

Annual Pension Cost

For 2013, the County's annual pension cost was equal to the County's required and actual contributions.

**TREND INFORMATION FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF
ROBERTS COUNTY, TEXAS**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2011	\$ 57,741	100 %	\$ -
September 30, 2012	66,431	100	-
September 30, 2013	96,150	100	-

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

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 93.12% funded. The actuarial accrued liability for benefits was \$2,889,325, and the actuarial value of assets was \$2,690,627, resulting in an unfunded actuarial accrued liability (UAAL) of \$198,698. The covered payroll (annual payroll of active employees covered by the plan) was \$1,128,171 and the ratio of the UAAL to the covered payroll was 17.61%.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 – RETIREMENT PLAN – Continuation

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 7 – INTERFUND TRANSFERS AND DUE TO/FROMS

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ -	\$ 417,303
Road and Bridge	383,128	-
Special Revenue:		
Highway	-	14,694
Jury	28,885	700
Justice of the Peace Technology	-	3,087
RUOK	-	168
Special County Highway	13,463	-
Debt Service:		
Series 2008	43,038	-
Series 2009	-	32,562
	<u>\$ 468,514</u>	<u>\$ 468,514</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.

Fund	Due From	Due To
General Fund	\$ 3,147	\$ 2,963
Road and Bridge	2,963	-
Special Revenue:		
Courthouse Security	3,111	-
Criminal Justice	-	14,283
Law Library	875	-
Records Management	6,775	-
Records Preservation	375	-
	<u>\$ 17,246</u>	<u>\$ 17,246</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.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 8 – LONG-TERM DEBT

On June 1, 2008, the County issued \$1,000,000 of Roberts County, Texas Tax Notes, Series 2008, to provide resources for the renovation, restoration and improvements to the Roberts County Courthouse and the professional services and costs of issuance associated with the issuance of the Notes. The Notes mature serially and are payable on February 15 in each of the years, with interest payments being made semi-annually on February 15 and August 15 in each of the years. Interest rate on the Notes is 4.5%. A sinking fund “Roberts County, Texas Tax Notes, Series 2008 Interest and Sinking Fund” has been established to hold funds necessary to retire the Notes. The Notes will be serviced by ad valorem taxes on all taxable property within the County, within the limits of the law, sufficient to provide for the payment of principal and interest each year. The County may redeem the Notes having stated maturities on and after February 15, 2010 in whole or in part.

On May 1, 2009, the County issued \$600,000 of Roberts County, Texas Tax Notes, Series 2009, to provide resources for the renovation, restoration and improvements to the Roberts County Courthouse and the professional services and costs of issuance associated with the issuance of the Notes. The Notes mature serially and are payable on February 15 in each of the years, with interest payments being made semi-annually on February 15 and August 15 in each of the years. Interest rate on the Notes is 3.65%. A sinking fund “Roberts County, Texas Tax Notes, Series 2009 Interest and Sinking Fund” has been established to hold funds necessary to retire the Notes. The Notes will be serviced by ad valorem taxes on all taxable property within the County, within the limits of the law, sufficient to provide for the payment of principal and interest each year. The County may redeem the Notes in whole or in part.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Tax Notes - Series 2008	\$ 470,000	\$ -	\$ (150,000)	\$ 320,000	\$ 155,000
Tax Notes - Series 2009	360,000	-	(85,000)	275,000	90,000
Capital leases	140,541	-	(140,541)	-	-
Compensated absences	10,900	31,210	(25,206)	16,904	1,690
Governmental activity long-term liabilities	<u>\$ 981,441</u>	<u>\$ 31,210</u>	<u>\$ (400,747)</u>	<u>\$ 611,904</u>	<u>\$ 246,690</u>

The County incurred interest expense of \$36,635 during the year ended September 30, 2013.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2013 is as follows:

Fiscal Year	Total	Tax Notes - Series 2008		Tax Notes - Series 2009	
		Interest	Principal	Interest	Principal
2014	\$ 264,308	\$ 10,913	\$ 155,000	\$ 8,395	\$ 90,000
2015	263,822	3,712	165,000	5,110	90,000
2016	96,734	-	-	1,734	95,000
	<u>\$ 624,864</u>	<u>\$ 14,625</u>	<u>\$ 320,000</u>	<u>\$ 15,239</u>	<u>\$ 275,000</u>

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 9 – 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 10 – CONCENTRATION OF TAXPAYERS

As of September 30, 2013, 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	\$ 430,995	8.16 %
Taxpayer B	355,598	6.73
Taxpayer C	353,601	6.69
Taxpayer D	335,574	6.35
Taxpayer E	331,667	6.28
Taxpayer F	286,669	5.43
Taxpayer G	273,289	5.17

NOTE 11 – 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.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 11 – PROBATION DEPARTMENTS – Continuation

Summarized information of the 31st District Community Supervision and Corrections Department for the year ended August 31, 2013 is as follows:

Department revenues:	
TDCJ-CJAD grant revenues - audited	\$ 73,238
Other revenues - audited	96,653
Local funding - unaudited	<u>8,556</u>
Total revenues	<u>178,447</u>
Department expenditures:	
Grant expenditures - audited	167,896
Local expenditures - unaudited	<u>8,748</u>
Total expenditures	<u>176,644</u>
Excess of revenues over expenditures	<u><u>\$ 1,803</u></u>
Assets	
Cash - audited	\$ 68,589
Cash - unaudited	<u>16,198</u>
Total assets	<u><u>\$ 84,787</u></u>
Fund balance	
Fund balance - audited	\$ 68,589
Fund balance - unaudited	<u>16,198</u>
Total fund balance	<u><u>\$ 84,787</u></u>

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment shown on the Statement of Activities is related to the County failing to account for its capital assets. The entire adjustment amount of \$5,748,092 relates to the recording of the beginning balances for capital assets for the County.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF ROBERTS COUNTY, TEXAS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ 2,505,003	\$ 2,709,404	\$ 204,401	92.46 %	\$ 1,061,923	19.25 %
12/31/11	2,759,923	3,026,504	266,581	91.19	1,048,506	25.42
12/31/12	2,690,627	2,889,325	198,698	93.12	1,128,171	17.61

OTHER SUPPLEMENTARY INFORMATION

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.

County Attorney Hot Check Fund – The County Attorney Hot Check Fund accounts for revenues derived from the fees assessed on the collection and processing of dishonored and forged checks. The funds can be used at the County Attorney's discretion to defray the salaries and expenses of the prosecutor's office.

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.

Jury Fund – The Jury Fund accounts for ad valorem tax revenues used to pay the salary and benefits of the County's share of the District Attorney and District Court Administrator, and indigent and other court costs.

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.

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.

Highway Fund – The Highway Fund accounts for motor vehicle license fees to be used for road and bridge maintenance.

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.

RUOK Fund – The RUOK Fund accounts for state funding of elderly communication assistance services.

Special County Highway Fund – The Special County Highway Fund accounts for State Lateral Road Fees which are to be used to maintain the County's roads and bridges.

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.

Series 2009, Debt Service Fund – The Series 2009, 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 2009.

**ROBERTS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

Special Revenue

	Budget Reserves	Cemetery	County Attorney Hot Check	Courthouse Security
ASSETS				
Cash and equivalents	\$ 136,796	\$ 26,734	\$ 453	\$ 12,165
Due from other funds	-	-	-	3,111
Total assets	<u>\$ 136,796</u>	<u>\$ 26,734</u>	<u>\$ 453</u>	<u>\$ 15,276</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	-
Special projects	-	26,734	453	15,276
Committed to:				
Special projects	<u>136,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>136,796</u>	<u>26,734</u>	<u>453</u>	<u>15,276</u>
Total liabilities and fund balances	<u>\$ 136,796</u>	<u>\$ 26,734</u>	<u>\$ 453</u>	<u>\$ 15,276</u>

Special Revenue

<u>Highway</u>	<u>Indigent Healthcare</u>	<u>Jury</u>	<u>Justice Court Technology</u>	<u>Law Library</u>	<u>Museum</u>	<u>Parks</u>
\$ 249,076	\$ 103,873	\$ 97,501	\$ -	\$ 4,714	\$ 37,510	\$ 53,222
-	-	-	-	875	-	-
<u>\$ 249,076</u>	<u>\$ 103,873</u>	<u>\$ 97,501</u>	<u>\$ -</u>	<u>\$ 5,589</u>	<u>\$ 37,510</u>	<u>\$ 53,222</u>
\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
-	-	1,500	-	-	-	-
-	-	-	-	-	-	-
-	-	96,001	-	5,589	37,510	-
<u>249,076</u>	<u>103,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,222</u>
<u>249,076</u>	<u>103,873</u>	<u>96,001</u>	<u>-</u>	<u>5,589</u>	<u>37,510</u>	<u>53,222</u>
<u>\$ 249,076</u>	<u>\$ 103,873</u>	<u>\$ 97,501</u>	<u>\$ -</u>	<u>\$ 5,589</u>	<u>\$ 37,510</u>	<u>\$ 53,222</u>

Continued

**ROBERTS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

Special Revenue

Continuation

	<u>Records Management</u>	<u>Records Preservation</u>	<u>Red Deer Watershed</u>	<u>RUOK</u>
ASSETS				
Cash and equivalents	\$ 28,372	\$ 2,407	\$ 127,102	\$ -
Due from other funds	6,775	375	-	-
	<u>35,147</u>	<u>2,782</u>	<u>127,102</u>	<u>-</u>
Total assets	<u>\$ 35,147</u>	<u>\$ 2,782</u>	<u>\$ 127,102</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	-
Special projects	35,147	2,782	127,102	-
Committed to:				
Special projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>35,147</u>	<u>2,782</u>	<u>127,102</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 35,147</u>	<u>\$ 2,782</u>	<u>\$ 127,102</u>	<u>\$ -</u>

<u>Special Revenue</u>		<u>Debt Service</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Special County Highway</u>	<u>Total Special Revenue</u>	<u>Series 2008</u>	<u>Series 2009</u>	<u>Total Debt Service</u>	
\$ -	\$ 879,925	\$ 312,626	\$ 24,300	\$ 336,926	\$ 1,216,851
-	11,136	-	-	-	11,136
<u>\$ -</u>	<u>\$ 891,061</u>	<u>\$ 312,626</u>	<u>\$ 24,300</u>	<u>\$ 336,926</u>	<u>\$ 1,227,987</u>
\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
-	1,500	-	-	-	1,500
-	-	312,626	24,300	336,926	336,926
-	346,594	-	-	-	346,594
-	542,967	-	-	-	542,967
-	889,561	312,626	24,300	336,926	1,226,487
<u>\$ -</u>	<u>\$ 891,061</u>	<u>\$ 312,626</u>	<u>\$ 24,300</u>	<u>\$ 336,926</u>	<u>\$ 1,227,987</u>

ROBERTS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Special Revenue</u>			
	<u>Budget Reserves</u>	<u>Cemetery</u>	<u>County Attorney Hot Check</u>	<u>Courthouse Security</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	3,111
Investment earnings	130	54	-	6
Miscellaneous	-	100	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	130	154	-	3,117
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Judicial	-	-	-	890
Public facilities	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	890
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	130	154	-	2,227
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	130	154	-	2,227
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING (DEFICIT)	136,666	26,580	453	13,049
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	<u>\$ 136,796</u>	<u>\$ 26,734</u>	<u>\$ 453</u>	<u>\$ 15,276</u>

Special Revenue

Highway	Indigent Healthcare	Jury	Justice Court Technology	Law Library	Museum	Parks
\$ -	\$ -	\$ 111,418	\$ -	\$ -	\$ -	\$ -
8,803	-	-	3,087	874	-	-
487	215	214	-	2	51	111
-	-	4,517	-	-	4,104	-
<u>9,290</u>	<u>215</u>	<u>116,149</u>	<u>3,087</u>	<u>876</u>	<u>4,155</u>	<u>111</u>
-	-	97,180	-	138	-	-
-	-	-	-	-	1,894	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>97,180</u>	<u>-</u>	<u>138</u>	<u>1,894</u>	<u>-</u>
<u>9,290</u>	<u>215</u>	<u>18,969</u>	<u>3,087</u>	<u>738</u>	<u>2,261</u>	<u>111</u>
-	-	28,885	-	-	-	-
(14,694)	-	(700)	(3,087)	-	-	-
<u>(14,694)</u>	<u>-</u>	<u>28,185</u>	<u>(3,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,404)	215	47,154	-	738	2,261	111
<u>254,480</u>	<u>103,658</u>	<u>48,847</u>	<u>-</u>	<u>4,851</u>	<u>35,249</u>	<u>53,111</u>
<u>\$ 249,076</u>	<u>\$ 103,873</u>	<u>\$ 96,001</u>	<u>\$ -</u>	<u>\$ 5,589</u>	<u>\$ 37,510</u>	<u>\$ 53,222</u>

Continued

ROBERTS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Special Revenue

Continuation

	<u>Records Management</u>	<u>Records Preservation</u>	<u>Red Deer Watershed</u>	<u>RUOK</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	6,775	375	-	-
Investment earnings	44	-	264	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6,819	375	264	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Judicial	6,361	-	-	-
Public facilities	-	-	1,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	6,361	-	1,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	458	375	(736)	-
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(168)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	(168)
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	458	375	(736)	(168)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING (DEFICIT)	34,689	2,407	127,838	168
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	<u>\$ 35,147</u>	<u>\$ 2,782</u>	<u>\$ 127,102</u>	<u>\$ -</u>

Special Revenue		Debt Service			Total
Special County Highway	Total Special Revenue	Series 2008	Series 2009	Total Debt Service	Nonmajor Governmental Funds
\$ -	\$ 111,418	\$ 262,750	\$ 49,442	\$ 312,192	\$ 423,610
-	23,025	-	-	-	23,025
-	1,578	474	40	514	2,092
-	8,721	-	-	-	8,721
-	144,742	263,224	49,482	312,706	457,448
-	104,569	-	-	-	104,569
-	2,894	-	-	-	2,894
-	-	235,000	140,541	375,541	375,541
-	-	29,364	7,271	36,635	36,635
-	107,463	264,364	147,812	412,176	519,639
-	37,279	(1,140)	(98,330)	(99,470)	(62,191)
13,463	42,348	43,038	-	43,038	85,386
-	(18,649)	-	(32,562)	(32,562)	(51,211)
13,463	23,699	43,038	(32,562)	10,476	34,175
13,463	60,978	41,898	(130,892)	(88,994)	(28,016)
(13,463)	828,583	270,728	155,192	425,920	1,254,503
\$ -	\$ 889,561	\$ 312,626	\$ 24,300	\$ 336,926	\$ 1,226,487

**ROBERTS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 OTHER AGENCY FUNDS
 SEPTEMBER 30, 2013**

	<u>Tax Assessor/ Collector</u>	<u>County District Clerk</u>	<u>County Attorney</u>	<u>Total Other Agency Funds</u>
ASSETS				
Cash	\$ 4,831	\$ 105	\$ 850	\$ 5,786
Total assets	<u>\$ 4,831</u>	<u>\$ 105</u>	<u>\$ 850</u>	<u>\$ 5,786</u>
LIABILITIES				
Accounts payable	\$ 971	\$ 105	\$ 850	\$ 1,926
Due to other governments	<u>3,860</u>	<u>-</u>	<u>-</u>	<u>3,860</u>
Total liabilities	<u>\$ 4,831</u>	<u>\$ 105</u>	<u>\$ 850</u>	<u>\$ 5,786</u>

ROBERTS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE SERIES 2008
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 264,356	\$ 264,356	\$ 262,750	\$ (1,606)
Investment earnings	-	-	474	474
Total revenues	<u>264,356</u>	<u>264,356</u>	<u>263,224</u>	<u>(1,132)</u>
EXPENDITURES				
Debt Service:				
Principal	-	235,000	235,000	-
Interest	-	29,364	29,364	-
Total expenditures	<u>-</u>	<u>264,364</u>	<u>264,364</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>264,356</u>	<u>(8)</u>	<u>(1,140)</u>	<u>(1,132)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>43,038</u>	<u>43,038</u>
NET CHANGE IN FUND BALANCE	264,356	(8)	41,898	41,906
FUND BALANCE - BEGINNING	<u>270,728</u>	<u>270,728</u>	<u>270,728</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 535,084</u></u>	<u><u>\$ 270,720</u></u>	<u><u>\$ 312,626</u></u>	<u><u>\$ 41,906</u></u>

ROBERTS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE SERIES 2009
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 50,525	\$ 50,525	\$ 49,442	\$ (1,083)
Investment earnings	-	-	40	40
Total revenues	<u>50,525</u>	<u>50,525</u>	<u>49,482</u>	<u>(1,043)</u>
EXPENDITURES				
Debt Service:				
Principal	-	140,542	140,542	-
Interest	-	7,270	7,270	-
Total expenditures	<u>-</u>	<u>147,812</u>	<u>147,812</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>50,525</u>	<u>(97,287)</u>	<u>(98,330)</u>	<u>(1,043)</u>
OTHER FINANCING SOURCES				
Transfers out	<u>-</u>	<u>-</u>	<u>32,562</u>	<u>32,562</u>
NET CHANGE IN FUND BALANCE	50,525	(97,287)	(65,768)	31,519
FUND BALANCE - BEGINNING	<u>155,192</u>	<u>155,192</u>	<u>155,192</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 205,717</u>	<u>\$ 57,905</u>	<u>\$ 89,424</u>	<u>\$ 31,519</u>

PART III
COMPLIANCE



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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 9, 2014.

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

April 9, 2014

ROBERTS COUNTY, TEXAS
SCHEDULE OF FINDINGS
SEPTEMBER 30, 2013

Finding 2013-1

DEFICIENCIES IN THE DESIGN OF CONTROLS:

Inadequate segregation of duties within a significant account or accounting process is considered to be a deficiency in your financial reporting controls. The officials of the County, because of the small size of the offices, 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 official should implement compensating controls over these processes.