

# *Hill County, Texas*



## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2015



**HILL COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2015**

**Page**  
**Number**

**FINANCIAL SECTION**

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis .....	4 – 11

**Basic Financial Statements**

**Government-wide Financial Statements:**

Statement of Net Position .....	12
Statement of Activities.....	13

**Fund Financial Statements:**

Balance Sheet – Governmental Funds .....	14
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities.....	17
Statement of Fiduciary Net Position – Fiduciary Funds.....	18
Notes to the Basic Financial Statements .....	19 – 39

**Required Supplementary Information**

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	40 – 41
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Funds .....	42

**HILL COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2015**

	<u>Page Number</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Indigent Health Care Fund .....	43
Schedule of Changes in Net Pension Liability and Related Ratios .....	44
Schedule of Employer Contributions.....	45
Notes to Schedule of Employer Contributions .....	46
Notes to Required Supplementary Information .....	47 – 48
 <b><u>Combining and Individual Fund Statements and Schedules</u></b>	
Combining Balance Sheet – Road and Bridge Funds .....	49 – 50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Road and Bridge Funds .....	51 – 52
Combining Balance Sheet – Non-major Governmental Funds .....	53 – 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds.....	59 – 64
 <b>Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	
Law Library Fund .....	65
Jury Fund .....	66
Records Preservation and Management Fund.....	67
D.A. Forfeited Property Fund .....	68
Interest and Sinking Fund .....	69
County Clerk Fund.....	70
Hill County Tourism Fund.....	71
Justice Court Technology Fund .....	72
Courthouse Security Fund.....	73

**HILL COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2015**

	<u>Page Number</u>
Election Machine Lease .....	74
District Clerk Archive.....	75
Investigative Fund.....	76
 <b>Agency Funds:</b>	
Combining Statement of Fiduciary Net Position.....	77 – 78
Combining Statement of Changes in Assets and Liabilities.....	79 – 80

# **FINANCIAL SECTION**



P A T T I L L O , B R O W N & H I L L , L L P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and  
Commissioners' Court  
Hill County, Texas

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' 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 auditors' 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 the aggregate remaining fund information of Hill County, Texas, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in 2015 the County adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of contributions on pages 4 – 11 and 40 – 46 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hill County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2016 on our consideration of the Hill 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* in considering the Hill County, Texas' internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Hillsboro, Texas  
April 22, 2016



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

## HILL COUNTY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Hill County, Texas (the "County") Financial Report presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended September 30, 2015.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Hill County, Texas exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27,058,704 (net position). Of this amount, \$3,887,888 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,771,779. This increase was mainly due to an increase in charges for services, capital grants and contributions and property taxes, as well as a decrease in general government and public safety expenses offset by an increase in judicial, public transportation and health and welfare expenses.
- As of the close of the current fiscal year, Hill County, Texas' governmental funds reported combined ending fund balances of \$8,442,953 an increase of \$773,342 in comparison with the prior year. Approximately 40.73% of this total amount, \$3,438,626, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General fund was \$3,438,626, or 32.09% of total General fund expenditures, the fund balance for the road and bridge fund was \$2,880,522, or 86.81% of total road and bridge fund expenditures, and the fund balance for the indigent health care fund was \$15,534, or 1.91% of total indigent health care expenditures.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) governmental-wide financial statements; 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred inflows/outflows of resources and liabilities, with the difference between them representing net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, legal, public facilities, public safety, health and welfare, conservation, roads and bridges, cultural and recreation and interest on long-term debt.

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The County maintains 29 individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Budgets for the 2015 fiscal year were adopted for the General Fund, the Road and Bridge Funds, Indigent Health Care, the Law Library, the Jury Fund, the Interest and Sinking Fund, County Clerk Fund, District Clerk Records Preservation and Management, the Sheriff Investigative Fund, the D.A. Forfeited Property Fund, the Court Technology Fund, the District Clerk Archive Fund, the Courthouse Security Fund, the Hill County Tourism Fund and the Election Machine Lease Fund.

The basic governmental fund financial statements can be found on pages 12 - 18 of this report.

### *Proprietary Funds*

Hill County, Texas maintains no proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 39 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information and the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 40 – 48 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, agency funds, and non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 - 64 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 65 - 76 of this report.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,058,704 at the close of the most recent fiscal year.

65.20% of the County's net position (\$17,642,123) reflects its net investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Hill County's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	\$ 11,284,931	\$ 10,323,356
Capital assets	22,822,099	22,732,568
Total assets	34,107,030	33,055,924
Total deferred outflows of resources	795,035	183,435
Long-term liabilities	6,516,100	6,552,958
Other liabilities	1,167,401	984,134
Total liabilities	7,683,501	7,537,092
Total deferred inflows of resources	159,860	-
Net position:		
Net investment in capital assets	17,642,123	17,239,742
Nonspendable	594,787	531,537
Restricted	4,933,906	4,417,472
Unrestricted	3,887,888	3,513,516
Total net position	\$ 27,058,704	\$ 25,702,267

An additional portion of the County's net position (18.23%) represents resources that are subject to external restrictions on how they may be used as well as a portion (2.20%) that represents items that have previously been paid. The remaining balance of unrestricted net position (\$3,887,888) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, the County reported a positive balance in the governmental activities. For the prior fiscal year, the County, reported positive balances in net position, both for the government as a whole, as well as for its separate governmental activities.

### Governmental activities:

Governmental activities increased the County's net position by \$1,771,779.

The following table indicates changes in net position for governmental activities:

### Hill County's Changes in Net Position

	Governmental Activities	
	2015	2014
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 3,970,851	\$ 3,670,190
Operating grants and contributions	1,584,960	1,735,504
Capital grants and contributions	1,180,430	102,155
General revenues:		
Property taxes	10,977,509	10,697,033
Sales Taxes	1,589,207	1,581,087
Other Taxes	72,801	53,254
Investment earnings	72,857	74,636
Gain on sale of capital assets	52,632	36,205
Miscellaneous	188,542	143,346
Total Revenues	<u>19,689,789</u>	<u>18,093,410</u>
<b>EXPENSES</b>		
General government	3,094,329	3,719,057
Judicial	3,033,042	2,823,318
Public safety	6,724,815	6,928,182
Public transportation	3,708,212	3,572,799
Health and welfare	1,011,174	908,071
Culture and recreation	156,103	140,069
Interest on long-term debt	190,335	201,439
Total Expenses	<u>17,918,010</u>	<u>18,292,935</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,771,779	( 199,525)
<b>NET POSITION, BEGINNING</b>	25,702,267	25,685,909
<b>PRIOR PERIOD ADJUSTMENT</b>	( 415,342)	215,883
<b>NET POSITION, ENDING</b>	<u>\$ 27,058,704</u>	<u>\$ 25,702,267</u>

The charges for services increased by \$300,661 due mainly to increases in general government and judicial charges for services. Operating grants and contributions decreased mainly due to decreased grant funding for judicial and public safety, while capital grants and contributions increased \$1,078,275 due to the TXDOT grant for bridge construction. Property taxes increased by \$280,476.

Total expenses for government activities decreased by \$374,925 primarily due to decreased general government and public safety offset by increased judicial, public transportation and health and welfare expenses.

**Financial Analysis of the Government's Funds.** As noted earlier, the County's uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Government Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,442,953, an increase of \$773,342 in comparison with the prior year. Approximately 40.73% of this total amount \$3,438,626, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining restricted and assigned amounts of \$5,004,327 are to be used for the various functions of the County.

The General fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance for the General fund was \$3,509,047 which included unassigned fund balance of \$3,438,626. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32.09% of total general fund expenditures.

The fund balance of the County's General fund increased by \$198,814 during the current fiscal year which was more than the prior year increase of \$125,333. Key factors in this change are as follows:

- Total expenditures increased from \$10,652,775 to \$10,716,980 mainly due to increases in judicial and health and welfare expenditures. This was offset by a \$466,833 increase in total revenues primarily due to an increase in property tax revenue.
- There was an increase in income from capital lease proceeds offset by the decrease in transfers in and increase in transfers out.

At the end of the current fiscal year, total fund balance of the Road and Bridge fund was \$2,880,522 which was entirely restricted for public transportation. As a measure of the Road and Bridge fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 86.81% of total Road and Bridge fund expenditures.

The fund balance of the County's, Road and Bridge fund increased by \$343,604 during the current fiscal year. Key factors in this increase are as follows:

- The Road and Bridge Departments actually budgeted a decrease in their reserves of \$1,005,473, however, the actual reserve balance increased by \$343,604. The County did not spend as much as budgeted on construction materials, fuel, bridge construction and equipment purchases.

At the end of the current fiscal year, total fund balance of the Indigent Health Care fund was \$15,534 which was entirely restricted for health and welfare. As a measure of the Indigent Health Care fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 1.91% of total Indigent Health Care fund expenditures.

The fund balance of the County's Indigent Health Care fund decreased by \$46,010 during the current fiscal year. Key factors in this decrease are as follows:

- Health and welfare expenditures increased from \$769,497 to \$812,027
- Transfers out decreased by \$50,000

## **Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for the General fund expenditures amounted to a decrease of \$66,617. The largest components of the decrease were attributable to decreased commissioner's court expenditures of \$220,469 and a decrease in animal control expenditures of \$25,000. Increases in the expenditure budgets were financed by these decreases as well as the budgeting of revenues and available fund balance. The major increases in budgeted expenditures were to non-departmental expenditures of \$34,132, jail expenditures of \$25,000 and sheriff's department expenditures of \$110,121. For the year, actual General fund revenue was \$226,519 less than budgeted revenues and transfers into the General fund were less than anticipated by \$200,000. Actual total expenditures were \$602,796 less than budgeted resulting in a surplus of \$175,466 for the year.

The major amendments to the Road and Bridge fund budget was for additional miscellaneous revenue of \$31,864 as well as other financing sources from the sale of capital assets of \$46,977, capital lease proceeds of \$127,287 and increased transfers in of \$220,469. These items were offset by increases to roads and highways expenditures of \$397,241 and principal retirement of \$29,356. Overall, the actual expenditures were under budget by \$1,255,291 while actual revenue was \$93,786 over budget. These items primarily resulted in a total surplus over budget of \$1,349,077 in the Road and Bridge fund.

There was no difference between the original budget and the final amended budget for the indigent health care fund. Overall, the actual expenditures were under budget by \$12,506 while actual revenue was \$14,097 over budget.

## **Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$22,822,099 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total increase in the County's investment in capital assets for the current fiscal year was \$89,531 or 0.39%.

Depreciation on the County's assets of \$1,843,507 was less than its net capital purchases of \$1,933,996. Together with the sale and retirement of assets, this resulted in a net decrease in capital assets.

Additional information on the County's capital assets can be found in note IV C on page 29 - 30 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$5,012,563. All of which comprises debt backed by the full faith and credit of the County.

The County's total bonded debt decreased by \$440,256 (8.07) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds of \$440,000.

Additional information on the County's long term debt can be found in note IV F on pages 31 - 33 of this report.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- While the state is facing deep expenditure cuts, the County will focus on maintaining its current reserve for 2015 and 2016 except for some possible capital expenditures discussed below. State unfunded mandates are likely.
- Appraisal valuations increased slightly the past year and are anticipated to increase again for 2017. New economic development in Hill County has begun with the groundbreaking of a new asphalt/shingle plant. Two different corporations are preparing to build peaker electricity plants within the County with potential ground breaking in early 2017. Additional development includes the expansion of a local cabinet plant with potential employment of 150 individuals. A new truck facility that builds and supports custom apparatus for wildland firefighters has already built its first unit in the new plant in Hillsboro. A new full service truck stop facility on I-35 became operational in May, 2016
- The County is considering renovating the 4<sup>th</sup> floor of the courthouse in the near future to accommodate growing storage which can be funded from the capital project fund. A possible west side courthouse annex is being considered which would require use of County reserves that has not been budgeted for FY 2016.

Estimated general fund revenue for fiscal year 2016 is \$12,358,089 (including incoming transfers of \$560,993). Estimated expenditures for the General Fund are \$12,224,198 (including transfers out of \$212,000).

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Hill County Auditor's Office, P.O. Box 783, Hillsboro, TX 76645; Phone: (254) 582-4060, Fax: (254) 582-4033, or Email: [auditor@co.hill.tx.us](mailto:auditor@co.hill.tx.us).

# **BASIC FINANCIAL STATEMENTS**

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

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and investments	\$ 9,165,419	\$ 9,165,419
Receivables (net of allowance for uncollectibles)	1,447,028	1,447,028
Due from other governments	77,840	77,840
Internal balances	( 143)	( 143)
Inventories	66,845	66,845
Prepaid items	527,942	527,942
Capital assets not being depreciated::		
Land	62,977	62,977
Capital assets, net of accumulated depreciation:		
Building and improvements	13,411,883	13,411,883
Machinery and equipment	2,270,816	2,270,816
Infrastructure	7,076,423	7,076,423
Total assets	34,107,030	34,107,030
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pensions	628,276	628,276
Deferred charge on refunding	166,759	166,759
Total deferred outflows of resources	795,035	795,035
<b>LIABILITIES</b>		
Accounts Payable	725,096	725,096
Accrued Wages Payable	417,264	417,264
Accrued Interest Payable	25,041	25,041
Noncurrent Liabilities:		
Due within one year	738,611	738,611
Due in more than one year	5,777,489	5,777,489
Total liabilities	7,683,501	7,683,501
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pensions	159,860	159,860
Total deferred inflows of resources	159,860	159,860
<b>NET POSITION</b>		
Net investment in capital assets	17,642,123	17,642,123
Nonspendable:		
Inventory	66,845	66,845
Prepaid items	527,942	527,942
Restricted for:		
Administration	515,680	515,680
Construction	362,319	362,319
Debt Service	115,478	115,478
Elections	21,746	21,746
Health and Welfare	15,534	15,534
Judicial	327,091	327,091
Public Safety	695,536	695,536
Public Transportation	2,880,522	2,880,522
Unrestricted	3,887,888	3,887,888
Total net position	\$ 27,058,704	\$ 27,058,704

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
						Total
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 3,094,329	\$ 1,068,237	\$ 59,832	\$ -	\$( 1,966,260)	\$( 1,966,260)
Judicial	3,033,042	1,451,365	228,052	-	( 1,353,625)	( 1,353,625)
Public safety	6,724,815	673,331	1,045,291	-	( 5,006,193)	( 5,006,193)
Public transportation	3,708,212	727,745	230,095	1,180,430	( 1,569,942)	( 1,569,942)
Health and welfare	1,011,174	50,173	21,690	-	( 939,311)	( 939,311)
Culture and recreation	156,103	-	-	-	( 156,103)	( 156,103)
Interest and fiscal charges	190,335	-	-	-	( 190,335)	( 190,335)
Total Governmental Activities	<u>17,918,010</u>	<u>3,970,851</u>	<u>1,584,960</u>	<u>1,180,430</u>	<u>( 11,181,769)</u>	<u>( 11,181,769)</u>
<b>Total Primary Government</b>	<u>\$ 17,918,010</u>	<u>\$ 3,970,851</u>	<u>\$ 1,584,960</u>	<u>\$ 1,180,430</u>	<u>( 11,181,769)</u>	<u>( 11,181,769)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					10,388,214	10,388,214
Property taxes, levied for debt service					589,295	589,295
Sales taxes					1,589,207	1,589,207
Other taxes					72,801	72,801
Unrestricted Investment Earnings					72,857	72,857
Miscellaneous					188,542	188,542
Gain on sale of capital assets					<u>52,632</u>	<u>52,632</u>
Total General Revenues and Transfers					<u>12,953,548</u>	<u>12,953,548</u>
Change in Net Position					1,771,779	1,771,779
Net position, beginning					25,702,267	25,702,267
Prior period adjustment					( 415,342)	( 415,342)
Net position, ending					<u>\$ 27,058,704</u>	<u>\$ 27,058,704</u>

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

# HILL COUNTY, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,832,624	\$ 3,082,841	\$ 45,590	\$ 2,204,364	\$ 9,165,419
Receivables (net of allowance for uncollectibles)	877,762	191,335	80,465	54,950	1,204,512
Due from others funds	11,579	-	-	-	11,579
Intergovernmental receivable	11,036	24,925	-	41,879	77,840
Total assets	4,733,001	3,299,101	126,055	2,301,193	10,459,350
<b>LIABILITIES</b>					
Accounts payable	305,780	208,669	52,623	158,024	725,096
Accrued liabilities	308,766	54,340	2,320	51,838	417,264
Due to other funds	5,000	-	-	6,722	11,722
Total liabilities	619,546	263,009	54,943	216,584	1,154,082
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	604,408	155,570	55,578	46,759	862,315
Total deferred inflows of resources	604,408	155,570	55,578	46,759	862,315
<b>FUND BALANCES</b>					
<b>Restricted:</b>					
Administration	-	-	-	468,144	468,144
Construction	-	-	-	362,319	362,319
Debt Service	-	-	-	115,478	115,478
Elections	-	-	-	21,746	21,746
Health and Welfare	-	-	15,534	-	15,534
Judicial	-	-	-	374,627	374,627
Public Safety	-	-	-	695,536	695,536
Public Transportation	-	2,880,522	-	-	2,880,522
Assigned for:					
Purchases on order	70,421	-	-	-	70,421
<b>Unassigned</b>	3,438,626	-	-	-	3,438,626
Total fund balances	3,509,047	2,880,522	15,534	2,037,850	8,442,953
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,733,001	\$ 3,299,101	\$ 126,055	\$ 2,301,193	\$ 10,459,350

The accompanying notes are an integral part of these financial statements.

HILL COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances - government funds (page 14)	\$ 8,442,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,822,099
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	242,516
Prepaid items are expenditures in the funds but are recorded as assets in the governmental activities.	527,942
Inventory costs are expenditures in the funds but are recorded as assets in the governmental activities.	66,845
Property taxes receivable unavailable to pay for current period expenditures are reported as unavailable revenue in the funds.	862,315
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,905,966)</u>
Net position of governmental activities - statement of net position	<u>\$ 27,058,704</u>

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

## HILL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 7,714,225	\$ 1,981,646	\$ 701,874	\$ 594,643	\$ 10,992,388
Sales	1,303,149	158,921	127,137	-	1,589,207
Other	30,197	-	-	42,604	72,801
Intergovernmental	1,024,145	230,095	-	1,062,493	2,316,733
Licenses and permits	-	727,745	-	-	727,745
Fees of office	829,062	-	-	1,216,037	2,045,099
Fines and forfeitures	102,587	102,587	-	337,316	542,490
Investment earnings	40,262	21,941	-	10,654	72,857
Miscellaneous	115,034	34,128	37,006	29,487	215,655
Total Revenues	<u>11,158,661</u>	<u>3,257,063</u>	<u>866,017</u>	<u>3,293,234</u>	<u>18,574,975</u>
<b>EXPENDITURES</b>					
Current					
General administration	3,025,402	-	-	82,101	3,107,503
Judicial	2,138,434	-	-	946,730	3,085,164
Public safety	5,127,251	-	-	1,563,735	6,690,986
Roads and highways	-	3,288,836	-	-	3,288,836
Health and welfare	206,434	-	812,027	3,632	1,022,093
Culture and recreation	138,888	-	-	16,281	155,169
Debt Service					
Principal retirement	74,814	27,029	-	440,000	541,843
Interest and fiscal charges	5,757	2,327	-	168,118	176,202
Total Expenditures	<u>10,716,980</u>	<u>3,318,192</u>	<u>812,027</u>	<u>3,220,597</u>	<u>18,067,796</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>441,681</u>	<u>( 61,129)</u>	<u>53,990</u>	<u>72,637</u>	<u>507,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	4,316	46,977	-	2,297	53,590
Capital Lease	85,286	127,287	-	-	212,573
Transfers In	150,000	230,469	-	262,000	642,469
Transfers Out	( 482,469)	-	( 100,000)	( 60,000)	( 642,469)
Total Other Financing Sources (uses)	<u>( 242,867)</u>	<u>404,733</u>	<u>( 100,000)</u>	<u>204,297</u>	<u>266,163</u>
<b>NET CHANGES IN FUND BALANCES</b>	198,814	343,604	( 46,010)	276,934	773,342
<b>FUND BALANCE, BEGINNING</b>	<u>3,310,233</u>	<u>2,536,918</u>	<u>61,544</u>	<u>1,760,916</u>	<u>7,669,611</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,509,047</u>	<u>\$ 2,880,522</u>	<u>\$ 15,534</u>	<u>\$ 2,037,850</u>	<u>\$ 8,442,953</u>

The accompanying notes are an integral part of these financial statements.

## HILL COUNTY, TEXAS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net Changes in Fund Balances - total government funds (page 16)	\$ 773,342
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period including gains or losses on sales of assets.	89,531
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(45,692)
(Increase) decrease in Compensated Absences from beginning of period to end of period.	280,572
Property tax revenues that do not provide current financial resources are not reported as revenues in the funds.	(14,879)
Increase (decrease) in Inventory from beginning of period to end of period.	12,270
Increase (decrease) in Prepaid items from beginning of period to end of period.	50,980
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	2,287
(Increase) decrease in Bond Refunding from beginning of period to end of period.	(16,676)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	542,099
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(212,573)
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	<u>310,518</u>
Change in net position of governmental activities	<u>\$ 1,771,779</u>

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



**HILL COUNTY, TEXAS**  
**STATEMENT OF IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,760,778
Due from Other Funds	143
Due from Others	306
Total Assets	<u>\$ 1,761,227</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 147,092
Due to Others	1,614,135
Total Liabilities	<u>\$ 1,761,227</u>

**The accompanying notes are an integral part of these financial statements.**

# HILL COUNTY, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Hill County operates under a County Judge – Commissioners' Court type of government and provides the following services throughout the County: public safety (dispatch, jail, and law enforcement), public transportation (roads), health, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the County's nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported primarily by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

**General Fund** – The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Road and Bridge Fund** – The Road and Bridge Fund accounts for the activities of the County's road and bridge operations.

**Indigent Health Care Fund** – The County uses this fund to account for the monies used to provide medical assistance to the poor citizens of Hill County.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County uses an agency fund to account for assets held for, and due to, employee benefits, payroll withholdings, deposits, and other. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

## **D. Assets, Liabilities and Net Position or Equity**

### **Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statues authorizes the County and the District to invest in obligations of the U.S. Treasury. Investments for the County are reported at fair value.

### **Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2015.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1 of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

### **Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method in the government-wide financial statements.

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. The prepaid items at September 30, 2015 are reflected in the accompanying financial statements.

### **Restricted Assets**

There were no restricted assets at September 30, 2015.

## Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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. Infrastructure items such as roads and highways are not included. Bridges are capitalized. Road expenditures are usually expensed.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The County had no major construction in the 2014-2015 year.

Property, plant, and equipment of the County, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 -50
Building improvements	20 -50
System infrastructure	35 - 50
Vehicles	5 - 20
Office equipment	5 - 20
Computer equipment	5 - 20

## Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

## Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Long-term Debt**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

## **Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County official delegated that authority by ordinance.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to 25 percent of the subsequent year's budgeted General Fund expenditures.

### **Net Position**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. 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. Net position is 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 other governments.

### **Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of

accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount are deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also has one type of item that qualifies for reporting in this category in the government-wide financial statements. The difference in expected and actual pension expense is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

### **Prior Period Adjustment – Change in Accounting Principles**

GASB has issued Statement No. 68, “*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,*” which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted restatement of beginning net position for the recording of the beginning net pension liability in the amount of \$839,541, and the beginning deferred outflow for contributions made after the measurement date in the amount of \$424,199. These items cumulatively resulted in a restatement of governmental activities net position in the amount of \$415,342.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$5,905,966 difference are as follows:

Bond payable	\$ 5,010,000
Less: Loss on refunding	( 166,759)
Add: Issuance premium	2,563
Capital leases payable	334,172
Accrued interest payable	25,041
Net pension liability	104,824
Compensated absences	<u>596,125</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 5,905,966</u>



The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds” report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the \$22,822,099 difference are as follows:

Capital assets not being depreciated	\$	62,977
Capital assets being depreciated		40,653,832
Accumulated depreciation	(	<u>17,894,710)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u>22,822,099</u>

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).” The details of this \$862,315 difference are as follows:

Property taxes receivable	\$	1,007,706
Allowance for doubtful accounts	(	100,772)
Amounts collected within 60 days	(	<u>44,619)</u>
Net	\$	<u>862,315</u>

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$242,516 difference are as follows:

Fines receivable	\$	1,833,173
Allowance for doubtful accounts	(	<u>1,590,657)</u>
Net	\$	<u>242,516</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statements of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$89,531 difference are as follows:

Capital outlay - additions - being depreciated	\$ 1,933,996
Capital outlay - deletions - net	( 958)
Depreciation expense	( 1,843,507)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ <u>89,531</u>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. The County Judge prepares the budget by July 31 of each year pursuant to statute.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General, Debt Service and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2015 fiscal year were adopted for the General Fund, the Road and Bridge Funds, County Clerk, the Law Library Fund, the Jury Fund, the Records Preservation and Management Fund, the D.A. Forfeited Property Fund, the Indigent Health Care, Justice Court Technology Fund, the Interest and Sinking Fund, the Investigative Fund, the Courthouse Security Fund, the Elections Machine Fund, the Hill County Tourism Fund and the District Clerk Archive Fund.

## **B. Deficit Fund Equity**

The County had no deficit fund balances as of September 30, 2015.

## **IV. DETAILED NOTES ON ALL FUNDS**

### **A. Deposits and Investments**

#### **Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) (the “Act”) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in: obligations of the U. S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchase agreements, bankers’ acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in compliance with the requirement of the Act and with local policies.

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

***Custodial Credit Risk – Deposits:*** In the case of deposits, this is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County has a deposit policy for custodial credit risk. As of September 30, 2015, the County’s bank balance of \$3,626,578 with Wells Fargo National Bank was not exposed to custodial credit risk because it was fully insured and/or collateralized with securities held by the pledging financial institution’s trust department or agent, in the County’s name; the total amount of the pledged securities was \$4,275,770 and the FDIC coverage is \$250,000. The County’s bank balance of \$112,427 with Citizens National Bank was not exposed to custodial credit risk because it was fully insured.

The County’s bank balance of \$6,116,855 with Citizens State Bank was not exposed to custodial credit risk because it was fully insured and/or collateralized with securities held by the pledging financial institution’s trust department or agent, in the County’s name; the total amount of the pledged securities was \$9,056,962 and the FDIC coverage is \$250,000.

## B. Receivables and Deferred Inflows of Resources

Receivables as of year-end for the governmental activities in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	General	Road and Bridge	Indigent Health Care	Other Governmental	Total
<b>Receivables:</b>					
Ad valorem taxes	\$ 706,416	\$ 181,681	\$ 64,958	\$ 54,651	\$ 1,007,706
Sales taxes	225,534	27,504	22,003	-	275,041
Other	16,454	318	-	5,764	22,536
Due from other funds	11,579	-	-	-	11,579
Intergovernmental	11,036	24,925	-	41,879	77,840
Gross receivables	971,019	234,428	86,961	102,294	1,394,702
Less: allowance for uncollectibles	( 70,642)	( 18,168)	( 6,496)	( 5,465)	( 100,771)
Net accounts receivable	<u>\$ 900,377</u>	<u>\$ 216,260</u>	<u>\$ 80,465</u>	<u>\$ 96,829</u>	<u>\$ 1,293,931</u>
<b>Deferred inflows of resources</b>					
Property taxes	\$ 604,408	\$ 155,570	\$ 55,578	\$ 46,759	\$ 862,315
Total deferred inflows	<u>\$ 604,408</u>	<u>\$ 155,570</u>	<u>\$ 55,578</u>	<u>\$ 46,759</u>	<u>\$ 862,315</u>

## C. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 53,031	\$ 9,946	\$ -	\$ 62,977
Total assets not being depreciated	<u>53,031</u>	<u>9,946</u>	<u>-</u>	<u>62,977</u>
Capital assets, being depreciated:				
Buildings	21,235,537	48,128	-	21,283,665
Machinery and equipment	9,802,402	442,709	( 167,351)	10,077,760
Infrastructure	7,859,194	1,433,213	-	9,292,407
Total capital assets being depreciated	<u>38,897,133</u>	<u>1,924,050</u>	<u>( 167,351)</u>	<u>40,653,832</u>
Less accumulated depreciation:				
Buildings	( 7,301,662)	( 570,120)	-	( 7,871,782)
Machinery and equipment	( 7,118,509)	( 854,828)	166,393	( 7,806,944)
Infrastructure	( 1,797,425)	( 418,559)	-	( 2,215,984)
Total accumulated depreciation	<u>( 16,217,596)</u>	<u>( 1,843,507)</u>	<u>166,393</u>	<u>( 17,894,710)</u>
Total capital assets being depreciated, net	<u>22,679,537</u>	<u>80,543</u>	<u>( 958)</u>	<u>22,759,122</u>
Governmental activities capital assets, net	<u>\$ 22,732,568</u>	<u>\$ 90,489</u>	<u>\$( 958)</u>	<u>\$ 22,822,099</u>

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

Governmental Activities	
General administration	\$ 418,760
Judicial	29,505
Public safety	388,052
Roads and highways	<u>1,007,190</u>
Total depreciation expense	<u>\$ 1,843,507</u>

**Construction commitments:**

During the current year, the County’s major construction projects consisted of the \$1.1 million bridge construction projects which were administered by TXDOT.

**D. Interfund Receivables, Payables, and Transfers**

There were no advances at September 30, 2015.

The Due to/from other funds consist of several immaterial amounts and are expected to be repaid within one year.

The Transfers consisted of the following:

Transfer Out	Transfer In			Total
	General Fund	Road and Bridge	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 220,469	\$ 262,000	\$ 482,469
Indigent Health Care	100,000	-	-	100,000
Nonmajor Governmental Funds	<u>50,000</u>	<u>10,000</u>	<u>-</u>	<u>60,000</u>
Total	<u>\$ 150,000</u>	<u>\$ 230,469</u>	<u>\$ 262,000</u>	<u>\$ 642,469</u>

**E. Leases**

Operating Leases

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$114,562 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2016	\$ 86,330
2017	69,966
2018	56,393
2019	<u>39,384</u>
	<u>\$ 252,073</u>

## F. Long-term Liabilities

### Capital Lease:

The County has entered into a lease agreement as lessee for financing of five Chevy Tahoes, three Ford F-150's and tax office equipment for the General Fund, two Mack trucks for precinct No. 1, one John Deere Loader, John Deere Tractor/Mower for Precinct No. 2 and John Deere Tractor/Mower for Precinct No. 1. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The five Chevy Tahoes, three Ford F-150's and tax office equipment are serviced from the General Fund. The debt service for the John Deere loader and John Deere Tractor/Mower is from Precinct No. 2. The Debt Service for two Mack Trucks is from Precinct No. 1.

The assets acquired through capital leases are capitalized into capital assets as follows:

Asset:	Mack Truck	Five Chevy Tahoes	John Deere Loader	JD Boom & Mower	Mack Truck	Power Edge Server	Sheriff Vehicles	Tractor & Mower	Total
Cost	\$ 94,173	\$ 156,245	\$ 138,000	\$ 137,386	\$ 108,025	\$ 8,180	\$ 85,285	\$ 127,287	\$ 854,581
Less: accumulated depreciation	(47,872)	(156,245)	(96,927)	(65,422)	(37,809)	(1,363)	(6,633)	(8,239)	\$(420,510)
Total	\$ <u>46,301</u>	\$ <u>-</u>	\$ <u>41,073</u>	\$ <u>71,964</u>	\$ <u>70,216</u>	\$ <u>6,817</u>	\$ <u>78,652</u>	\$ <u>119,048</u>	\$ <u>434,071</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

Year	Tax Office Equipment	Mack Truck	Sheriff Vehicles	Sheriff Vehicles #2	Mower and Tractor	Total
2016	\$ 6,571	\$ 29,356	\$ 53,095	\$ 20,905	\$ 33,703	\$ 143,630
2017	6,571	-	53,095	24,638	33,703	118,007
2018	-	-	-	24,638	33,703	58,341
2019	-	-	-	-	33,703	33,703
Total minimum lease payments	<u>13,142</u>	<u>29,356</u>	<u>106,190</u>	<u>70,181</u>	<u>134,812</u>	<u>353,681</u>
Less: amount representing interest	<u>816</u>	<u>1,029</u>	<u>4,831</u>	<u>5,308</u>	<u>7,525</u>	<u>19,509</u>
Present value of net minimum lease payments	\$ <u>12,326</u>	\$ <u>28,327</u>	\$ <u>101,359</u>	\$ <u>64,873</u>	\$ <u>127,287</u>	\$ <u>334,172</u>

## Certificates of Obligation:

### Advance Refunding

In 2010, the government issued \$6,740,000 in limited tax refunding bonds with an interest rate ranging from 2.00% – 3.50%. The proceeds were used to advance refund \$6,560,000 of out-standing 1997 and 2001 certificates of obligations which had interest rates ranging from 4.25% to 5.50%. The net proceeds of \$6,970,502 (including a \$3,844 premium, a \$315,863 cash contribution and after payment of \$89,205 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 1997 and 2001 certificates of obligations are considered partially defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$410,502. Of this amount, \$160,363 represented an early interest payment and \$250,139 was the loss on refunding. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 1997 and 2001 certificates of obligations to reduce its total debt service payments over 17 years by \$1,037,163 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$628,719.

Certificates of obligation bonds are direct obligations and pledge the full faith and credit of the County. Certificates of Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities - Refunding Bonds	2.0-3.50	\$ 5,010,000

Annual debt service requirements to maturity for the Certificates of Obligation Bonds are as follows:

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 455,000	\$ 159,319
2017	465,000	147,944
2018	480,000	136,319
2019	500,000	121,919
2020	515,000	106,919
2021 - 2025	<u>2,595,000</u>	<u>259,875</u>
Totals	\$ <u>5,010,000</u>	\$ <u>932,295</u>

Changes in long-term liabilities:

	Interest Current Year	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>						
Certificates of Obligation	\$ 168,118	\$ 5,450,000	\$ -	\$ 440,000	\$ 5,010,000	\$ 455,000
Premium	-	2,819	-	256	2,563	-
Total bonds payable	<u>\$ 168,118</u>	<u>\$ 5,452,819</u>	<u>\$ -</u>	<u>\$ 440,256</u>	<u>\$ 5,012,563</u>	<u>\$ 455,000</u>
Capital leases payable	\$ 8,084	\$ 223,442	\$ 212,573	\$ 101,843	\$ 334,172	\$ 134,580
Compensated absences	-	876,697	596,125	876,697	596,125	149,031
Net pension liability	-	839,541	-	266,301	573,240	-
Grand Total	<u>\$ 176,202</u>	<u>\$ 7,392,499</u>	<u>\$ 808,698</u>	<u>\$ 1,685,097</u>	<u>\$ 6,516,100</u>	<u>\$ 738,611</u>

The general fund, the probation funds, and the road and bridge funds are used mainly to service the compensated absences. The estimated amount due in the 2015-2016 is \$149,031. The government-wide statement of activities includes \$738,611 as “noncurrent liabilities, due within one year.” There was no interest capitalized during the fiscal year.

## VI. OTHER INFORMATION

### A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any part of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year Ended September 30, 2014	Year Ended September 30, 2015
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims (including IBNRs)	-	-
Claim payments	-	-
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>



**B. Related Party Transactions**

Justice of the Peace – Whitney owns a paint and body shop that does business with the County. The total amount paid to the shop in fiscal year 2015 was \$5,230. There were no amounts payable to the shop by the County or payable to the County by the shop at September 30, 2015.

Justice of the Peace – Itasca owns Poteet Motors that does business with the County. The total amount paid to the business in fiscal year 2015 was \$13,165. There were no amounts payable to the business by the County or payable to the County by the business at September 30, 2015.

**C. Subsequent Events**

There were no subsequent events requiring disclosure.

**D. Litigation**

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

**E. Defined Benefit Pension Plan**

**Plan Description**

The County participates in 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees of the County are required to participate in TCDRS.

**Benefits Provided**

TCDRS provides retirement, disability and death benefits for all of its fulltime employees. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

***Employees covered by benefit terms***

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	7
Active employees	190
	308

**Contributions**

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.08% and 7.84% in calendar years 2014 and 2015, respectively. The County's contributions to TCDRS for the year ended September 30, 2015, were \$581,944, and were equal to the required contributions.

**Net Pension Liability**

The County's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment rate of return	8.1%, net of pension plan investment expense, including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members

The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.

Service retirees, beneficiaries and non-depositing members

The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.

Disabled retirees

RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

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

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2015 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

<sup>(1)</sup> Target asset allocation adopted at the April 2015 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.7% per Cliffwater's 2015 capital market assumptions

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### ***Discount Rate***

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 20,240,126	\$ 19,400,585	\$ 839,541
Changes for the year:			
Service cost	736,319	-	736,319
Interest on total pension liability <sup>(1)</sup>	1,618,264	-	1,618,264
Effect of economic/demographic gains or losses	( 213,147)	-	( 213,147)
Refund of contributions	( 288,673)	( 288,673)	-
Benefit payments	( 981,154)	( 981,154)	-
Administrative expenses	-	( 15,369)	15,369
Member contributions	-	432,819	( 432,819)
Net investment income	-	1,323,214	(1,323,214)
Employer contributions	-	582,857	( 582,857)
Other <sup>(2)</sup>	-	84,216	( 84,216)
Balance at 12/31/2014	<u>\$ 21,111,735</u>	<u>\$ 20,538,495</u>	<u>\$ 573,240</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not

<sup>(2)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease	Current	1% Increase
	7.1%	Discount Rate 8.1%	9.1%
Total pension liability	\$ 23,767,879	\$ 21,111,735	\$ 18,928,642
Fiduciary net position	<u>20,538,498</u>	<u>20,538,495</u>	<u>20,538,495</u>
Net pension liability/(asset)	<u>\$ 3,229,381</u>	<u>\$ 573,240</u>	<u>\$ ( 1,609,853)</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

## Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of \$271,422. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$( 159,860)
Difference between projected and actual investment earnings	204,994
Contributions subsequent to the measurement date	<u>423,282</u>
Total	<u>\$ 468,416</u>

\$423,282 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year Ended December 31,</u>	
2015	\$( 2,038)
2016	( 2,038)
2017	( 2,038)
2018	51,248

**REQUIRED  
SUPPLEMENTARY INFORMATION**

# HILL COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 7,779,026	\$ 7,779,026	\$ 7,714,225	( 64,801)
Sales	1,322,400	1,322,400	1,303,149	( 19,251)
Other	28,000	28,000	30,197	2,197
Intergovernmental	896,180	933,773	1,024,145	90,372
Fees of office	831,665	831,665	829,062	( 2,603)
Fines and Forfeitures	138,770	138,770	102,587	( 36,183)
Investment earnings	35,000	35,000	40,262	5,262
Miscellaneous	290,700	316,546	115,034	( 201,512)
Total Revenues	<u>11,321,741</u>	<u>11,385,180</u>	<u>11,158,661</u>	<u>( 226,519)</u>
<b>EXPENDITURES</b>				
Current				
General Administration				
Computer	717,300	717,300	586,447	130,853
County Clerk	315,950	316,950	310,418	6,532
County Judge	165,233	165,233	163,573	1,660
Elections Administration	170,191	170,191	129,467	40,724
Non-Departmental	660,197	694,329	505,665	188,664
Veterans Service	29,208	29,976	29,329	647
Commissioner's Court	288,432	67,963	67,943	20
Legal				
County Attorney	382,439	382,439	370,444	11,995
County Attorney Excess	7,024	7,024	3,065	3,959
Judicial				
County Court at Law	318,311	318,311	317,176	1,135
District Attorney	252,516	252,837	250,093	2,744
District Clerk	340,316	343,408	327,079	16,329
District Judge	206,438	206,438	202,189	4,249
Justices of the Peace	444,920	444,920	431,677	13,243
Financial Administration				
County Auditor	204,153	204,153	196,513	7,640
County Treasurer	183,572	183,572	175,566	8,006
Tax Assessor-Collector	447,230	448,275	444,396	3,879
Public Facilities				
Courthouse	423,311	423,311	445,414	( 22,103)



# HILL COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public Safety				
911 Dispatch	481,075	481,075	458,279	22,796
Constables	260,870	262,508	236,711	25,797
Courthouse Security	260,618	260,618	243,620	16,998
Emergency Management	104,320	93,555	83,078	10,477
Jail	2,390,008	2,415,008	2,421,491	( 6,483)
Sheriff	1,797,120	1,907,241	1,797,918	109,323
Animal Control	101,060	76,060	63,232	12,828
Health and Welfare				
Public Assistance	145,976	145,976	177,105	( 31,129)
Health and Safety	61,037	61,037	59,633	1,404
Conservation - Agriculture				
Agriculture Extension Service	147,082	159,582	138,888	20,694
Debt Service				
Principal Retirement	80,486	80,486	74,814	5,672
Interest Retirement	-	-	5,757	( 5,757)
Total expenditures	<u>11,386,393</u>	<u>11,319,776</u>	<u>10,716,980</u>	<u>602,796</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 64,652)</u>	<u>65,404</u>	<u>441,681</u>	<u>376,277</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	5,128	4,316	( 812)
Capital Lease	-	85,285	85,286	1
Operating Transfers In	350,000	350,000	150,000	( 200,000)
Operating Transfers Out	<u>( 262,000)</u>	<u>( 482,469)</u>	<u>( 482,469)</u>	<u>-</u>
Total other financing sources (uses)	<u>88,000</u>	<u>( 42,056)</u>	<u>( 242,867)</u>	<u>( 200,811)</u>
<b>NET CHANGE IN FUND BALANCE</b>	23,348	23,348	198,814	175,466
<b>FUND BALANCE, BEGINNING</b>	<u>3,310,233</u>	<u>3,310,233</u>	<u>3,310,233</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,333,581</u>	<u>\$ 3,333,581</u>	<u>\$ 3,509,047</u>	<u>\$ 175,466</u>

# HILL COUNTY, TEXAS

## ROAD AND BRIDGE FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 1,987,043	\$ 1,987,043	\$ 1,981,646	\$( 5,397)
Sales	76,000	76,000	158,921	82,921
Intergovernmental	174,600	174,601	230,095	55,494
Licenses and permits	741,000	741,000	727,745	( 13,255)
Fines and forfeitures	138,770	138,770	102,587	( 36,183)
Investment earnings	14,000	13,999	21,941	7,942
Miscellaneous	-	31,864	34,128	2,264
Total Revenues	<u>3,131,413</u>	<u>3,163,277</u>	<u>3,257,063</u>	<u>93,786</u>
<b>EXPENDITURES</b>				
Current				
Roads and highways	4,146,886	4,544,127	3,288,836	1,255,291
Debt service				
Principal retirement	-	29,356	27,029	2,327
Interest and fiscal charges	-	-	2,327	( 2,327)
Total Expenditures	<u>4,146,886</u>	<u>4,573,483</u>	<u>3,318,192</u>	<u>1,255,291</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	( 1,015,473)	( 1,410,206)	( 61,129)	1,349,077
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	46,977	46,977	-
Capital lease	-	127,287	127,287	-
Operating Transfers In	10,000	230,469	230,469	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>404,733</u>	<u>404,733</u>	<u>-</u>
Net Change in Fund Balances	( 1,005,473)	( 1,005,473)	343,604	1,349,077
Fund Balances - Beginning	<u>2,536,918</u>	<u>2,536,918</u>	<u>2,536,918</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,531,445</u>	<u>\$ 1,531,445</u>	<u>\$ 2,880,522</u>	<u>\$ 1,349,077</u>

HILL COUNTY, TEXAS

INDIGENT HEALTH CARE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 724,920	\$ 724,920	\$ 701,874	\$( 23,046)
Sales	121,600	121,600	127,137	5,537
Miscellaneous	5,400	5,400	37,006	31,606
Total Revenues	<u>851,920</u>	<u>851,920</u>	<u>866,017</u>	<u>14,097</u>
<b>EXPENDITURES</b>				
Current				
Health and Welfare	824,533	824,533	812,027	12,506
Total Expenditures	<u>824,533</u>	<u>824,533</u>	<u>812,027</u>	<u>12,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,387</u>	<u>27,387</u>	<u>53,990</u>	<u>26,603</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 100,000)	( 100,000)	( 100,000)	-
Total Other Financing Sources (Uses)	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>-</u>
Net Change in Fund Balances	( 72,613)	( 72,613)	( 46,010)	26,603
Fund Balances - Beginning	<u>61,544</u>	<u>61,544</u>	<u>61,544</u>	<u>-</u>
Fund Balances - Ending	<u>\$( 11,069)</u>	<u>\$( 11,069)</u>	<u>\$ 15,534</u>	<u>\$ 26,603</u>

# HILL COUNTY, TEXAS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

SEPTEMBER 30, 2015

Plan Year Ended December 31	<u>2014</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 736,319
Interest total pension liability	1,618,264
Effect of economic/demographic (gains) or losses	( 213,147)
Benefit payments/refunds of contributions	( 1,269,827)
Net change in total pension liability	871,609
Total pension liability - beginning	<u>20,240,126</u>
Total pension liability - ending (a)	<u>\$ 21,111,735</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 582,857
Member contributions	432,819
Investment income net of investment expenses	1,323,214
Benefit payments/refunds of contributions	( 1,269,827)
Administrative expenses	( 15,369)
Other	<u>84,216</u>
Net change in plan fiduciary net position	1,137,910
Plan fiduciary net position - beginning	<u>19,400,585</u>
Plan fiduciary net position - ending (b)	<u>20,538,495</u>
Net pension liability - ending (a) - (b)	<u>\$ 573,240</u>
Fiduciary net position as a percentage of total pension liability	97.28%
Pensionable covered payroll	\$ 7,213,645
Net pension liability as a percentage of covered payroll	7.95%

# HILL COUNTY, TEXAS

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2015

<u>Fiscal Year Ended September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	573,479	573,479	-	7,235,095	7.9%
2015	581,944	581,944	-	7,362,640	7.9%

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

# HILL COUNTY, TEXAS

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2015

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry age normal
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	3.0%
<b>Salary Increases</b>	Annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.
<b>Investment Rate of Return</b>	8.1%
<b>Cost-of Living Adjustments</b>	Cost-of-Living Adjustments for Hill County are considered to be substantively automatic under GASB 68. Therefore, an annual 100% CPI cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Experience-based table of rates based on a study of the period 2009-2012.
<b>Turnover</b>	New employees are assumed to replace any terminated members and have similar entry ages.
<b>Mortality</b>	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.
<b>Other Information</b>	There were no benefit changes during the year.

## HILL COUNTY, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

#### BUDGET INFORMATION

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

1. Hearings are held where department heads present their budget requests to members of the Commissioners' Court.
2. The County Judge evaluates the requests and considers the feedback of the Commissioners' Court over the next several weeks.
3. The County Auditor projects the revenues of the County for the next fiscal year.
4. The County Judge, assisted by the County Auditor, prepares a proposed budget to file with the County Clerk a minimum of seven days before a scheduled public hearing on the budget.
5. A public hearing is conducted to obtain taxpayer feedback as well as to receive feedback from the Commissioners' Court.
6. If no changes are warranted in the proposed budget, the budget is then legally enacted by the Commissioners' Court on or before September 30, in the timeframe required by statute.

After the adoption of the budget, the government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners' Court. The legal level of control is exercised at the department level. Most all governmental funds have legally adopted budgets. State law provides that amendments approved by the Commissioners' Court may be made to the original budget provided that funds are available for the added disbursements. Reported budgeted amounts reflect the budget as originally adopted and all subsequent transfers and amendments. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. However, Commissioner's Court allows departments to stay within their bottom line budget rather than each specific expenditure line. Comparisons of actual expenditures to budget are made on an ongoing basis by the County Auditor. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year end.

## EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations:

General Fund	
Courthouse	\$ 22,103
Jail	6,483
Public Assistance	31,129
Debt Service - Interest Retirement	5,757
Road and Bridge	
Debt Service - Interest Retirement	2,327
Jury Fund	
Judicial	30,740
Investigative Fund	
Public Safety	6,718



**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**HILL COUNTY, TEXAS**  
**ROAD AND BRIDGE FUNDS**  
**COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2015**

	<u>Road and Bridge General</u>	<u>Road and Bridge No. 1</u>	<u>Road and Bridge No. 2</u>	<u>Road and Bridge No. 3</u>	<u>Road and Bridge No. 4</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 326,788	\$ 133,567	\$ 313,696	\$ 561,354	\$ 739,463
Receivables (Net of Allowance for Uncollectibles)	-	15,658	15,563	17,771	15,050
Intergovernmental receivable	<u>-</u>	<u>24,925</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>326,788</u>	 <u>174,150</u>	 <u>329,259</u>	 <u>579,125</u>	 <u>754,513</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	9,668	23,026	119,801	34,321	19,359
Accrued Wages Payable	<u>1,562</u>	<u>14,103</u>	<u>11,191</u>	<u>16,237</u>	<u>11,247</u>
Total Liabilities	<u>11,230</u>	<u>37,129</u>	<u>130,992</u>	<u>50,558</u>	<u>30,606</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	<u>-</u>	<u>8,493</u>	<u>8,441</u>	<u>9,639</u>	<u>8,163</u>
Total deferred inflows of resources	<u>-</u>	<u>8,493</u>	<u>8,441</u>	<u>9,639</u>	<u>8,163</u>
<b>FUND BALANCES</b>					
<b>Restricted:</b>					
Public Transportation	<u>315,558</u>	<u>128,528</u>	<u>189,826</u>	<u>518,928</u>	<u>715,744</u>
Total fund balances	<u>315,558</u>	<u>128,528</u>	<u>189,826</u>	<u>518,928</u>	<u>715,744</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 326,788</u>	 <u>\$ 174,150</u>	 <u>\$ 329,259</u>	 <u>\$ 579,125</u>	 <u>\$ 754,513</u>

<u>Lateral Road No. 1</u>	<u>Lateral Road No. 2</u>	<u>Lateral Road No. 3</u>	<u>Lateral Road No. 4</u>	<u>Total Road and Bridge</u>
\$ 94,349	\$ 201,310	\$ 332,009	\$ 380,305	\$ 3,082,841
31,364	30,855	35,235	29,839	191,335
-	-	-	-	24,925
<u>125,713</u>	<u>232,165</u>	<u>367,244</u>	<u>410,144</u>	<u>3,299,101</u>
2,480	-	-	14	208,669
-	-	-	-	54,340
<u>2,480</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>263,009</u>
29,544	29,363	33,531	28,396	155,570
<u>29,544</u>	<u>29,363</u>	<u>33,531</u>	<u>28,396</u>	<u>155,570</u>
93,689	202,802	333,713	381,734	2,880,522
<u>93,689</u>	<u>202,802</u>	<u>333,713</u>	<u>381,734</u>	<u>2,880,522</u>
<u>\$ 125,713</u>	<u>\$ 232,165</u>	<u>\$ 367,244</u>	<u>\$ 410,144</u>	<u>\$ 3,299,101</u>

# HILL COUNTY, TEXAS

## ROAD AND BRIDGE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

SEPTEMBER 30, 2015

	Road and Bridge General	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
<b>REVENUES</b>					
Taxes					
Property	\$ -	\$ 110,680	\$ 110,003	\$ 125,620	\$ 106,382
Sales	73,196	20,946	20,859	23,802	20,118
Intergovernmental	-	75,089	49,857	56,934	48,215
License and permits	-	177,934	176,842	201,949	171,020
Fines and forfeitures	102,587	-	-	-	-
Investment earnings	3,240	1,867	3,296	6,555	6,983
Miscellaneous	-	8,585	6,674	15,807	3,062
Total Revenues	<u>179,023</u>	<u>395,101</u>	<u>367,531</u>	<u>430,667</u>	<u>355,780</u>
<b>EXPENDITURES</b>					
Roads and highways	141,749	567,198	573,491	555,567	340,845
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>141,749</u>	<u>567,198</u>	<u>573,491</u>	<u>555,567</u>	<u>340,845</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	37,274	( 172,097)	( 205,960)	( 124,900)	14,935
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	46,977	-	-
Operating transfers in	10,000	51,656	61,166	50,337	57,310
Capital lease	-	127,287	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>178,943</u>	<u>108,143</u>	<u>50,337</u>	<u>57,310</u>
Net Changes in Fund Balances	47,274	6,846	( 97,817)	( 74,563)	72,245
Fund Balances - Beginning	<u>268,284</u>	<u>121,682</u>	<u>287,643</u>	<u>593,491</u>	<u>643,499</u>
Fund Balances - Ending	<u>\$ 315,558</u>	<u>\$ 128,528</u>	<u>\$ 189,826</u>	<u>\$ 518,928</u>	<u>\$ 715,744</u>

<u>Lateral Road No. 1</u>	<u>Lateral Road No. 2</u>	<u>Lateral Road No. 3</u>	<u>Lateral Road No. 4</u>	<u>Total Road and Bridge</u>
\$ 373,831	\$ 371,537	\$ 424,288	\$ 359,305	\$ 1,981,646
-	-	-	-	158,921
-	-	-	-	230,095
-	-	-	-	727,745
-	-	-	-	102,587
-	-	-	-	21,941
-	-	-	-	34,128
<u>373,831</u>	<u>371,537</u>	<u>424,288</u>	<u>359,305</u>	<u>3,257,063</u>
331,650	288,684	258,918	230,734	3,288,836
27,029	-	-	-	27,029
2,327	-	-	-	2,327
<u>361,006</u>	<u>288,684</u>	<u>258,918</u>	<u>230,734</u>	<u>3,318,192</u>
12,825	82,853	165,370	128,571	( 61,129)
-	-	-	-	46,977
-	-	-	-	230,469
-	-	-	-	127,287
-	-	-	-	404,733
12,825	82,853	165,370	128,571	343,604
<u>80,864</u>	<u>119,949</u>	<u>168,343</u>	<u>253,163</u>	<u>2,536,918</u>
<u>\$ 93,689</u>	<u>\$ 202,802</u>	<u>\$ 333,713</u>	<u>\$ 381,734</u>	<u>\$ 2,880,522</u>

**HILL COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	Special Revenue			Paws Pals Contri- butions
	Adult Probation	Law Library	Jury	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 554,488	\$ 20,609	\$ 70,350	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	9,938	-
Total Assets	<u>554,488</u>	<u>20,609</u>	<u>80,288</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	6,507	2,740	64,853	-
Accrued liabilities	33,991	-	133	-
Due to other funds	-	-	143	-
Total Liabilities	<u>40,498</u>	<u>2,740</u>	<u>65,129</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	-	-	-
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	-	-	-	-
Judicial	-	17,869	15,159	-
Public Safety	513,990	-	-	-
Total fund balances	<u>513,990</u>	<u>17,869</u>	<u>15,159</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 554,488</u>	<u>\$ 20,609</u>	<u>\$ 80,288</u>	<u>\$ -</u>

Special Revenue

Election Machine Lease	Election Contract Fund	Juvenile Probation	Crime Victim Assistance	County Clerk	Hill County Tourism	District Clerk Archive Fund
\$ 14,056	\$ 1,902	\$ 144,984	\$ -	\$ 311,280	\$ 133,275	\$ 6,556
-	5,764	-	-	-	-	-
-	-	-	-	-	-	-
-	-	23,338	8,603	-	-	-
<u>14,056</u>	<u>7,666</u>	<u>168,322</u>	<u>8,603</u>	<u>311,280</u>	<u>133,275</u>	<u>6,556</u>
-	-	49,667	-	2,752	1,050	-
-	-	15,527	2,124	-	-	-
-	-	-	6,479	-	-	-
-	-	<u>65,194</u>	<u>8,603</u>	<u>2,752</u>	<u>1,050</u>	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	308,528	132,225	6,556
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,056	7,666	-	-	-	-	-
-	-	-	-	-	-	-
-	-	103,128	-	-	-	-
<u>14,056</u>	<u>7,666</u>	<u>103,128</u>	<u>-</u>	<u>308,528</u>	<u>132,225</u>	<u>6,556</u>
<u>\$ 14,056</u>	<u>\$ 7,666</u>	<u>\$ 168,322</u>	<u>\$ 8,603</u>	<u>\$ 311,280</u>	<u>\$ 133,275</u>	<u>\$ 6,556</u>

**HILL COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>ASSETS</b>				
Cash and cash equivalents	\$ 204	\$ 47,582	\$ 23,632	\$ 20,835
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	204	47,582	23,632	20,835
<b>LIABILITIES</b>				
Accounts payable	180	46	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	180	46	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	-	-	20,835
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	24	-	-	-
Judicial	-	47,536	23,632	-
Public Safety	-	-	-	-
Total fund balances	24	47,536	23,632	20,835
Total liabilities, deferred inflows of resources, and fund balances	\$ 204	\$ 47,582	\$ 23,632	\$ 20,835



Special Revenue

Hot Check Restitution	Sheriff Department	D.A. Forfeited Property	J.P. Court Costs	Justice Court Technology	Child Welfare Board	C.A. Hot Check Fund
\$ 4,675	\$ 106,370	\$ 232,610	\$ 3,188	\$ 16,842	\$ 923	\$ 14,533
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,675</u>	<u>106,370</u>	<u>232,610</u>	<u>3,188</u>	<u>16,842</u>	<u>923</u>	<u>14,533</u>
1,354	27,952	-	-	-	923	-
-	-	63	-	-	-	-
-	-	-	-	-	-	-
<u>1,354</u>	<u>27,952</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>923</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,321	-	232,547	3,188	16,842	-	14,533
-	78,418	-	-	-	-	-
<u>3,321</u>	<u>78,418</u>	<u>232,547</u>	<u>3,188</u>	<u>16,842</u>	<u>-</u>	<u>14,533</u>
<u>\$ 4,675</u>	<u>\$ 106,370</u>	<u>\$ 232,610</u>	<u>\$ 3,188</u>	<u>\$ 16,842</u>	<u>\$ 923</u>	<u>\$ 14,533</u>

**HILL COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2015**

	Special Revenue			
	Hill County For M.A.D.D.	Constable Federal Seizure	Debt Service Fund	Courthouse Project
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 100	\$ 113,051	\$ 362,319
Receivables (net of allowance for uncollectibles)	-	-	49,186	-
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	<u>-</u>	<u>100</u>	<u>162,237</u>	<u>362,319</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	100	-	-
Total Liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	46,759	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>46,759</u>	<u>-</u>
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	-	-	-
Construction	-	-	-	362,319
Debt Service	-	-	115,478	-
Elections	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>115,478</u>	<u>362,319</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 162,237</u>	<u>\$ 362,319</u>

Non-Major  
Governmental  
Funds

\$ 2,204,364  
54,950  
-  
41,879  
2,301,193

158,024  
51,838  
6,722  
216,584

46,759  
46,759

468,144  
362,319  
115,478  
21,746  
374,627  
695,536  
2,037,850

\$ 2,301,193

HILL COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue			
	Adult Probation	Law Library	Jury	Paws Pals Contri- butions
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	488,258	-	53,081	-
Fees of office	481,323	25,025	397,033	-
Fines and forfeitures	-	-	-	-
Investment earnings	556	104	73	-
Miscellaneous	555	-	14,664	203
Total Revenues	<u>970,692</u>	<u>25,129</u>	<u>464,851</u>	<u>203</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Judicial	-	37,694	594,218	203
Culture and recreation	-	-	-	-
Public Safety	842,716	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Total Expenditures	<u>842,716</u>	<u>37,694</u>	<u>594,218</u>	<u>203</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>127,976</u>	<u>( 12,565)</u>	<u>( 129,367)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	-	-	200,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	127,976	( 12,565)	70,633	-
<b>FUND BALANCES - BEGINNING</b>	<u>386,014</u>	<u>30,434</u>	<u>( 55,474)</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 513,990</u>	<u>\$ 17,869</u>	<u>\$ 15,159</u>	<u>\$ -</u>

Special Revenue

Election Machine Lease	Election Contract Fund	Juvenile Probation	Crime Victim Assistance	County Clerk	Hill County Tourism	District Clerk Archive Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	42,604	-
-	-	466,922	43,940	-	-	-
-	-	78,178	-	151,808	-	3,521
-	-	-	-	-	-	-
110	-	211	-	1,495	594	-
341	9,279	587	-	-	-	-
<u>451</u>	<u>9,279</u>	<u>545,898</u>	<u>43,940</u>	<u>153,303</u>	<u>43,198</u>	<u>3,521</u>
13,095	8,800	-	-	58,022	-	-
-	-	99,310	-	500	-	2,000
-	-	-	-	-	16,281	-
-	-	583,271	41,320	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,095</u>	<u>8,800</u>	<u>682,581</u>	<u>41,320</u>	<u>58,522</u>	<u>16,281</u>	<u>2,000</u>
( 12,644)	479	( 136,683)	2,620	94,781	26,917	1,521
-	-	-	-	-	-	-
-	-	62,000	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
( 12,644)	479	( 74,683)	2,620	94,781	26,917	1,521
<u>26,700</u>	<u>7,187</u>	<u>177,811</u>	<u>(2,620)</u>	<u>213,747</u>	<u>105,308</u>	<u>5,035</u>
<u>\$ 14,056</u>	<u>\$ 7,666</u>	<u>\$ 103,128</u>	<u>\$ -</u>	<u>\$ 308,528</u>	<u>\$ 132,225</u>	<u>\$ 6,556</u>

## HILL COUNTY, TEXAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

#### NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	2,184	-	-	-
Fees of office	-	27,236	23,513	770
Fines and forfeitures	-	-	-	-
Investment earnings	1	286	161	132
Miscellaneous	-	-	-	-
Total Revenues	2,185	27,522	23,674	902
<b>EXPENDITURES</b>				
Current				
General Administration	2,184	-	-	-
Judicial	-	16,804	-	-
Culture and recreation	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	2,184	16,804	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1</b>	<b>10,718</b>	<b>23,674</b>	<b>902</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	( 20,000)	-
Total Other Financing Sources (Uses)	-	-	( 20,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	1	10,718	3,674	902
<b>FUND BALANCES - BEGINNING</b>	23	36,818	19,958	19,933
<b>FUND BALANCES - ENDING</b>	\$ 24	\$ 47,536	\$ 23,632	\$ 20,835

Special Revenue

Hot Check Restitution	Sheriff Department	D.A. Forfeited Property	J.P. Court Costs	Justice Court Technology	Child Welfare Board	C.A. Hot Check Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	8,108	-	-	-	-	-
5,437	-	-	3,060	19,133	-	-
-	109,448	227,270	-	-	-	598
-	217	1,359	34	118	-	-
-	-	-	-	-	3,632	-
<u>5,437</u>	<u>117,773</u>	<u>228,629</u>	<u>3,094</u>	<u>19,251</u>	<u>3,632</u>	<u>598</u>
-	-	-	-	-	-	-
7,033	-	188,030	-	-	-	938
-	96,202	-	-	-	-	-
-	-	-	-	-	3,632	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,033</u>	<u>96,202</u>	<u>188,030</u>	<u>-</u>	<u>-</u>	<u>3,632</u>	<u>938</u>
( 1,596)	21,571	40,599	3,094	19,251	-	( 340)
-	1,462	835	-	-	-	-
-	-	-	-	-	-	-
( 10,000)	-	-	( 10,000)	( 20,000)	-	-
( 10,000)	1,462	835	( 10,000)	( 20,000)	-	-
( 11,596)	23,033	41,434	( 6,906)	( 749)	-	( 340)
<u>14,917</u>	<u>55,385</u>	<u>191,113</u>	<u>10,094</u>	<u>17,591</u>	<u>-</u>	<u>14,873</u>
<u>\$ 3,321</u>	<u>\$ 78,418</u>	<u>\$ 232,547</u>	<u>\$ 3,188</u>	<u>\$ 16,842</u>	<u>\$ -</u>	<u>\$ 14,533</u>

HILL COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2015

	Special Revenue			
	Hill County For M.A.D.D.	Constable Federal Seizure	Debt Service Fund	Courthouse Project
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ 594,643	\$ -
Other	-	-	-	-
Intergovernmental	-	-	-	-
Fees of office	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	2,194	3,009
Miscellaneous	226	-	-	-
Total Revenues	<u>226</u>	<u>-</u>	<u>596,837</u>	<u>3,009</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Judicial	-	-	-	-
Culture and recreation	-	-	-	-
Public Safety	226	-	-	-
Health and Welfare	-	-	-	-
Debt Service				
Principal Retirement	-	-	440,000	-
Interest and Fiscal Charges	-	-	168,118	-
Total Expenditures	<u>226</u>	<u>-</u>	<u>608,118</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>( 11,281)</u>	<u>3,009</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	( 11,281)	3,009
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>126,759</u>	<u>359,310</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,478</u>	<u>\$ 362,319</u>



Non-Major  
Governmental  
Funds

\$ 594,643  
42,604  
1,062,493  
1,216,037  
337,316  
10,654  
29,487  
3,293,234

82,101  
946,730  
16,281  
1,563,735  
3,632

440,000  
168,118  
3,220,597

72,637

2,297  
262,000  
( 60,000)  
204,297

276,934  
1,760,916  
\$ 2,037,850

HILL COUNTY, TEXAS

LAW LIBRARY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 21,860	\$ 21,860	\$ 25,025	\$ 3,165
Investment earnings	225	225	104	( 121)
Total Revenues	<u>22,085</u>	<u>22,085</u>	<u>25,129</u>	<u>3,044</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>43,000</u>	<u>43,000</u>	<u>37,694</u>	<u>5,306</u>
Total Expenditures	<u>43,000</u>	<u>43,000</u>	<u>37,694</u>	<u>5,306</u>
Net Change in Fund Balances	( 20,915)	( 20,915)	( 12,565)	8,350
Fund Balances - Beginning	<u>30,434</u>	<u>30,434</u>	<u>30,434</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 9,519</u>	<u>\$ 9,519</u>	<u>\$ 17,869</u>	<u>\$ 8,350</u>

HILL COUNTY, TEXAS

JURY FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 43,660	\$ 43,660	\$ 53,081	\$ 9,421
Fees of office	387,800	387,800	397,033	9,233
Investment earnings	100	100	73	(27)
Miscellaneous	-	-	14,664	14,664
Total Revenues	<u>431,560</u>	<u>431,560</u>	<u>464,851</u>	<u>33,291</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>563,478</u>	<u>563,478</u>	<u>594,218</u>	<u>( 30,740)</u>
Total Expenditures	<u>563,478</u>	<u>563,478</u>	<u>594,218</u>	<u>( 30,740)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>( 131,918)</u>	<u>( 131,918)</u>	<u>( 129,367)</u>	<u>2,551</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balances	68,082	68,082	70,633	2,551
Fund Balances - Beginning	<u>( 55,474)</u>	<u>( 55,474)</u>	<u>( 55,474)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 12,608</u>	<u>\$ 12,608</u>	<u>\$ 15,159</u>	<u>\$ 2,551</u>

**HILL COUNTY, TEXAS**

**RECORDS PRESERVATION AND MANAGEMENT**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 27,000	\$ 27,000	\$ 27,236	\$ 236
Investment earnings	50	50	286	236
Total Revenues	<u>27,050</u>	<u>27,050</u>	<u>27,522</u>	<u>472</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>18,000</u>	<u>18,000</u>	<u>16,804</u>	<u>1,196</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>16,804</u>	<u>1,196</u>
Net Change in Fund Balances	9,050	9,050	10,718	1,668
Fund Balances - Beginning	<u>36,818</u>	<u>36,818</u>	<u>36,818</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 45,868</u>	<u>\$ 45,868</u>	<u>\$ 47,536</u>	<u>\$ 1,668</u>

HILL COUNTY, TEXAS

D.A. FORFEITED PROPERTY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 227,270	\$ 227,270	\$ -
Investment earnings	-	-	1,359	1,359
Total Revenues	-	227,270	228,629	1,359
<b>EXPENDITURES</b>				
Current				
Judicial	37,367	264,637	188,030	76,607
Total Expenditures	37,367	264,637	188,030	76,607
Net Change in Fund Balances	( 37,367)	( 37,367)	41,434	78,801
Fund Balances - Beginning	191,113	191,113	191,113	-
Fund Balances - Ending	\$ 153,746	\$ 153,746	\$ 232,547	\$ 78,801

HILL COUNTY, TEXAS

INTEREST AND SINKING FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 502,764	\$ 502,764	\$ 594,643	\$ 91,879
Investment earnings	800	800	2,194	1,394
Total Revenues	<u>503,564</u>	<u>503,564</u>	<u>596,837</u>	<u>93,273</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	440,000	440,000	440,000	-
Interest and fiscal agent charges	<u>168,119</u>	<u>168,119</u>	<u>168,118</u>	<u>1</u>
Total Expenditures	<u>608,119</u>	<u>608,119</u>	<u>608,118</u>	<u>1.00</u>
Net Change in Fund Balances	( 104,555)	( 104,555)	( 11,281)	93,272
Fund Balances - Beginning	<u>126,759</u>	<u>126,759</u>	<u>126,759</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 22,204</u>	<u>\$ 22,204</u>	<u>\$ 115,478</u>	<u>\$ 93,272</u>

HILL COUNTY, TEXAS

COUNTY CLERK

(COUNTY CLERK RECORDS, PROBATE EDUCATION AND COUNTY CLERK ARCHIVE FUNDS)

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 136,585	\$ 136,585	\$ 151,808	\$ 15,223
Investment earnings	504	504	1,495	991
Total Revenues	<u>137,089</u>	<u>137,089</u>	<u>153,303</u>	<u>16,214</u>
<b>EXPENDITURES</b>				
Current				
General administration	79,000	79,000	58,022	20,978
Judicial	<u>2,000</u>	<u>2,000</u>	<u>500</u>	<u>1,500</u>
Total Expenditures	<u>81,000</u>	<u>81,000</u>	<u>58,522</u>	<u>22,478</u>
Net Change in Fund Balances	56,089	56,089	94,781	38,692
Fund Balances - Beginning	<u>213,747</u>	<u>213,747</u>	<u>213,747</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 269,836</u>	<u>\$ 269,836</u>	<u>\$ 308,528</u>	<u>\$ 38,692</u>

HILL COUNTY, TEXAS

HILL COUNTY TOURISM

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Other	\$ 30,000	\$ 30,000	\$ 42,604	\$ 12,604
Investment earnings	-	-	594	594
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>43,198</u>	<u>13,198</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	<u>102,800</u>	<u>102,800</u>	<u>16,281</u>	<u>86,519</u>
Total Expenditures	<u>102,800</u>	<u>102,800</u>	<u>16,281</u>	<u>86,519</u>
Net Change in Fund Balances	( 72,800)	( 72,800)	26,917	99,717
Fund Balances - Beginning	<u>105,308</u>	<u>105,308</u>	<u>105,308</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 32,508</u>	<u>\$ 32,508</u>	<u>\$ 132,225</u>	<u>\$ 99,717</u>



HILL COUNTY, TEXAS

JUSTICE COURT TECHNOLOGY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 23,510	\$ 23,510	\$ 19,133	\$ ( 4,377)
Investment earnings	215	215	118	( 97)
Total Revenues	<u>23,725</u>	<u>23,725</u>	<u>19,251</u>	<u>( 4,474)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,725</u>	<u>23,725</u>	<u>19,251</u>	<u>( 4,474)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>-</u>
Net Change in Fund Balances	3,725	3,725	( 749)	( 4,474)
Fund Balances - Beginning	<u>17,591</u>	<u>17,591</u>	<u>17,591</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 21,316</u>	<u>\$ 21,316</u>	<u>\$ 16,842</u>	<u>\$ ( 4,474)</u>

HILL COUNTY, TEXAS

COURTHOUSE SECURITY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 28,000	\$ 28,000	\$ 23,513	\$ ( 4,487)
Investment earnings	250	250	161	(89)
Total Revenues	<u>28,250</u>	<u>28,250</u>	<u>23,674</u>	<u>( 4,576)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,250</u>	<u>28,250</u>	<u>23,674</u>	<u>( 4,576)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 20,000)	( 20,000)	( 20,000)	-
Total Other Financing Sources (Uses)	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>-</u>
Net Change in Fund Balances	8,250	8,250	3,674	( 4,576)
Fund Balances - Beginning	<u>19,958</u>	<u>19,958</u>	<u>19,958</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 28,208</u>	<u>\$ 28,208</u>	<u>\$ 23,632</u>	<u>\$ ( 4,576)</u>

HILL COUNTY, TEXAS

ELECTION MACHINE LEASE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 219	\$ 219	\$ 110	\$ (109)
Miscellaneous	2,000	2,000	341	(1,659)
Total Revenues	<u>2,219</u>	<u>2,219</u>	<u>451</u>	<u>(1,768)</u>
<b>EXPENDITURES</b>				
Current				
General administration	<u>15,000</u>	<u>15,000</u>	<u>13,095</u>	<u>1,905</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>13,095</u>	<u>1,905</u>
Net Change in Fund Balances	( 12,781)	( 12,781)	( 12,644)	137
Fund Balances - Beginning	<u>26,700</u>	<u>26,700</u>	<u>26,700</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 13,919</u>	<u>\$ 13,919</u>	<u>\$ 14,056</u>	<u>\$ 137</u>

HILL COUNTY, TEXAS

DISTRICT CLERK ARCHIVE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 3,319	\$ 3,319	\$ 3,521	\$ 202
Total Revenues	<u>3,319</u>	<u>3,319</u>	<u>3,521</u>	<u>202</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net Change in Fund Balances	1,319	1,319	1,521	202
Fund Balances - Beginning	<u>5,035</u>	<u>5,035</u>	<u>5,035</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,354</u>	<u>\$ 6,354</u>	<u>\$ 6,556</u>	<u>\$ 202</u>

HILL COUNTY, TEXAS

INVESTIGATIVE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 95,045	\$ 109,448	\$ 14,403
Investment earnings	-	-	54	54
Total Revenues	<u>-</u>	<u>95,045</u>	<u>109,502</u>	<u>14,457</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>20,000</u>	<u>89,484</u>	<u>96,202</u>	<u>(6,718)</u>
Total Expenditures	<u>20,000</u>	<u>89,484</u>	<u>96,202</u>	<u>(6,718)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>( 20,000)</u>	<u>5,561</u>	<u>13,300</u>	<u>7,739</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>1,462</u>	<u>1,462</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,462</u>	<u>-</u>
Net Change in Fund Balances	<u>( 20,000)</u>	<u>5,561</u>	<u>14,762</u>	<u>9,201</u>
Fund Balances - Beginning	<u>30,732</u>	<u>30,732</u>	<u>30,732</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 10,732</u>	<u>\$ 36,293</u>	<u>\$ 45,494</u>	<u>\$ 9,201</u>

**HILL COUNTY, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**SEPTEMBER 30, 2015**

	Agency Funds			
	Treasurer J.P. Cash	District Clerk - Criminal	D.A Seizure Account	Criminal Justice
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 45,769	\$ -	\$ 69,856	\$ 101,017
Due from Other Funds	-	143	-	-
Due from Others	306	-	-	-
<b>Total Assets</b>	<u>\$ 46,075</u>	<u>\$ 143</u>	<u>\$ 69,856</u>	<u>\$ 101,017</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 46,075	\$ -	\$ -	\$ 101,017
Due to Others	-	143	69,856	-
<b>Total Liabilities</b>	<u>\$ 46,075</u>	<u>\$ 143</u>	<u>\$ 69,856</u>	<u>\$ 101,017</u>

<u>County Officer Accounts</u>	<u>Total</u>
\$ 1,544,136	\$ 1,760,778
-	143
-	<u>306</u>
<u>\$ 1,544,136</u>	<u>\$ 1,761,227</u>
\$ -	\$ 147,092
<u>1,544,136</u>	<u>1,614,135</u>
<u>\$ 1,544,136</u>	<u>\$ 1,761,227</u>

HILL COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

SEPTEMBER 30, 2015

<u>TREASURER - J. P. CASH</u>	<b>Balance</b> <b>10/1/2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>9/30/2015</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 124,942	\$ 580,429	\$ 659,602	\$ 45,769
Due from Others	336	306	336	306
Total Assets	<u>\$ 125,278</u>	<u>\$ 580,735</u>	<u>\$ 659,938</u>	<u>\$ 46,075</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 125,278	\$ 46,075	\$ 125,278	\$ 46,075
Due to Others	-	534,660	534,660	-
Total Liabilities	<u>\$ 125,278</u>	<u>\$ 580,735</u>	<u>\$ 659,938</u>	<u>\$ 46,075</u>
<u>DISTRICT CLERK - CRIMINAL</u>	<b>Balance</b> <b>10/1/2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>9/30/2015</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 690,814	\$ 690,814	\$ -
Due from other funds	-	143	-	143
Total Assets	<u>\$ -</u>	<u>\$ 690,957</u>	<u>\$ 690,814</u>	<u>\$ 143</u>
<b>LIABILITIES</b>				
Due to Others	\$ -	\$ 690,957	\$ 690,814	\$ 143
Total Liabilities	<u>\$ -</u>	<u>\$ 690,957</u>	<u>\$ 690,814</u>	<u>\$ 143</u>
<u>D.A SEIZURE ACCOUNT</u>	<b>Balance</b> <b>10/1/2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>9/30/2015</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 188,709	\$ 108,444	\$ 227,297	\$ 69,856
Receivables (net allowance for uncollectibles)	46	-	46	-
Due from Other Funds	23,166	-	23,166	-
Total Assets	<u>\$ 211,921</u>	<u>\$ 108,444</u>	<u>\$ 250,509</u>	<u>\$ 69,856</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 27	\$ -	\$ 27	\$ -
Due to Others	211,894	108,444	250,482	69,856
Total Liabilities	<u>\$ 211,921</u>	<u>\$ 108,444</u>	<u>\$ 250,509</u>	<u>\$ 69,856</u>



<u>CRIMINAL JUSTICE</u>	<u>Balance</u> <u>10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 96,347	\$ 534,934	\$ 530,264	\$ 101,017
Receivables (net allowance for uncollectibles)	-	-	-	-
Due from Others	<u>13,166</u>	<u>-</u>	<u>13,166</u>	<u>-</u>
Total Assets	<u>\$ 109,513</u>	<u>\$ 534,934</u>	<u>\$ 543,430</u>	<u>\$ 101,017</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 109,513	\$ 101,017	\$ 109,513	\$ 101,017
Due to Others	<u>-</u>	<u>433,917</u>	<u>433,917</u>	<u>-</u>
Total Liabilities	<u>\$ 109,513</u>	<u>\$ 534,934</u>	<u>\$ 543,430</u>	<u>\$ 101,017</u>

<u>COUNTY OFFICER ACCOUNTS</u>	<u>Balance</u> <u>10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>\$ 1,650,021</u>	<u>\$ -</u>	<u>\$ 105,885</u>	<u>\$ 1,544,136</u>
Total Assets	<u>\$ 1,650,021</u>	<u>\$ -</u>	<u>\$ 105,885</u>	<u>\$ 1,544,136</u>

<b>LIABILITIES</b>				
Due to Other Funds	\$ 322	\$ -	\$ 322	\$ -
Due to Others	<u>1,649,699</u>	<u>-</u>	<u>105,563</u>	<u>1,544,136</u>
Total Liabilities	<u>\$ 1,650,021</u>	<u>\$ -</u>	<u>\$ 105,885</u>	<u>\$ 1,544,136</u>

<u>TOTAL</u>	<u>Balance</u> <u>10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,060,019	\$ 1,914,621	\$ 2,213,862	\$ 1,760,778
Receivables (net allowance for uncollectibles)	46	-	46	-
Due from Other Funds	23,166	143	23,166	143
Due from Others	<u>13,502</u>	<u>306</u>	<u>13,502</u>	<u>306</u>
Total Assets	<u>\$ 2,096,733</u>	<u>\$ 1,915,070</u>	<u>\$ 2,250,576</u>	<u>\$ 1,761,227</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 234,818	\$ 147,092	\$ 234,818	\$ 147,092
Due to Other Funds	322	-	322	-
Due to Others	<u>1,861,593</u>	<u>1,767,978</u>	<u>2,015,436</u>	<u>1,614,135</u>
Total Liabilities	<u>\$ 2,096,733</u>	<u>\$ 1,915,070</u>	<u>\$ 2,250,576</u>	<u>\$ 1,761,227</u>