

**ROBERTS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2012**

**ROBERTS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**

	Page
<b>PART I – INTRODUCTORY SECTION</b>	
LIST OF PRINCIPAL COUNTY OFFICIALS.....	iii
<b>PART II – FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS’ REPORT .....	1
<b>BASIC FINANCIAL STATEMENTS</b>	
<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 – Courthouse Restoration Fund .....	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Series 2008 .....	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Series 2009 .....	13
Statement of Fiduciary Net Position – Agency Funds .....	14
<u>Notes to Financial Statements</u> .....	15

**ROBERTS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**

	Page
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress for the Retirement Plan for the Employees of Roberts County, Texas .....	29
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	32
Combining Balance Sheet – Other Agency Funds.....	34
<b>PART III – COMPLIANCE</b>	
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> .....	35
Schedule of Findings .....	37

**PART I**

**INTRODUCTORY SECTION**

**ROBERTS COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**SEPTEMBER 30, 2012**

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
Billie Lunsford	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 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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Roberts County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because we were not engaged as auditors until October 4, 2012, and in accordance with the terms of our engagement, we have not applied audit procedures necessary to satisfy ourselves about the classifications and amounts comprising the statement of net assets or the balance sheets of the major and non-major funds at September 30, 2011. The amounts of the significant aspects of these statements at that date, including classification and amounts, materially affect the determination of the results of operations for the year ended September 30, 2012.

Because of the significance of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of operations or the budgetary comparisons of the major funds for the year ended September 30, 2012, or on the consistency of application of accounting principles with the preceding year.

Management has not adopted a system to properly track capital assets and, accordingly, has not provided the information on the Statement of Net Position and, accordingly, has not recorded depreciation expense on those assets in the Statement of Activities. Accounting principles generally accepted in the United States of America require that capital assets be reported on the Statement of Net Position and the related depreciation be reported on the Statement of Activities of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Roberts County, Texas at September 30, 2012, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the balance sheets of each major fund present fairly, in all material respects, the respective financial position of each major fund of Roberts County, Texas as of September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2013, on our consideration of Roberts County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 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.

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 balance sheet of each nonmajor fund present fairly, in all material respects, the respective financial position of each nonmajor fund of Roberts County, Texas as of September 30, 2012. As stated above, we are unable to and do not express an opinion on the results of operation of the nonmajor funds for the year ended September 30, 2012, or on the consistency of application of accounting principles with the preceding year.

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

DOSHIER, PICKENS & FRANCIS, LLC

May 13, 2013

## **BASIC FINANCIAL STATEMENTS**

**ROBERTS COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and equivalents	\$ 6,333,763
Accounts receivable, net	706,608
Prepaid expenses	38,542
Total assets	7,078,913
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	291,955
Due to other governmental entities	7,689
Accrued interest	9,351
Noncurrent liabilities:	
Due within one year	
Bonds, capital leases and contracts	280,096
Due in more than one year	
Bonds, capital leases and contracts	690,445
Compensated absences	10,900
Total liabilities	1,290,436
<b>NET POSITION</b>	
Unrestricted	5,788,477
Total net position	\$ 5,788,477

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, 2012**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Primary Governmental Activities</b>
<b>Primary government</b>					
Governmental Activities:					
Administrative	\$ 765,364	\$ 225,841	\$ -	\$ -	\$ (539,523)
Judicial	337,735	69,644	34,015	-	(234,076)
Elections	19,298	1,628	-	-	(17,670)
Public facilities	253,678	11,976	3,838	655,036	417,172
Public safety	518,676	174,316	32,519	32,032	(279,809)
Road and bridge	765,923	155,591	-	-	(610,332)
Public services	48,995	-	-	-	(48,995)
Extension services	96,528	-	-	-	(96,528)
Interest on long-term debt	56,023	-	-	-	(56,023)
<b>Total</b>	<b>\$ 2,862,220</b>	<b>\$ 638,996</b>	<b>\$ 70,372</b>	<b>\$ 687,068</b>	<b>(1,465,784)</b>
<b>General revenues:</b>					
					4,184,693
Property taxes					369,808
Property taxes, levied for debt service					19,913
Investment earnings					118,080
Miscellaneous					
					<u>4,692,494</u>
					3,226,710
					<u>2,561,767</u>
					<u>\$ 5,788,477</u>

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

**ROBERTS COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	<u>General</u>	<u>Road and Bridge</u>	<u>Courthouse Restoration</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,014,870	\$ 981,507	\$ 11,606	\$ 1,325,780	\$ 6,333,763
Accounts receivable, net	358,121	6,163	307,314	19,061	690,659
Delinquent taxes receivable, net	11,554	4,396	-	-	15,950
Due from other funds	337,096	-	-	251,700	588,796
Prepaid items	31,531	7,011	-	-	38,542
Total assets	<u>\$ 4,753,172</u>	<u>\$ 999,077</u>	<u>\$ 318,920</u>	<u>\$ 1,596,541</u>	<u>\$ 7,667,710</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 124,105	\$ 83,398	\$ 52,400	\$ 32,053	\$ 291,956
Due to other funds	140,970	99,691	266,520	81,615	588,796
Due to other governments	7,689	-	-	-	7,689
Total liabilities	<u>272,764</u>	<u>183,089</u>	<u>318,920</u>	<u>113,668</u>	<u>888,441</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	4,802	1,773	-	-	6,575
Total deferred inflows of resources	<u>4,802</u>	<u>1,773</u>	<u>-</u>	<u>-</u>	<u>6,575</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	31,531	7,011	-	-	38,542
Restricted for:					
Debt service	-	-	-	425,920	425,920
Special projects	-	-	-	293,963	293,963
Committed to:					
Special projects	-	807,204	-	762,990	1,570,194
Unassigned	4,444,075	-	-	-	4,444,075
Total fund balances	<u>4,475,606</u>	<u>814,215</u>	<u>-</u>	<u>1,482,873</u>	<u>6,772,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,753,172</u>	<u>\$ 999,077</u>	<u>\$ 318,920</u>	<u>\$ 1,596,541</u>	<u>\$ 7,667,710</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, 2012**

Total fund balances, governmental funds	\$	6,772,694
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		6,575
<p>Long-term liabilities, including tax notes and capital lease payable, are not due and payable in the current period and therefore are not reported in the funds:</p>		
Tax notes and capital lease payable		(970,541)
Accrued interest payable		(9,351)
Compensated absences		(10,900)
		(10,900)
Net Position of Governmental Activities in the Statement of Net Position	\$	5,788,477

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, 2012**

	<u>General</u>	<u>Road and Bridge</u>	<u>Courthouse Restoration</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 2,902,554	\$ 1,171,268	\$ -	\$ 474,104	\$ 4,547,926
Licenses and fees	17,752	-	-	243,805	261,557
Intergovernmental	450,478	-	653,435	-	1,103,913
Investment earnings	13,988	4,266	-	1,659	19,913
Miscellaneous	79,561	65,952	-	3,535	149,048
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	3,464,333	1,241,486	653,435	723,103	6,082,357
<b>EXPENDITURES</b>					
Current:					
Administrative	765,362	-	-	-	765,362
Judicial	235,798	-	-	100,659	336,457
Elections	19,298	-	-	-	19,298
Public facilities	248,438	-	-	3,489	251,927
Public safety	518,676	-	-	-	518,676
Road and bridge	-	754,692	-	6,280	760,972
Public services	48,995	-	-	-	48,995
Extension service	93,612	-	-	-	93,612
Capital outlay	221,632	1,753	813,424	-	1,036,809
Debt service:					
Principal	-	55,137	-	230,000	285,137
Interest	-	7,568	-	39,104	46,672
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,151,811	819,150	813,424	379,532	4,163,917
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,312,522	422,336	(159,989)	343,571	1,918,440
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,687	-	-	5,877	16,564
Transfers out	-	(4,891)	(5,796)	(5,877)	(16,564)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	10,687	(4,891)	(5,796)	-	-
<b>NET CHANGE IN FUND BALANCES</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,323,209	417,445	(165,785)	343,571	1,918,440
<b>FUND BALANCES - BEGINNING</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,152,397	396,770	165,785	1,139,302	4,854,254
<b>FUND BALANCES - ENDING</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 4,475,606	\$ 814,215	\$ -	\$ 1,482,873	\$ 6,772,694

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, 2012**

Net change in fund balances - total governmental funds:	\$	1,918,440
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.		1,036,809
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.		6,575
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		145,000
Tax Notes, Series 2009		85,000
Capital leases		55,137
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		(9,351)
Compensated absences, net change		(10,900)
		(20,251)
Change in net position of governmental activities	\$	3,226,710

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, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 2,949,808	\$ 2,949,808	\$ 2,902,554	\$ (47,254)
Licenses and fees	-	-	17,752	17,752
Intergovernmental	70,713	71,713	450,478	378,765
Investment earnings	25,000	25,000	13,988	(11,012)
Miscellaneous	23,200	23,200	79,561	56,361
	<u>3,068,721</u>	<u>3,069,721</u>	<u>3,464,333</u>	<u>394,612</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Administrative	747,502	817,222	765,362	51,860
Judicial	252,857	252,857	235,798	17,059
Elections	21,400	21,400	19,298	2,102
Public facilities	235,127	262,987	248,438	14,549
Public safety	589,629	589,629	518,676	70,953
Public services	96,880	105,187	48,995	56,192
Education	100,432	100,432	93,612	6,820
Capital outlay	1,716,338	856,660	221,632	635,028
	<u>3,760,165</u>	<u>3,006,374</u>	<u>2,151,811</u>	<u>854,563</u>
Total expenditures				
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(691,444)</u>	<u>63,347</u>	<u>1,312,522</u>	<u>1,249,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>10,687</u>	<u>10,687</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(691,444)</u>	<u>63,347</u>	<u>1,323,209</u>	<u>1,259,862</u>
<b>FUND BALANCE - BEGINNING</b>	<u>3,152,397</u>	<u>3,152,397</u>	<u>3,152,397</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,460,953</u>	<u>\$ 3,215,744</u>	<u>\$ 4,475,606</u>	<u>\$ 1,259,862</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, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,189,636	\$ 1,189,636	\$ 1,171,268	\$ (18,368)
Investment earnings	-	-	4,266	4,266
Miscellaneous	-	-	65,952	65,952
Total revenues	<u>1,189,636</u>	<u>1,189,636</u>	<u>1,241,486</u>	<u>51,850</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	656,057	655,107	754,692	(99,585)
Capital outlay	67,200	67,200	1,753	65,447
Debt Service:				
Principal	55,200	55,200	55,137	63
Interest	7,600	7,600	7,568	32
Total expenditures	<u>786,057</u>	<u>785,107</u>	<u>819,150</u>	<u>(34,043)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>403,579</u>	<u>404,529</u>	<u>422,336</u>	<u>17,807</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	(4,891)	4,891
<b>NET CHANGE IN FUND BALANCE</b>	403,579	404,529	417,445	22,698
<b>FUND BALANCE - BEGINNING</b>	<u>396,770</u>	<u>396,770</u>	<u>396,770</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 800,349</u>	<u>\$ 801,299</u>	<u>\$ 814,215</u>	<u>\$ 22,698</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**  
**COURTHOUSE RESTORATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 653,435	\$ 653,435
Total revenues	-	-	653,435	653,435
<b>EXPENDITURES</b>				
Capital outlay	-	754,790	813,424	(58,634)
Total expenditures	-	754,790	813,424	(58,634)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(754,790)	(159,989)	594,801
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	(5,796)	(5,796)
<b>TOTAL OTHER FINANCING SOURCES</b>	-	-	(5,796)	(5,796)
<b>NET CHANGE IN FUND BALANCE</b>	-	(754,790)	(165,785)	589,005
<b>FUND BALANCE - BEGINNING</b>	165,785	165,785	165,785	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 165,785</u>	<u>\$ (589,005)</u>	<u>\$ -</u>	<u>\$ 589,005</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**  
**DEBT SERVICE SERIES 2008**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 269,097	\$ 269,097	\$ 264,225	\$ (4,872)
Total revenues	<u>269,097</u>	<u>269,097</u>	<u>264,225</u>	<u>(4,872)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	244,604	244,604	145,000	99,604
Interest	<u>24,500</u>	<u>24,500</u>	<u>24,413</u>	<u>87</u>
Total expenditures	<u>269,104</u>	<u>269,104</u>	<u>169,413</u>	<u>99,691</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7)	(7)	94,812	94,819
<b>FUND BALANCE - BEGINNING</b>	<u>175,916</u>	<u>175,916</u>	<u>175,916</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 175,909</u></u>	<u><u>\$ 175,909</u></u>	<u><u>\$ 270,728</u></u>	<u><u>\$ 94,819</u></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**  
**DEBT SERVICE SERIES 2009**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 107,497	\$ 107,497	\$ 105,583	\$ (1,914)
Total revenues	<u>107,497</u>	<u>107,497</u>	<u>105,583</u>	<u>(1,914)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	93,050	93,050	85,000	8,050
Interest	<u>14,700</u>	<u>14,700</u>	<u>14,691</u>	<u>9</u>
Total expenditures	<u>107,750</u>	<u>107,750</u>	<u>99,691</u>	<u>8,059</u>
<b>NET CHANGE IN FUND BALANCE</b>	(253)	(253)	5,892	6,145
<b>FUND BALANCE - BEGINNING</b>	<u>149,300</u>	<u>149,300</u>	<u>149,300</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 149,047</u></u>	<u><u>\$ 149,047</u></u>	<u><u>\$ 155,192</u></u>	<u><u>\$ 6,145</u></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, 2012**

	<u>Permanent School</u>	<u>Registry of the Court</u>	<u>Other Agency Funds</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 188,621	\$ 4,409	\$ 12,184	\$ 205,214
Total assets	<u>188,621</u>	<u>4,409</u>	<u>12,184</u>	<u>205,214</u>
<b>LIABILITIES</b>				
Accounts payable	-	4,409	1,100	5,509
Due to other governments	-	-	11,084	11,084
Total liabilities	<u>-</u>	<u>4,409</u>	<u>12,184</u>	<u>16,593</u>
<b>NET POSITION</b>				
Held in trust for benefits and other purposes	<u>\$ 188,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,621</u>

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

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**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.

The accompanying basic financial statements present the government defined according to criteria in GASB Statement No. 14, *The Financial Reporting Entity*. These financial statements do not include the operations of any other organization, because none of the criteria for inclusion as set forth in GASB Statement No. 14 have been met. Component units are legally separate organizations for which the County is financially accountable. The County has no component units.

**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.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

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 Courthouse Restoration 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.

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 deferred revenue.

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.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

The **Courthouse Restoration Fund** is a capital projects fund used to account for the revenues and expenditures used for the purposes of restoring the courthouse. The restoration project was completed during the current year.

**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, 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.

**2. Receivables and Payables**

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 \$16,000.

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 \$143,855.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**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. 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).

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.

**5. 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.

**6. Unemployment and Workers’ Compensation Benefits**

The County carries their unemployment and worker’s compensation benefits through Texas Association of Counties.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**7. 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.

**8. Net Position**

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

**Invested in capital assets, net of related debt** 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** are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of governments.

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

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**9. 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.

**10. New Accounting Pronouncements**

During the fiscal year 2012, the County adopted the provisions of GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. This statement provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net assets that is applicable to a future reporting period. A deferred inflow represents the acquisition of net assets that is applicable to a future reporting period. GASB 63 provides guidance on how these elements should be reported, and GASB 63 applies to all fund types and activities.

**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, the Courthouse Restoration Fund, and the Debt Service Funds.
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 Courthouse Restoration 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.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation**

**A. Budgetary Information – Continuation**

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 Courthouse Restoration Fund, and the Debt Service Funds.
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. Deficit Fund Equity**

The Special County Highway Special Revenue Fund had deficit fund balance of \$13,463. This fund incurred expenditures in excess of appropriations during the current fiscal year. The County plans to cover the excess expenditures with operating transfers from the General Fund.

**C. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2012, expenditures exceeded appropriations for Road & Bridge Fund road & bridge services (\$99,585) and Courthouse Restoration Fund capital outlay (\$58,634). These over-expenditures were funded by a combination of higher than expected revenues and less expenditures than were appropriated under other classifications.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2012:

Cash and deposit balances consist of:

Bank deposits	\$ 6,402,311
Temporary investments - TexPool	136,666
	\$ 6,538,977
Total	\$ 6,538,977

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

Government-Wide Statement of Net Position:

Unrestricted	\$ 6,333,763
Fiduciary Funds Statement of Net Position	205,214
	\$ 6,538,977
Total	\$ 6,538,977

***Custodial credit risk – deposits.*** As of September 30, 2012, the carrying amount of the County's deposits with financial institutions was \$6,402,311 and the bank's balance was \$6,920,875. Of the bank balance, \$765,937 was insured through the Federal Depository Insurance Corporation (FDIC), \$216,271 was collateralized with securities held by the pledging institution's agent in the County's name, and \$5,938,667 was left uncollateralized.

***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.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation**

*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, 2012, 100% of the County's carrying value of cash was deposited with the County's depository bank and only a portion was adequately secured as described above with the remaining left unsecured.

**NOTE 4 – 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 2011 tax roll was \$.46233 per \$100, which means that the County has a tax margin of \$.33767 per \$100 and could raise up to \$2,506,439 additional revenue from the 2011 assessed valuation of \$742,274,718 before the limit is reached. This tax rate assessed covers the rates assessed for the general (\$.397291), jury (\$.014308), and debt service (\$.050731) 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 2011 tax roll was \$.160334 per \$100, which means that the County has a tax margin of \$.139666 per \$100 and could raise up to \$1,035,993 additional revenue from the 2011 assessed valuation of \$741,764,968 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 5 – 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 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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 80 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.

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 5 – RETIREMENT PLAN – Continuation**

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.

*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 7.44% and 6.94% for calendar years 2012 and 2011, respectfully. The contribution rate payable by the employee members is 7.00% for fiscal year 2012 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.*

The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 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, 2011 was 20 years.

**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, 2010	\$ 78,916	100%	\$ -
September 30, 2011	57,741	100	-
September 30, 2012	66,431	100	-

*Funded Status and Funding Progress.*

As of December 31, 2011, the most recent actuarial valuation date, the plan was 91.19% funded. The actuarial accrued liability for benefits was \$3,026,504, and the actuarial value of assets was \$2,759,923, resulting in an unfunded actuarial accrued liability (UAAL) of \$266,581. The covered payroll (annual payroll of active employees covered by the plan) was \$1,048,506 and the ratio of the UAAL to the covered payroll was 25.42%.

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.

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 6 – INTERFUND TRANSFERS AND DUE TO/FROMS**

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 10,687	\$ -
Road and Bridge	-	4,891
Special Revenue:		
Courthouse Security	-	2,502
Criminal Justice	5,877	-
Justice of the Peace Technology	-	2,358
Law Library	-	175
Records Management	-	487
Records Preservation	-	355
Capital Projects:		
Courthouse Restoration	-	5,796
	<u>\$ 16,564</u>	<u>\$ 16,564</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	\$ 337,096	\$ 140,970
Road and Bridge	-	99,691
Special Revenue:		
Criminal Justice	11,039	-
Special County Highway	-	13,463
Capital Projects:		
Courthouse Restoration	-	266,520
Debt Service:		
Series 2008	99,691	68,152
Series 2009	140,970	-
	<u>\$ 588,796</u>	<u>\$ 588,796</u>

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 7 – 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
<b>Governmental activities:</b>					
Tax Notes - Series 2008	\$ 615,000	\$ -	\$ (145,000)	\$ 470,000	\$ 150,000
Tax Notes - Series 2009	445,000	-	(85,000)	360,000	85,000
Capital leases	195,678	-	(55,137)	140,541	45,096
Compensated absences	-	10,900	-	10,900	-
Governmental activity long-term liabilities	<u>\$ 1,255,678</u>	<u>\$ 10,900</u>	<u>\$ (285,137)</u>	<u>\$ 981,441</u>	<u>\$ 280,096</u>

The County incurred interest expense of \$46,672 during the year ended September 30, 2012.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2012 is as follows:

Fiscal Year	Total	Tax Notes - Series 2008		Tax Notes - Series 2009		Capital Leases	
		Interest	Principal	Interest	Principal	Interest	Principal
2013	\$ 314,853	\$ 17,775	\$ 150,000	\$ 11,589	\$ 85,000	\$ 5,393	\$ 45,096
2014	314,797	10,913	155,000	8,395	90,000	3,662	46,827
2015	314,311	3,712	165,000	5,110	90,000	1,871	48,618
2016	96,734	-	-	1,734	95,000	-	-
	<u>\$ 1,040,694</u>	<u>\$ 32,400</u>	<u>\$ 470,000</u>	<u>\$ 26,828</u>	<u>\$ 360,000</u>	<u>\$ 10,926</u>	<u>\$ 140,541</u>

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 8 – CAPITAL LEASES**

The County has entered into various capital leases for equipment. The future minimum lease payments under capital lease and the net present value of the future minimum lease payments are as follows:

For Year Ended:		
2013	\$	50,489
2014		50,489
2015		50,489
.		
Total Future Lease Payments		151,467
Less amount representing interest		10,926
Present value of future minimum lease payments	\$	140,541
Interest rate		3.81%

**NOTE 9 – CONCENTRATION OF TAXPAYERS**

As of September 30, 2012, 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	\$ 447,499	9.68 %
Taxpayer B	344,357	7.45
Taxpayer C	313,022	6.77
Taxpayer D	242,083	5.24

**NOTE 10 – 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.

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 11 – PROBATION DEPARTMENTS**

*Juvenile Probation Department*

The 31<sup>st</sup> District Juvenile Probation Department (Department) is a joint venture between the Wheeler, Lipscomb, Hemphill, and Roberts Counties. Each County makes a contribution to the Department based on a predetermined percentage of budgeted expenditures. The Department is governed by the Juvenile Probation Board whose members are the District Judge, the four County Judges.

The Department operates on a fiscal year ending August 31 and issues a statement of revenues, expenditures and changes in fund balance – budget and actual. This financial statement is issued on a regulatory basis of accounting as mandated by the Texas Juvenile Justice Division. This report is solely the TJJD special revenue grant funds and not the Department as a whole.

Summarized information of the 31<sup>st</sup> District Juvenile Probation Department for the year ended August 31, 2012 is as follows:

Department revenues:	
TJPC grant revenues - audited	\$ 123,067
Local funding - unaudited	91,111
Other revenues - unaudited	<u>10,834</u>
Total revenues	<u>225,012</u>
Department expenditures:	
Grant expenditures - audited	123,067
Local expenditures - unaudited	<u>34,420</u>
Total expenditures	<u>157,487</u>
Excess of revenues over expenditures	<u><u>\$ 67,525</u></u>
Total assets, net - unaudited	<u><u>\$ 111,756</u></u>
Fund balance - unaudited	<u><u>\$ 111,756</u></u>

Continued

**ROBERTS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 11 – PROBATION DEPARTMENTS – Continuation**

*Community Supervision and Corrections (Adult Probation)*

The 31<sup>st</sup> 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.

Summarized information of the 31st District Community Supervision and Corrections Department for the year ended August 31, 2012 is as follows:

Department revenues:	
TDCJ-CJAD grant revenues - audited	\$ 74,541
Other revenues - audited	116,341
Local funding - unaudited	<u>10,304</u>
Total revenues	<u>201,186</u>
Department expenditures:	
Grant expenditures - audited	180,523
Local expenditures - unaudited	<u>7,788</u>
Total expenditures	<u>188,311</u>
Excess of revenues over expenditures	<u><u>\$ 12,875</u></u>
Assets	
Cash - audited	\$ 70,111
Cash - unaudited	<u>16,390</u>
Total assets	<u><u>\$ 86,501</u></u>
Liabilities	
Accounts payable - audited	<u>\$ 3,517</u>
Total liabilities	<u><u>\$ 3,517</u></u>
Fund balance - audited	\$ 66,594
Fund balance - unaudited	<u>16,390</u>
Total fund balance	<u><u>\$ 82,984</u></u>

**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, 2012**

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)
12/31/09	\$ 2,279,328	\$ 2,431,487	\$ 152,159	93.74%	\$ 1,067,792	14.25%
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%

**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 courthouses.

**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 Districts 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.

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

**County Records Preservation Fund** - The County 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.

**Criminal Justice Fund** – The Criminal Justice Fund accounts for the collection of various court fees. These fees may be used at the discretion of the Commissioners' Court.

**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, 2012**

**Special Revenue**

	<u>Budget Reserves</u>	<u>Cemetery</u>	<u>County Attorney Hot Check</u>	<u>Courthouse Security</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 136,666	\$ 26,580	\$ 453	\$ 13,049
Due from other funds	-	-	-	-
Accounts receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 136,666</u>	<u>\$ 26,580</u>	<u>\$ 453</u>	<u>\$ 13,049</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	-	-	-
Special projects	-	26,580	453	13,049
Committed to:				
Special Projects	136,666	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>136,666</u>	<u>26,580</u>	<u>453</u>	<u>13,049</u>
Total liabilities and fund balances	<u>\$ 136,666</u>	<u>\$ 26,580</u>	<u>\$ 453</u>	<u>\$ 13,049</u>

**Special Revenue**

<b>Criminal Justice</b>	<b>Highway</b>	<b>Indigent Healthcare</b>	<b>Jury</b>	<b>Justice of the Peace Technology</b>	<b>Law Library</b>	<b>Museum</b>
\$ 206,462	\$ 246,328	\$ 103,658	\$ 80,860	\$ -	\$ 4,851	\$ 35,249
11,039	-	-	-	-	-	-
10,869	8,152	-	40	-	-	-
<u>\$ 228,370</u>	<u>\$ 254,480</u>	<u>\$ 103,658</u>	<u>\$ 80,900</u>	<u>\$ -</u>	<u>\$ 4,851</u>	<u>\$ 35,249</u>
\$ -	\$ -	\$ -	\$ 32,053	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	32,053	-	-	-
-	-	-	-	-	-	-
-	-	-	48,847	-	4,851	35,249
<u>228,370</u>	<u>254,480</u>	<u>103,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>228,370</u>	<u>254,480</u>	<u>103,658</u>	<u>48,847</u>	<u>-</u>	<u>4,851</u>	<u>35,249</u>
<u>\$ 228,370</u>	<u>\$ 254,480</u>	<u>\$ 103,658</u>	<u>\$ 80,900</u>	<u>\$ -</u>	<u>\$ 4,851</u>	<u>\$ 35,249</u>

Continued

**ROBERTS COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

**Special Revenue**

Continuation

	<u>Parks</u>	<u>Records Management</u>	<u>Records Preservation</u>	<u>Red Deer Watershed</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 53,111	\$ 34,689	\$ 2,407	\$ 127,838
Due from other funds	-	-	-	-
Accounts receivable	-	-	-	-
	<u>53,111</u>	<u>34,689</u>	<u>2,407</u>	<u>127,838</u>
Total assets	<u>\$ 53,111</u>	<u>\$ 34,689</u>	<u>\$ 2,407</u>	<u>\$ 127,838</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	-	-	-
Special projects	-	34,689	2,407	127,838
Committed to:				
Special projects	53,111	-	-	-
	<u>53,111</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>53,111</u>	<u>34,689</u>	<u>2,407</u>	<u>127,838</u>
Total liabilities and fund balances	<u>\$ 53,111</u>	<u>\$ 34,689</u>	<u>\$ 2,407</u>	<u>\$ 127,838</u>

<b>Special Revenue</b>			<b>Debt Service</b>			<b>Total Nonmajor Governmental Funds</b>
<b>RUOK</b>	<b>Special County Highway</b>	<b>Total Special Revenue</b>	<b>Series 2008</b>	<b>Series 2009</b>	<b>Total Debt Service</b>	
\$ 168	\$ -	\$ 1,072,369	\$ 239,189	\$ 14,222	\$ 253,411	\$ 1,325,780
-	-	11,039	99,691	140,970	240,661	251,700
-	-	19,061	-	-	-	19,061
<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 1,102,469</u>	<u>\$ 338,880</u>	<u>\$ 155,192</u>	<u>\$ 494,072</u>	<u>\$ 1,596,541</u>
\$ -	\$ -	\$ 32,053	\$ -	\$ -	\$ -	\$ 32,053
-	13,463	13,463	68,152	-	68,152	81,615
-	13,463	45,516	68,152	-	68,152	113,668
-	-	-	270,728	155,192	425,920	425,920
-	-	293,963	-	-	-	293,963
168	(13,463)	762,990	-	-	-	762,990
168	(13,463)	1,056,953	270,728	155,192	425,920	1,482,873
<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 1,102,469</u>	<u>\$ 338,880</u>	<u>\$ 155,192</u>	<u>\$ 494,072</u>	<u>\$ 1,596,541</u>

**ROBERTS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Special Revenue</u>			
	<u>Budget Reserves</u>	<u>Cemetery</u>	<u>County Attorney Hot Check</u>	<u>Courthouse Security</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	60	2,506
Investment earnings	406	68	-	2
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	406	68	60	2,508
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Judicial	-	-	-	-
Public facilities	-	-	-	-
Road and bridge	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	406	68	60	2,508
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(2,502)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	(2,502)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	406	68	60	6
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - BEGINNING</b>	136,260	26,512	393	13,043
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	<u>\$ 136,666</u>	<u>\$ 26,580</u>	<u>\$ 453</u>	<u>\$ 13,049</u>

**Special Revenue**

<b>Criminal Justice</b>	<b>Highway</b>	<b>Indigent Healthcare</b>	<b>Jury</b>	<b>Justice of the Peace Technology</b>	<b>Law Library</b>	<b>Museum</b>
\$ -	\$ -	\$ -	\$ 104,296	\$ -	\$ -	\$ -
124,019	95,278	-	-	2,358	805	-
-	51	275	266	-	-	59
-	-	-	722	-	-	3,033
<u>124,019</u>	<u>95,329</u>	<u>275</u>	<u>105,284</u>	<u>2,358</u>	<u>805</u>	<u>3,092</u>
5,590	-	-	90,105	-	-	-
-	-	-	-	-	-	2,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,590</u>	<u>-</u>	<u>-</u>	<u>90,105</u>	<u>-</u>	<u>-</u>	<u>2,489</u>
118,429	95,329	275	15,179	2,358	805	603
5,877	-	-	-	-	-	-
-	-	-	-	(2,358)	(175)	-
<u>5,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,358)</u>	<u>(175)</u>	<u>-</u>
124,306	95,329	275	15,179	-	630	603
104,064	159,151	103,383	33,668	-	4,221	34,646
<u>\$ 228,370</u>	<u>\$ 254,480</u>	<u>\$ 103,658</u>	<u>\$ 48,847</u>	<u>\$ -</u>	<u>\$ 4,851</u>	<u>\$ 35,249</u>

Continued

**ROBERTS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Continuation	<u>Special Revenue</u>			
	<u>Parks</u>	<u>Records Management</u>	<u>Records Preservation</u>	<u>Red Deer Watershed</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	7,867	420	-
Investment earnings	141	51	-	340
Miscellaneous	-	-	(220)	-
Total revenues	<u>141</u>	<u>7,918</u>	<u>200</u>	<u>340</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	-	4,964	-	-
Public facilities	-	-	-	1,000
Road and bridge	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>4,964</u>	<u>-</u>	<u>1,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>141</u>	<u>2,954</u>	<u>200</u>	<u>(660)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(487)	(355)	-
Total other financing sources (uses)	<u>-</u>	<u>(487)</u>	<u>(355)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	141	2,467	(155)	(660)
<b>FUND BALANCES - BEGINNING</b>	<u>52,970</u>	<u>32,222</u>	<u>2,562</u>	<u>128,498</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 53,111</u>	<u>\$ 34,689</u>	<u>\$ 2,407</u>	<u>\$ 127,838</u>

<b>Special Revenue</b>			<b>Debt Service</b>			<b>Total Nonmajor Governmental Funds</b>
<b>RUOK</b>	<b>Special County Highway</b>	<b>Total Special Revenue</b>	<b>Series 2008</b>	<b>Series 2009</b>	<b>Total Debt Service</b>	
\$ -	\$ -	\$ 104,296	\$ 264,225	\$ 105,583	\$ 369,808	\$ 474,104
-	10,492	243,805	-	-	-	243,805
-	-	1,659	-	-	-	1,659
-	-	3,535	-	-	-	3,535
-	10,492	353,295	264,225	105,583	369,808	723,103
-	-	100,659	-	-	-	100,659
-	-	3,489	-	-	-	3,489
-	6,280	6,280	-	-	-	6,280
-	-	-	145,000	85,000	230,000	230,000
-	-	-	24,413	14,691	39,104	39,104
-	6,280	110,428	169,413	99,691	269,104	379,532
-	4,212	242,867	94,812	5,892	100,704	343,571
-	-	5,877	-	-	-	5,877
-	-	(5,877)	-	-	-	(5,877)
-	-	-	-	-	-	-
-	4,212	242,867	94,812	5,892	100,704	343,571
168	(17,675)	814,086	175,916	149,300	325,216	1,139,302
<u>\$ 168</u>	<u>\$ (13,463)</u>	<u>\$ 1,056,953</u>	<u>\$ 270,728</u>	<u>\$ 155,192</u>	<u>\$ 425,920</u>	<u>\$ 1,482,873</u>

**ROBERTS COUNTY, TEXAS  
COMBINING BALANCE SHEET  
OTHER AGENCY FUNDS  
SEPTEMBER 30, 2012**

	<b>Tax Assessor/ Collector</b>	<b>County District Clerk</b>	<b>Justice of the Peace</b>	<b>County Attorney</b>	<b>Total Other Agency Funds</b>
<b>ASSETS</b>					
Cash and short-term investments	\$ 11,429	\$ 130	\$ 425	\$ 200	\$ 12,184
Total assets	11,429	130	425	200	12,184
<b>LIABILITIES</b>					
Accounts payable	345	130	425	200	1,100
Due to other governments	11,084	-	-	-	11,084
Total liabilities	\$ 11,429	\$ 130	\$ 425	\$ 200	\$ 12,184

**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 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, 2012, which collectively comprise Roberts County, Texas' basic financial statements and have issued our report thereon dated May 13, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Roberts County, Texas' internal control over financial reporting as a basis for designing our auditing procedures 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 Roberts County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Roberts County, Texas' internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency or 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Roberts County, Texas in a separate letter dated May 13, 2013.

This report is intended for the information and use of the Commissioners' Court and County Officials and is not intended to be and should not be used by anyone other than these specified parties.

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

DOSHIER, PICKENS & FRANCIS, LLC

May 13, 2013

**ROBERTS COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS**  
**SEPTEMBER 30, 2012**

**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. Certain 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 such as having the bank reconciliations reviewed by another official of the County outside of their office.

**KNOWLEDGE AND APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Preparing financial statements in accordance with generally accepted accounting principles requires specialized skills and knowledge of a technical nature. Responsibility for ensuring that the County's financial statements are prepared in accordance with generally accepted accounting principles lies with the County's management. As a result, the County's management is responsible for designing and implementing internal controls to ensure the accuracy of the County's financial statements in accordance with generally accepted accounting principles. This includes ensuring that those responsible for the accounting and reporting function possesses the skills and knowledge to apply generally accepted accounting principles in recording the County's financial transactions or preparing its financial statements.

During the course of our audit we noted that the County's management was able to prepare the information necessary to prepare the governmental fund financial statements in accordance with accounting principles generally accepted in the United States. However, the adjustments needed to convert the governmental fund statements to the government-wide financial statements per GASB Statement 34, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were still necessary. These adjustments were needed to convert the County's financial statements from a modified-accrual method of accounting to an accrual basis as required by GASB Statement 34. We are required to notify the County's management that the County does not have an individual who possesses these specialized skills and knowledge to prepare these adjustments and the related financial statements and disclosures.

We have reviewed with the County Judge and the Assistant County Treasurer these adjustments, financial statements and disclosures to help her have an understanding of this financial information so that they can assume this responsibility for the accuracy and completeness of the financial statements.