

ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2014

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ROBERTS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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PART I

INTRODUCTORY SECTION

ROBERTS COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2014

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

PART II
FINANCIAL SECTION



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

INDEPENDENT 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, 2014, 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, 2014, 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 27 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 February 21, 2015, on our consideration of Roberts County, Texas' internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

DOSHIER, PICKENS & FRANCIS, LLC
February 21, 2015

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BASIC FINANCIAL STATEMENTS

**ROBERTS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 10,181,221
Accounts receivable, net	43,434
Delinquent taxes receivable, net	42,741
Due from other governments	52,093
Prepaid expenses	15,990
Capital assets:	
Land and improvements not being depreciated	36,682
Buildings and improvements, net of depreciation	4,231,464
Machinery and equipment, net of depreciation	1,975,384
Construction in progress	22,617
	6,266,147
Capital assets, net of accumulated depreciation	6,266,147
	16,601,626
LIABILITIES	
Accounts payable and accrued expenses	31,852
Noncurrent liabilities:	
Due within one year	2,727
Due in more than one year	24,538
	59,117
NET POSITION	
Net investment in capital assets	6,266,147
Restricted by enabling legislation for:	
Debt service	20,804
Special projects	262,339
Unrestricted	9,993,219
	16,542,509
Total net position	\$ 16,542,509

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, 2014**

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	\$ 960,911	\$ 74,332	\$ -	\$ -	\$ (886,579)
Judicial	395,834	80,640	44,720	-	(270,474)
Elections	9,800	297	-	-	(9,503)
Public facilities	349,421	12,074	5,356	-	(331,991)
Public safety	674,817	186,888	43,990	-	(443,939)
Road and bridge	1,057,559	79,442	-	-	(978,117)
Public services	51,874	-	-	-	(51,874)
Extension services	139,115	-	-	-	(139,115)
Interest on long-term debt	7,107	-	-	-	(7,107)
Total	\$ 3,646,438	\$ 433,673	\$ 94,066	\$ -	(3,118,699)
General revenues:					
					5,264,774
Property taxes					274,541
Property taxes, levied for debt service					17,114
Investment earnings					135,789
Miscellaneous					9,737
Gain on sale of assets					
Total general revenues					5,701,955
Change in net position					2,583,256
Net position - beginning					13,959,253
Net position - ending					\$ 16,542,509

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

**ROBERTS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 7,759,762	\$ 1,832,528	\$ 588,931	\$ 10,181,221
Accounts receivable, net	43,434	-	-	43,434
Delinquent taxes receivable, net	31,268	11,473	-	42,741
Due from other funds	-	3,482	-	3,482
Due from other governments	9,937	41,939	217	52,093
Prepaid expenses	15,766	224	-	15,990
	<u>\$ 7,860,167</u>	<u>\$ 1,889,646</u>	<u>\$ 589,148</u>	<u>\$ 10,338,961</u>
LIABILITIES				
Accounts payable	\$ 17,116	\$ 14,710	\$ 26	\$ 31,852
Due to other funds	3,482	-	-	3,482
	<u>20,598</u>	<u>14,710</u>	<u>26</u>	<u>35,334</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	63,697	11,236	-	74,933
	<u>63,697</u>	<u>11,236</u>	<u>-</u>	<u>74,933</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	15,766	224	-	15,990
Restricted for:				
Debt service	-	-	20,804	20,804
By enabling legislation for special projects	-	-	262,339	262,339
Committed for:				
Special projects	-	1,863,476	305,979	2,169,455
Unassigned	7,760,106	-	-	7,760,106
	<u>7,775,872</u>	<u>1,863,700</u>	<u>589,122</u>	<u>10,228,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,860,167</u>	<u>\$ 1,889,646</u>	<u>\$ 589,148</u>	<u>\$ 10,338,961</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, 2014

Total fund balances, governmental funds	\$	10,228,694
<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>		6,266,147
<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>		74,933
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:</p>		
Compensated absences		(27,265)
Net Position of Governmental Activities in the Statement of Net Position	\$	16,542,509

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, 2014

	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,749,756	\$ 1,494,014	\$ 274,541	\$ 5,518,311
Licenses and fees	304,772	76,736	19,059	400,567
Intergovernmental	88,811	-	-	88,811
Investment earnings	14,996	1,094	1,024	17,114
Miscellaneous	129,485	6,204	5,355	141,044
	<u>4,287,820</u>	<u>1,578,048</u>	<u>299,979</u>	<u>6,165,847</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative	811,463	-	-	811,463
Judicial	391,752	-	2,876	394,628
Elections	9,800	-	-	9,800
Public facilities	335,196	-	2,050	337,246
Public safety	609,564	-	3,500	613,064
Road and bridge	-	901,739	55	901,794
Public services	47,624	-	-	47,624
Extension service	138,538	-	-	138,538
Miscellaneous	-	-	31,582	31,582
Capital outlay	141,070	324,194	-	465,264
Debt service:				
Principal	-	-	595,000	595,000
Interest	-	-	11,268	11,268
	<u>2,485,007</u>	<u>1,225,933</u>	<u>646,331</u>	<u>4,357,271</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,802,813</u>	<u>352,115</u>	<u>(346,352)</u>	<u>1,808,576</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	763,192	367,713	357,692	1,488,597
Transfers out	(444,084)	-	(1,044,513)	(1,488,597)
	<u>319,108</u>	<u>367,713</u>	<u>(686,821)</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCES	2,121,921	719,828	(1,033,173)	1,808,576
FUND BALANCES - BEGINNING	<u>5,653,951</u>	<u>1,143,872</u>	<u>1,622,295</u>	<u>8,420,118</u>
FUND BALANCES - ENDING	<u>\$ 7,775,872</u>	<u>\$ 1,863,700</u>	<u>\$ 589,122</u>	<u>\$ 10,228,694</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, 2014**

Net change in fund balances - total governmental funds:	\$	1,808,576
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities do not report any of the outlays as expenses.</p>		
This is the amount by which capital outlays, \$465,264, exceeded depreciation, \$343,231, in the current period.		122,033
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>		
		(72,715)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.</p>		
		82,452
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balance. This amount represents the change in unavailable revenue.</p>		
		54,110
<p>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.</p>		
Principal repayments:		
Tax Notes, Series 2008 & 2009		595,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		4,161
Compensated absences, net change		(10,361)
		(10,361)
Change in net position of governmental activities	\$	2,583,256

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, 2014

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,678,771	\$ 3,678,771	\$ 3,749,756	\$ 70,985
Licenses and fees	177,800	177,800	304,772	126,972
Intergovernmental	35,833	80,333	88,810	8,477
Investment earnings	10,000	10,000	14,996	4,996
Miscellaneous	5,000	5,000	129,486	124,486
Total revenues	<u>3,907,404</u>	<u>3,951,904</u>	<u>4,287,820</u>	<u>335,916</u>
EXPENDITURES				
Current:				
Administrative	1,852,298	1,359,903	811,463	548,440
Judicial	469,523	475,814	391,752	84,062
Elections	22,850	22,850	9,800	13,050
Public facilities	385,945	393,735	335,196	58,539
Public safety	712,840	687,840	609,564	78,276
Public services	248,134	290,134	47,624	242,510
Education	145,814	145,814	138,538	7,276
Capital outlay	70,000	131,730	141,070	(9,340)
Total expenditures	<u>3,907,404</u>	<u>3,507,820</u>	<u>2,485,007</u>	<u>1,022,813</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>444,084</u>	<u>1,802,813</u>	<u>1,358,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	763,192	763,192
Transfers out	-	-	(444,084)	(444,084)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>319,108</u>	<u>319,108</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>444,084</u>	<u>2,121,921</u>	<u>1,677,837</u>
FUND BALANCE - BEGINNING	<u>5,653,951</u>	<u>5,653,951</u>	<u>5,653,951</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 5,653,951</u></u>	<u><u>\$ 6,098,035</u></u>	<u><u>\$ 7,775,872</u></u>	<u><u>\$ 1,677,837</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
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,446,502	\$ 1,446,502	\$ 1,494,014	\$ 47,512
Licenses and fees	10,000	10,000	76,736	66,736
Investment earnings	1,000	1,000	1,094	94
Miscellaneous	-	-	6,204	6,204
Total revenues	<u>1,457,502</u>	<u>1,457,502</u>	<u>1,578,048</u>	<u>120,546</u>
EXPENDITURES				
Current:				
Road and bridge	1,242,502	1,243,422	901,739	341,683
Capital outlay	215,000	581,793	324,194	257,599
Total expenditures	<u>1,457,502</u>	<u>1,825,215</u>	<u>1,225,933</u>	<u>599,282</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(367,713)</u>	<u>352,115</u>	<u>719,828</u>
OTHER FINANCING SOURCES				
Transfers in	-	273,629	367,713	94,084
Total financing sources	<u>-</u>	<u>273,629</u>	<u>367,713</u>	<u>94,084</u>
NET CHANGE IN FUND BALANCE	-	(94,084)	719,828	813,912
FUND BALANCE - BEGINNING	<u>1,143,872</u>	<u>1,143,872</u>	<u>1,143,872</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,143,872</u>	<u>\$ 1,049,788</u>	<u>\$ 1,863,700</u>	<u>\$ 813,912</u>

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

**ROBERTS COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

	<u>Permanent School</u>	<u>Registry of the Court</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS				
Cash	\$ 177,710	\$ 6,538	\$ 19,095	\$ 203,343
Total assets	<u>\$ 177,710</u>	<u>\$ 6,538</u>	<u>\$ 19,095</u>	<u>\$ 203,343</u>
LIABILITIES				
Accounts payable	\$ 210	\$ 6,538	\$ 1,616	\$ 8,364
Due to other governments	-	-	12,578	12,578
Deposits	-	-	4,901	4,901
Total liabilities	<u>210</u>	<u>6,538</u>	<u>19,095</u>	<u>25,843</u>
NET POSITION				
Held in trust for benefits and other purposes	<u>177,500</u>	<u>-</u>	<u>-</u>	<u>177,500</u>
Total liabilities and net position	<u>\$ 177,710</u>	<u>\$ 6,538</u>	<u>\$ 19,095</u>	<u>\$ 203,343</u>

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

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014

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.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

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

D. Use of Restricted Assets

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

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$96,993.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 \$23,538.

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, 2014

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, 2014

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, 2014

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.

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.
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.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2014, the General and Debt Service Series 2008 Funds had expenditures that exceeded appropriations for the capital outlay and miscellaneous functions by \$9,340 and \$31,582, respectively. These over-expenditures were funded by higher than expected revenues in the General Fund and transfers in from other funds in the Debt Service Series 2008 Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2014:

Cash and deposit balances consist of:

Bank deposits	\$ 10,247,726
Temporary investments - TexPool	136,838
	\$ 10,384,564
Total	\$ 10,384,564

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

Government-Wide Statement of Net Position:

Unrestricted	\$ 10,181,221
Fiduciary Funds Statement of Net Position	203,343
	\$ 10,384,564
Total	\$ 10,384,564

Custodial credit risk – deposits. As of September 30, 2014, the carrying amount of the County's deposits with financial institutions was \$10,247,726 and the bank's balance was \$10,410,935. Of the bank balance, \$297,192 was insured through the Federal Depository Insurance Corporation (FDIC) and \$10,113,743 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2014, the County had \$136,838 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.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014, 99% of the County's carrying value of cash was deposited with the County's depository bank.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 36,682	\$ -	\$ -	\$ 36,682
Construction in progress	-	22,617	-	22,617
Total capital assets, not being depreciated	36,682	22,617	-	59,299
Capital assets, being depreciated				
Buildings and improvements	4,569,795	36,384	-	4,606,179
Machinery and equipment	2,916,525	488,715	(130,887)	3,274,353
Total capital assets, being depreciated	7,486,320	525,099	(130,887)	7,880,532
Less accumulated depreciation for:				
Buildings and improvements	(260,569)	(114,146)	-	(374,715)
Machinery and equipment	(1,128,056)	(229,085)	58,172	(1,298,969)
Total accumulated depreciation	(1,388,625)	(343,231)	58,172	(1,673,684)
Total capital assets, being depreciated, net	6,097,695	181,868	(72,715)	6,206,848
Governmental activities capital assets, net	\$ 6,134,377	\$ 204,485	\$ (72,715)	\$ 6,266,147

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – CAPITAL ASSETS – Continuation

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

Governmental activities	
Administrative	\$ 116,915
Judicial	1,681
Public facilities	7,372
Public safety	60,775
Road and bridge	152,238
Public services	<u>4,250</u>
 Total Depreciation Expense	 <u>\$ 343,231</u>

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 2013 tax roll was \$.422991 per \$100, which means that the County has a tax margin of \$.377009 per \$100 and could raise up to \$3,505,522 additional revenue from the 2013 assessed valuation of \$929,935,377 before the limit is reached. This tax rate assessed covers the rates assessed for the general (\$.394566), and debt service (\$.028425) 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 2013 tax roll was \$.155110 per \$100, which means that the County has a tax margin of \$.144890 per \$100 and could raise up to \$1,346,523 additional revenue from the 2013 assessed valuation of \$929,341,627 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 656 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.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6 – 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 7.24% and 8.01% for calendar years 2014 and 2013, respectfully. The contribution rate payable by the employee members is 7.00% for fiscal year 2014 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 2014, 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, 2012	\$ 66,431	100 %	\$ -
September 30, 2013	96,150	100	-
September 30, 2014	102,140	100	-

The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 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 five-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, 2013 was 20 years.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 92.68% funded. The actuarial accrued liability for benefits was \$3,133,137, and the actuarial value of assets was \$2,903,737, resulting in an unfunded actuarial accrued liability (UAAL) of \$229,400. The covered payroll (annual payroll of active employees covered by the plan) was \$1,242,639 and the ratio of the UAAL to the covered payroll was 18.46%.

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

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

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and a contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended September 30, 2012, 2013, and 2014, were \$6,059, \$7,575, and \$8,699, respectively, which equaled the contractually required contributions each year.

NOTE 8 – INTERFUND TRANSFERS AND DUE TO/FROMS

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 763,192	\$ 444,084
Road and Bridge	367,713	-
Special Revenue:		
County Attorney Hot Check	-	453
Criminal Justice	-	395,807
Highway	-	249,272
Jury	-	96,108
Justice of the Peace Technology	7,692	-
Debt Service:		
Series 2008	350,000	278,515
Series 2009	-	24,358
	<u>\$ 1,488,597</u>	<u>\$ 1,488,597</u>

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

Continued

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Fund	Due From	Due To
General Fund	\$ -	\$ 3,482
Road and Bridge	3,482	-
	<u>\$ 3,482</u>	<u>\$ 3,482</u>

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

NOTE 9 – LONG-TERM DEBT

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	\$ 320,000	\$ -	\$ (320,000)	\$ -	\$ -
Tax Notes - Series 2009	275,000	-	(275,000)	-	-
Compensated absences	16,904	42,428	(32,067)	27,265	2,727
	<u>\$ 611,904</u>	<u>\$ 42,428</u>	<u>\$ (627,067)</u>	<u>\$ 27,265</u>	<u>\$ 2,727</u>
Governmental activity long-term liabilities	<u>\$ 611,904</u>	<u>\$ 42,428</u>	<u>\$ (627,067)</u>	<u>\$ 27,265</u>	<u>\$ 2,727</u>

The County incurred interest expense of \$11,268 during the year ended September 30, 2014.

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

The County has entered into agreements for servicing and maintaining two copiers, and their related controls. Total lease expenses for 2014 are \$2,444. Commitments under these agreements provide for minimum future payments as of September 30, 2014, as follows:

For Year	For Year Ended:	
	2015	\$ 3,712
	2016	3,712
	2017	3,712
	2018	2,069
	2019	<u>1,268</u>
	Present value of future minimum lease payments	<u><u>\$ 14,473</u></u>

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – CONCENTRATION OF TAXPAYERS

As of September 30, 2014, 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	\$ 421,808	7.44 %
Taxpayer B	348,018	6.14
Taxpayer C	346,064	6.11
Taxpayer D	328,421	5.80
Taxpayer E	324,598	5.73

ROBERTS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 13 – PROBATION DEPARTMENTS

Community Supervision and Corrections (Adult Probation)

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

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

Summarized information of the 31st District Community Supervision and Corrections Department for the year ended August 31, 2014 is as follows:

Department revenues:	
TDCJ-CJAD grant revenues - audited	\$ 68,652
Other revenues - audited	116,563
Local funding - unaudited	<u>20,300</u>
Total revenues	<u>205,515</u>
Department expenditures:	
Grant expenditures - audited	167,941
Local expenditures - unaudited	<u>9,580</u>
Total expenditures	<u>177,521</u>
Excess of revenues over expenditures	<u><u>\$ 27,994</u></u>
Assets	
Cash - audited	\$ 85,863
Cash - unaudited	<u>26,918</u>
Total assets	<u><u>\$ 112,781</u></u>
Fund balance	
Fund balance - audited	\$ 85,863
Fund balance - unaudited	<u>26,918</u>
Total fund balance	<u><u>\$ 112,781</u></u>

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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, 2014

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)
12/31/11	\$ 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
12/31/13	2,903,737	3,133,137	229,400	92.68	1,242,639	18.46

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.

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

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

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.

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, 2014**

<u>Special Revenue</u>											
	<u>Budget Reserves</u>	<u>Cemetery</u>	<u>County Attorney Hot Check</u>	<u>Courthouse Security</u>	<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>
ASSETS											
Cash and equivalents	\$ 136,838	\$ 25,867	\$ -	\$ 19,802	\$ -	\$ 104,081	\$ -	\$ 11,728	\$ 6,396	\$ 41,774	\$ 53,328
Receivable from other governments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 136,838</u>	<u>\$ 25,867</u>	<u>\$ -</u>	<u>\$ 19,802</u>	<u>\$ -</u>	<u>\$ 104,081</u>	<u>\$ -</u>	<u>\$ 11,728</u>	<u>\$ 6,396</u>	<u>\$ 41,774</u>	<u>\$ 53,328</u>
LIABILITIES											
Accounts payable	\$ (4)	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>(4)</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES											
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Special projects	-	25,837	-	19,802	-	-	-	-	6,396	41,774	-
Committed to:											
Special projects	<u>136,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,081</u>	<u>-</u>	<u>11,728</u>	<u>-</u>	<u>-</u>	<u>53,328</u>
Total fund balances	<u>136,842</u>	<u>25,837</u>	<u>-</u>	<u>19,802</u>	<u>-</u>	<u>104,081</u>	<u>-</u>	<u>11,728</u>	<u>6,396</u>	<u>41,774</u>	<u>53,328</u>
Total liabilities and fund balances	<u>\$ 136,838</u>	<u>\$ 25,867</u>	<u>\$ -</u>	<u>\$ 19,802</u>	<u>\$ -</u>	<u>\$ 104,081</u>	<u>\$ -</u>	<u>\$ 11,728</u>	<u>\$ 6,396</u>	<u>\$ 41,774</u>	<u>\$ 53,328</u>

Continued

**ROBERTS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

Continuation	Special Revenue					Debt Service			Total	
	Records Management	Records Preservation	Red Deer Watershed	Technology Fund	Criminal Justice Planning	Total Special Revenue	Series 2008	Series 2009	Total Debt Service	Nonmajor Governmental Funds
ASSETS										
Cash and equivalents	\$ 38,009	\$ 3,033	\$ 127,249	\$ 239	\$ -	\$ 568,344	\$ 20,587	\$ -	\$ 20,587	\$ 588,931
Receivable from other governments	-	-	-	-	-	-	217	-	217	217
Total assets	<u>\$ 38,009</u>	<u>\$ 3,033</u>	<u>\$ 127,249</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 568,344</u>	<u>\$ 20,804</u>	<u>\$ -</u>	<u>\$ 20,804</u>	<u>\$ 589,148</u>
LIABILITIES										
Accounts payable	-	-	-	-	-	26	-	-	-	26
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
FUND BALANCES										
Restricted for:										
Debt service	-	-	-	-	-	-	20,804	-	20,804	20,804
Special projects	38,009	3,033	127,249	239	-	262,339	-	-	-	262,339
Committed to:										
Special projects	-	-	-	-	-	305,979	-	-	-	305,979
Total fund balances	<u>38,009</u>	<u>3,033</u>	<u>127,249</u>	<u>239</u>	<u>-</u>	<u>568,318</u>	<u>20,804</u>	<u>-</u>	<u>20,804</u>	<u>589,122</u>
Total liabilities and fund balances	<u>\$ 38,009</u>	<u>\$ 3,033</u>	<u>\$ 127,249</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 568,344</u>	<u>\$ 20,804</u>	<u>\$ -</u>	<u>\$ 20,804</u>	<u>\$ 589,148</u>

ROBERTS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue										
	Budget Reserves	Cemetery	County Attorney Hot Check	Courthouse Security	Highway	Indigent Healthcare	Jury	Justice Court Technology	Law Library	Museum	Parks
REVENUES											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	4,519	-	-	-	7,536	805	-	-
Investment earnings	46	29	-	7	251	208	107	-	2	33	106
Miscellaneous	-	100	-	-	-	-	-	-	-	5,255	-
Total revenues	46	129	-	4,526	251	208	107	7,536	807	5,288	106
EXPENDITURES											
Current:											
Judicial	-	-	-	-	-	-	-	-	-	-	-
Public facilities	-	1,026	-	-	-	-	-	-	-	1,024	-
Public safety	-	-	-	-	-	-	3,500	-	-	-	-
Road and bridge	-	-	-	-	55	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,026	-	-	55	-	-	3,500	-	1,024	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46	(897)	-	4,526	196	208	107	4,036	807	4,264	106
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	7,692	-	-	-
Transfers out	-	-	(453)	-	(249,272)	-	(96,108)	-	-	-	-
Total other financing sources (uses)	-	-	(453)	-	(249,272)	-	(96,108)	7,692	-	-	-
NET CHANGE IN FUND BALANCES	46	(897)	(453)	4,526	(249,076)	208	(96,001)	11,728	807	4,264	106
FUND BALANCES - BEGINNING	136,796	26,734	453	15,276	249,076	103,873	96,001	-	5,589	37,510	53,222
FUND BALANCES - ENDING	\$ 136,842	\$ 25,837	\$ -	\$ 19,802	\$ -	\$ 104,081	\$ -	\$ 11,728	\$ 6,396	\$ 41,774	\$ 53,328

Continued

ROBERTS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Continuation	Special Revenue					Debt Service			Total Nonmajor Governmental Funds	
	Records Management	Records Preservation	Red Deer Watershed	Technology Fund	Criminal Justice Planning	Total Special Revenue	Series 2008	Series 2009		Total Debt Service
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,541	\$ -	\$ 274,541	\$ 274,541
Licenses and fees	5,710	250	-	239	-	19,059	-	-	-	19,059
Investment earnings	28	1	147	-	-	965	2	57	59	1,024
Miscellaneous	-	-	-	-	-	5,355	-	-	-	5,355
Total revenues	<u>5,738</u>	<u>251</u>	<u>147</u>	<u>239</u>	<u>-</u>	<u>25,379</u>	<u>274,543</u>	<u>57</u>	<u>274,600</u>	<u>299,979</u>
EXPENDITURES										
Current:										
Judicial	2,876	-	-	-	-	2,876	-	-	-	2,876
Public facilities	-	-	-	-	-	2,050	-	-	-	2,050
Public safety	-	-	-	-	-	3,500	-	-	-	3,500
Road and bridge	-	-	-	-	-	55	-	-	-	55
Miscellaneous	-	-	-	-	-	-	31,582	-	31,582	31,582
Debt service:										
Principal	-	-	-	-	-	-	595,000	-	595,000	595,000
Interest	-	-	-	-	-	-	11,268	-	11,268	11,268
Total expenditures	<u>2,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,481</u>	<u>637,850</u>	<u>-</u>	<u>637,850</u>	<u>646,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,862</u>	<u>251</u>	<u>147</u>	<u>239</u>	<u>-</u>	<u>16,898</u>	<u>(363,307)</u>	<u>57</u>	<u>(363,250)</u>	<u>(346,352)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	7,692	350,000	-	350,000	357,692
Transfers out	-	-	-	-	(395,807)	(741,640)	(278,515)	(24,358)	(302,873)	(1,044,513)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(395,807)</u>	<u>(733,948)</u>	<u>71,485</u>	<u>(24,358)</u>	<u>47,127</u>	<u>(686,821)</u>
NET CHANGE IN FUND BALANCES	2,862	251	147	239	(395,807)	(717,050)	(291,822)	(24,301)	(316,123)	(1,033,173)
FUND BALANCES - BEGINNING	35,147	2,782	127,102	-	395,807	1,285,368	312,626	24,301	336,927	1,622,295
FUND BALANCES - ENDING	<u>\$ 38,009</u>	<u>\$ 3,033</u>	<u>\$ 127,249</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 568,318</u>	<u>\$ 20,804</u>	<u>\$ -</u>	<u>\$ 20,804</u>	<u>\$ 589,122</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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 264,303	\$ 264,303	\$ 274,541	\$ 10,238
Investment earnings	5	5	2	(3)
Total revenues	<u>264,308</u>	<u>264,308</u>	<u>274,543</u>	<u>10,235</u>
EXPENDITURES				
Current:				
Miscellaneous	-	-	31,582	(31,582)
Debt Service:				
Principal	245,000	595,000	595,000	-
Interest	19,308	19,308	11,268	8,040
Total expenditures	<u>264,308</u>	<u>614,308</u>	<u>637,850</u>	<u>(23,542)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(350,000)</u>	<u>(363,307)</u>	<u>(13,307)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	350,000	350,000
Transfers out	-	-	(278,515)	(278,515)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>71,485</u>	<u>71,485</u>
NET CHANGE IN FUND BALANCE	-	(350,000)	(291,822)	58,178
FUND BALANCE - BEGINNING	<u>312,626</u>	<u>312,626</u>	<u>312,626</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 312,626</u>	<u>\$ (37,374)</u>	<u>\$ 20,804</u>	<u>\$ 58,178</u>

**ROBERTS COUNTY, TEXAS
COMBINING BALANCE SHEET
AGENCY FUNDS
SEPTEMBER 30, 2014**

	Tax Assessor/ Collector	Sheriff	County Attorney	Total Agency Funds
ASSETS				
Cash	\$ 13,344	\$ 4,901	\$ 850	\$ 19,095
Total assets	\$ 13,344	\$ 4,901	\$ 850	\$ 19,095
LIABILITIES				
Accounts payable	\$ 766	\$ -	\$ 850	\$ 1,616
Due to other governments	12,578	-	-	12,578
Deposits	-	4,901	-	4,901
Total liabilities	\$ 13,344	\$ 4,901	\$ 850	\$ 19,095

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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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 21, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

DOSHIER, PICKENS & FRANCIS, LLC

February 21, 2015

**ROBERTS COUNTY, TEXAS
SCHEDULE OF FINDINGS
SEPTEMBER 30, 2014**

Finding 2014-1

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