

*Hill County, Texas*



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2013



PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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# **FINANCIAL SECTION**



## 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, 2013, and the related notes to the financial statements, which collectively comprise Hill County, Texas' 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 36–42 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 Hill County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 the schedule of expenditures of federal awards 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 July 24, 2014, on our consideration of 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 Hill County, Texas' internal control over financial reporting and compliance.

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

Hillsboro, Texas  
July 24, 2014



**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, 2013.

#### FINANCIAL HIGHLIGHTS

- The assets of Hill County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$25,685,909 (net position). Of this amount, \$4,336,878 (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 \$245,486. All of the net gain in position was the result of increased property tax revenue. Property tax revenue exceeded prior year revenue by \$840,543.
- As of the close of the current fiscal year, Hill County, Texas' governmental funds reported combined ending fund balances of \$6,985,562 a decrease of \$191,383 in comparison with the prior year. Approximately 45% of this total amount, \$3,143,445, 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 \$3,184,900, or 32.43% of total General fund expenditures, the fund balance for the road and bridge fund was \$1,939,444, or 40.97% of total road and bridge fund expenditures, and the fund balance for the indigent health care fund was \$167,007, or 24.38% 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 and liabilities, with the difference between the two 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 funds 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 28 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 2013 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 Records, District Clerk Records Management and Preservation, the Sheriff Investigative Fund, the D.A. Forfeited Property Fund, Probate Education, the Court Technology Fund, the County Clerk Archive Fund, the District Clerk Archive Fund, the Courthouse Security Fund, and the Election Machine Lease Fund.

The basic governmental fund financial statements can be found on pages 12 - 35 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 – 35 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 36 – 42 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 43 - 56 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 57 - 68 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 exceeded liabilities by \$25,685,909 at the close of the most recent fiscal year.

66.80% of the County's net position (\$17,159,325) 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	
	2013	2012
Current and other assets	\$ 9,664,815	\$ 10,512,843
Capital assets	24,017,746	24,109,679
Total assets	33,682,561	34,622,522
Long-term liabilities	6,923,362	7,344,444
Other liabilities	1,073,290	1,135,431
Total liabilities	7,996,652	8,479,875
Net position:		
Net investment in capital assets	17,159,325	17,279,663
Nonspendable	347,589	4,220,355
Restricted	3,842,117	4,220,355
Unrestricted	4,336,878	4,642,629
Total net position	\$ 25,685,909	\$ 30,363,002

An additional portion of the County's net position (14.96%) represents resources that are subject to external restrictions on how they may be used as well as a portion (1.35%) that represents items that have previously been paid. The remaining balance of unrestricted net position (\$4,336,878) 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 \$245,486, thereby accounting for 100 percent of the total increase in the net position of the County.

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

## Hill County's changes in Net Position

	Governmental Activities	
	2013	2012
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 3,786,162	\$ 4,104,710
Operating grants and contributions	1,950,152	1,455,592
Capital grants and contributions	97,314	403,677
General revenues:		
Property taxes	10,241,089	9,400,546
Sales Taxes	1,552,213	1,589,379
Other Taxes	66,447	90,488
Investment earnings	84,701	111,276
Gain on sale of capital assets	115,102	-
Miscellaneous	185,556	449,176
Total Revenues	18,078,736	17,604,844
<b>EXPENSES</b>		
General government	3,037,518	3,465,684
Judicial	2,945,151	2,681,458
Public safety	6,751,681	6,450,895
Public transportation	3,938,206	3,695,556
Health and welfare	828,731	940,492
Culture and recreation	164,504	119,482
Interest on long-term debt	167,459	206,800
Total Expenses	17,833,250	17,560,367
<b>INCREASE (DECREASE) IN NET POSITION</b>	245,486	44,477
<b>NET POSITION, BEGINNING</b>	26,142,647	26,098,170
<b>PRIOR PERIOD ADJUSTMENT</b>	( 702,224)	-
<b>NET POSITION, ENDING</b>	\$ 25,685,909	\$ 26,142,647

The charges for services decreased by \$318,548 due mainly to decreases in judicial and public safety charges for services. Grants and contributions increased due to increased grant funding for public transportation. Property taxes increased by \$840,543.

Total expenses for government activities increased by \$272,883 primarily due to increased public safety and public transportation 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 \$6,985,562, a decrease of \$191,383 in comparison with the prior year. Approximately 45% of this total amount \$3,143,445, constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remaining restricted and committed amounts of \$3,842,117 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, unassigned fund balance of the General fund was \$3,184,900, while total fund balance reached \$3,184,900. As a measure of the General fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.43% of total general fund expenditures, while total fund balance also represents 32.43% of that same amount.

The fund balance of the County’s General fund increased by \$221,643 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue increased from \$6,120,432 to 6,740,124.

At the end of the current of the current fiscal year, restricted fund balance of the Road and Bridge fund was \$1,939,444, while total fund balance reached \$1,939,444. 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 40.97% of total Road and Bridge fund expenditures, while total fund balance also represents 40.97% of the same amount.

The fund balance of the County’s, Road and Bridge fund decreased by \$488,200 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 \$1.7 million, however, the actual reserve balance only decreased by \$488,200. The County did not spend as much as budgeted on construction materials, fuel and bridge construction and equipment purchases.

At the end of the current fiscal year, restricted fund balance of the Indigent Health Care fund was \$167,007, while total fund balance reached \$167,007. As a measure of the Indigent Health Care fund’s liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 24.38% of total Indigent Health Care fund expenditures, while total fund balance also represents 24.38% of that same amount.

The fund balance of the County’s indigent health care fund increased by \$2,383 during the current fiscal year. Key factors in this increase are as follows:

- The increase is immaterial

## **Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for the General fund expenditures amounted to an increase of \$65,329. The largest components of the increase were attributable to increased non-departmental expenditures of \$27,662 and an increase in sheriff's office expenditures of \$26,073. Increases in the expenditure budgets were financed by the budgeting and certification of revenues and expenditures for funds that were neither anticipated nor budgeted for in the original budget. Of the total \$65,329 certification of revenues, \$24,645 was attributable to grant reimbursement revenue and \$17,877 was attributable to the sale of capital assets. For the year, actual General fund revenue was \$138,508 less than budgeted revenues and transfers into the General fund were less than anticipated by \$185,502. Other financing sources from the issuance of a capital lease were \$201,251 more than budgeted. Actual total expenditures were \$300,823 less than budgeted resulting in a surplus of \$204,637 for the year.

Difference between the original budget and the final amended budget for the Road and Bridge fund resulted in an increase of \$507,614. Sales of capital assets and intergovernmental revenue totaled \$507,612 in unexpected revenues that were neither anticipated nor budgeted at the beginning of the year. Once these funds were certified and budgeted they financed increases in Road and Bridge fund capital equipment and principal retirement expenditures. Overall, the actual expenditures were under budget by \$1,077,213 while actual revenue was \$196,073 over budget. These items resulted in a total surplus over budget of \$1,281,843 in the Road and Bridge fund for the year.

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 \$74,926.

## **Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$24,017,746 (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 decrease in the County's investment in capital assets for the current fiscal year was \$91,933 or 0.4%.

Depreciation on the County's assets of \$1,824,097 approximated its net capital purchases of \$1,890,937. 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 28 - 29 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$5,880,000. All of which comprises debt backed by the full faith and credit of the County.

The County's total bonded debt decreased by \$425,000 (6.74%) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds of \$425,000.

Additional information on the County's long term debt can be found in note IV F on pages 30 - 32 of this report.



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

- Exploration in the Barnett Shale has slowed considerably during recent years.
- While the state is facing deep expenditure cuts, the County will focus on maintaining its current reserve for 2014 and 2015. State unfunded mandates are likely.
- Appraisal valuations have decreased slightly over the past few years but should remain constant for 2014.
- In November, 2012 the County voted to convert the current road and bridge commissioner run system to a Unit road system under the auspices of a road engineer. The presentation of the current budget and future budgets will undergo changes to accommodate this new road system.

Estimated general fund revenue for fiscal year 2014 is \$11,134,721 (including incoming transfers of \$468,000). Estimated expenditures for the General Fund are \$11,089,363 (including transfers out of \$122,000).

## **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, 2013**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and investments	\$ 7,279,219	\$ 7,279,219
Receivables (net of allowance for uncollectibles)	1,840,282	1,840,282
Due from other governments	75,569	75,569
Internal balances	2,541	2,541
Inventories	43,271	43,271
Prepaid items	304,318	304,318
Deferred charges	119,615	119,615
Capital assets not being depreciated::		
Land	53,031	53,031
Total Capital assets being depreciated, net		
Building and improvements	14,494,533	14,494,533
Machinery and equipment	3,219,342	3,219,342
Infrastructure	6,250,840	6,250,840
Total assets	\$ 33,682,561	\$ 33,682,561
<b>LIABILITIES</b>		
Accounts Payable	\$ 707,130	\$ 707,130
Accrued Wages Payable	339,101	339,101
Accrued Interest Payable	27,059	27,059
Noncurrent Liabilities:		
Due within one year	695,170	695,170
Due in more than one year	6,228,192	6,228,192
Total liabilities	7,996,652	7,996,652
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	\$ 17,159,325	\$ 17,159,325
Nonspendable:		
Inventory	43,271	43,271
Prepaid items	304,318	304,318
Restricted for:		
Administration	290,524	290,524
Construction	355,682	355,682
Debt Service	100,745	100,745
Elections	40,028	40,028
Health and Welfare	167,007	167,007
Judicial	364,775	364,775
Public Safety	583,912	583,912
Public Transportation	1,939,444	1,939,444
Unrestricted	4,336,878	4,336,878
Total net position	\$ 25,685,909	\$ 25,685,909

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, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	
					Governmental Activities	Revenue and Changes In Net Position
						Total
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 3,037,518	\$ 919,546	\$ 64,897	\$ -	\$( 2,053,075)	\$( 2,053,075)
Judicial	2,945,151	1,425,793	130,030	-	( 1,389,328)	( 1,389,328)
Public safety	6,751,681	667,243	1,024,941	-	( 5,059,497)	( 5,059,497)
Public transportation	3,938,206	725,315	713,690	97,314	( 2,401,887)	( 2,401,887)
Health and welfare	828,731	48,265	16,594	-	( 763,872)	( 763,872)
Culture and recreation	164,504	-	-	-	( 164,504)	( 164,504)
Interest and fiscal charges	167,459	-	-	-	( 167,459)	( 167,459)
Total Governmental Activities	<u>17,833,250</u>	<u>3,786,162</u>	<u>1,950,152</u>	<u>97,314</u>	<u>( 11,999,622)</u>	<u>( 11,999,622)</u>
<b>Total Primary Government</b>	<b>\$ 17,833,250</b>	<b>\$ 3,786,162</b>	<b>\$ 1,950,152</b>	<b>\$ 97,314</b>	<b>( 11,999,622)</b>	<b>( 11,999,622)</b>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					9,583,848	9,583,848
Property taxes, levied for debt service					657,241	657,241
Sales taxes					1,552,213	1,552,213
Other taxes					66,447	66,447
Unrestricted Investment Earnings					84,701	84,701
Miscellaneous					185,556	185,556
Gain on sale of capital assets					<u>115,102</u>	<u>115,102</u>
Total General Revenues and Transfers					<u>12,245,108</u>	<u>12,245,108</u>
Change in Net Position					245,486	245,486
Net position, beginning					26,142,647	26,142,647
Prior period adjustment					( 702,224)	( 702,224)
Net position, ending					<u>\$ 25,685,909</u>	<u>\$ 25,685,909</u>

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

## HILL COUNTY, TEXAS

### BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	General	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,179,753	\$ 2,129,166	\$ 181,006	\$ 1,789,294	\$ 7,279,219
Receivables (net of allowance for uncollectibles)	1,080,766	259,201	78,482	99,541	1,517,990
Due from others funds	35,768	-	-	-	35,768
Intergovernmental receivable	30,978	-	-	44,591	75,569
Total assets	\$ 4,327,265	\$ 2,388,367	\$ 259,488	\$ 1,933,426	\$ 8,908,546
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 329,334	\$ 216,148	\$ 37,060	\$ 124,588	\$ 707,130
Accrued liabilities	238,270	46,598	1,807	52,426	339,101
Due to other funds	25,216	-	-	8,011	33,227
Deferred Revenues	549,545	186,177	53,614	54,190	843,526
Total liabilities	1,142,365	448,923	92,481	239,215	1,922,984
Fund balances:					
Restricted for:					
Administration	-	-	-	290,524	290,524
Construction	-	-	-	355,682	355,682
Debt Service	-	-	-	100,745	100,745
Elections	-	-	-	40,028	40,028
Health and Welfare	-	-	167,007	-	167,007
Judicial	-	-	-	364,775	364,775
Public Safety	-	-	-	583,912	583,912
Public Transportation	-	1,939,444	-	-	1,939,444
Unassigned	3,184,900	-	-	( 41,455)	3,143,445
Total fund balances	3,184,900	1,939,444	167,007	1,694,211	6,985,562
Total liabilities and fund balances	\$ 4,327,265	\$ 2,388,367	\$ 259,488	\$ 1,933,426	\$ 8,908,546

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 BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Total Fund Balances - Government funds balance sheet.	\$ 6,985,562
Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:	
Capital assets used in governmental activities are not reported in the funds.	24,017,746
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	322,292
Bond Issuance Costs are expenditures in the fund but are recorded as assets in the governmental activities.	119,615
Prepaid items are expenditures in the funds but are recorded as assets in the governmental activities.	304,318
Inventory costs are expenditures in the funds but are recorded as assets in the governmental activities.	43,271
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	843,526
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,950,421)</u>
Net position of governmental activities - statement of net position	<u>\$ 25,685,909</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, 2013

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 6,740,124	\$ 2,264,963	\$ 649,522	\$ 657,916	\$ 10,312,525
Sales	1,272,814	155,222	124,177	-	1,552,213
Other	22,061	-	-	44,386	66,447
Intergovernmental	895,778	713,690	-	1,043,396	2,652,864
Licenses and permits	-	725,315	-	-	725,315
Fees of office	723,745	-	-	1,230,942	1,954,687
Fines and forfeitures	118,941	118,939	-	229,835	467,715
Investment earnings	46,503	26,166	-	12,032	84,701
Miscellaneous	129,160	17,712	13,754	46,224	206,850
Total Revenues	9,949,126	4,022,007	787,453	3,264,731	18,023,317
<b>EXPENDITURES</b>					
Current					
General administration	2,806,229	-	-	69,338	2,875,567
Judicial	1,916,849	-	-	1,026,824	2,943,673
Public safety	4,761,612	-	-	1,703,309	6,464,921
Roads and highways	-	4,515,616	-	-	4,515,616
Health and welfare	165,662	-	685,070	1,639	852,371
Culture and recreation	125,090	-	-	38,876	163,966
Debt Service					
Principal retirement	41,008	207,421	-	425,000	673,429
Interest and fiscal charges	3,747	11,317	-	185,219	200,283
Total Expenditures	9,820,197	4,734,354	685,070	3,450,205	18,689,826
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	128,929	( 712,347)	102,383	( 185,474)	( 666,509)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	44,450	200,147	-	29,278	273,875
Other Financing Sources - Capital Lease	201,251	-	-	-	201,251
Transfers In	219,498	24,000	-	374,742	618,240
Transfers Out	( 372,485)	-	( 100,000)	( 145,755)	( 618,240)
Total Other Financing Sources (uses)	92,714	224,147	( 100,000)	258,265	475,126
<b>NET CHANGES IN FUND BALANCES</b>	221,643	( 488,200)	2,383	72,791	( 191,383)
<b>FUND BALANCE, BEGINNING</b>	2,901,449	2,389,844	164,624	1,569,332	7,025,249
<b>PRIOR PERIOD ADJUSTMENT</b>	61,808	37,800	-	52,088	151,696
<b>FUND BALANCE, ENDING</b>	\$ 3,184,900	\$ 1,939,444	\$ 167,007	\$ 1,694,211	\$ 6,985,562

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 BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net Changes in Fund Balances - Total Government Funds	\$ (191,383)
Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:	
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. This is the amount by which capital outlays exceeded depreciation in the current period including gains or losses on sales of assets.	(91,933)
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.	11,754
(Increase) decrease in Compensated Absences from beginning of period to end of period.	(64,941)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(71,436)
Increase (decrease) in Bond Issuance Costs from beginning of period to end of period.	(11,961)
Increase (decrease) in Inventory from beginning of period to end of period.	(16,816)
Increase (decrease) in Prepaid items from beginning of period to end of period.	165,240
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	30,939
(Increase) decrease in Bond Refunding from beginning of period to end of period.	13,846
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	673,428
Increase in loan principal are receipts in the funds but not revenue in the SOA.	<u>(201,251)</u>
Change in net position of Governmental Activities - Statement of Activities.	<u>\$ 245,486</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, 2013**

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,354,194
Receivables (net allowance for uncollectibles)	39,752
Due from Others	22,594
Total Assets	\$ 1,416,540
 <b>LIABILITIES</b>	
Accounts Payable	\$ 176,342
Due to Other Funds	2,541
Due to Others	1,237,657
Total Liabilities	\$ 1,416,540

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

# HILL COUNTY, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### 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.

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.

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.

**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**

##### ***1. 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 statutes authorize the County and the District to invest in obligations of the U.S. Treasury. Investments for the County are reported at fair value.

##### ***2. 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, 2013.

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.

##### ***3. 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, 2013 are reflected in the accompanying financial statements.

**4. Restricted Assets**

There were no restricted assets at September 30, 2013.

**5. 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 2012-2013 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

**6. 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.

**7. 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, as well as issuance costs and loss on refunding, 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. Bond issuance costs and loss on refunding are reported as deferred charges and amortized over the term of the related debt.

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

## **8. *Fund Equity***

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.

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. 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.

The government-wide and fund level financial statements report restricted fund balances for amounts not available for appropriation or legally restricted for specific uses. 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.

## 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 \$6,950,421 difference are as follows:

Bond payable	\$ 5,880,000
Loss on refunding	138,462
Capital leases payable	325,531
Accrued interest payable	27,059
Compensated absences	<u>579,369</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 6,950,421</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 \$24,017,746 difference are as follows:

Capital assets not being depreciated	\$ 53,031
Capital assets being depreciated	38,403,582
Accululated depreciation	<u>( 14,438,867)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 24,017,746</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 \$843,526 difference are as follows:

Property taxes receivable	\$ 979,538
Allowance for doubtful accounts	( 97,953)
Amounts collected within 60 days	<u>( 38,059)</u>
Net	<u>\$ 843,526</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 \$322,292 difference are as follows:

Fines receivable	\$ 1,905,332
Allowance for doubtful accounts	<u>( 1,583,040)</u>
Net	<u>\$ 322,292</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 \$91,933 difference are as follows:



Capital outlay - additions - being depreciated	\$ 1,890,936
Capital outlay - deletions - net	( 158,772)
Depreciation expense	<u>( 1,824,097)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ ( 91,933)</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 2013 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, 2013 except for the Road and Bridge General Fund which had a deficit of \$11,260 and the Jury Fund which had a deficit of \$41,455. These deficits are expected to be liquidated by future resources of the funds.

## **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, 2013, 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, 2013, the County’s bank balance of \$2,892,463 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 \$4,275,226 and the FDIC coverage is \$250,000. The County’s bank balance of \$130,589 with Citizens National Bank was not exposed to custodial credit risk because it was fully insured.

The County’s bank balance of \$6,527,716 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 \$7,989,769 and the FDIC coverage is \$250,000. The amount of \$4,150 in the Bank of America was covered by the FDIC.

**B. Receivables**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Indigent Health Care</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables:					
Ad valorem taxes	\$ 638,254	\$ 216,077	\$ 62,269	\$ 62,938	\$ 979,538
Sales taxes	207,894	25,353	20,282	-	253,529
Other	298,443	39,378	2,158	42,897	382,876
Due from other funds	35,768	-	-	-	35,768
Intergovernmental	<u>30,978</u>	<u>-</u>	<u>-</u>	<u>44,591</u>	<u>75,569</u>
Gross receivables	1,211,337	280,808	84,709	150,426	1,727,280
Less: allowance for uncollectibles	<u>( 63,825)</u>	<u>( 21,607)</u>	<u>( 6,227)</u>	<u>( 6,294)</u>	<u>( 97,953)</u>
Net accounts receivable	<u>\$ 1,147,512</u>	<u>\$ 259,201</u>	<u>\$ 78,482</u>	<u>\$ 144,132</u>	<u>\$ 1,629,327</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (general)	\$ 549,545
Delinquent property taxes receivable (road and bridge)	186,177
Delinquent property taxes receivable (health care)	53,614
Delinquent property taxes receivable (nonmajor funds)	<u>54,190</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 843,526</u>

### C. Capital Assets

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

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 53,031	\$ -	\$ -	\$ -	\$ 53,031
Total assets not being depreciated	<u>53,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,031</u>
Capital assets, being depreciated:					
Buildings	21,143,862	126,497	( 42,000)	-	21,228,359
Machinery and equipment	8,872,561	1,022,056	( 380,547)	-	9,514,070
Infrastructure	6,918,769	742,384	-	-	7,661,153
Total capital assets being depreciated	<u>36,935,192</u>	<u>1,890,937</u>	<u>( 422,547)</u>	<u>-</u>	<u>38,403,582</u>
Less accumulated depreciation:					
Buildings	( 6,181,861)	( 559,928)	7,963	-	( 6,733,826)
Machinery and equipment	( 5,650,405)	( 900,134)	255,811	-	( 6,294,728)
Infrastructure	( 1,046,278)	( 364,035)	-	-	( 1,410,313)
Total accumulated depreciation	<u>( 12,878,544)</u>	<u>( 1,824,097)</u>	<u>263,774</u>	<u>-</u>	<u>( 14,438,867)</u>
Total capital assets being depreciated, net	<u>24,056,648</u>	<u>66,840</u>	<u>( 158,773)</u>	<u>-</u>	<u>23,964,715</u>
Governmental activities capital assets, net	<u>\$ 24,109,679</u>	<u>\$ 66,840</u>	<u>\$( 158,773)</u>	<u>\$ -</u>	<u>\$ 24,017,746</u>

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

Governmental Activities	
General administration	\$ 412,134
Judicial	42,594
Public safety	372,805
Roads and highways	<u>996,564</u>
Total depreciation expense	<u>\$ 1,824,097</u>

#### **Construction commitments:**

The County had no major construction projects in the 2012-2013 year.

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

There were no advances at September 30, 2013.

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

Transfer Out	Transfer In			Total
	General Fund	Road and Bridge	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 372,485	\$ 372,485
Indigent Health Care	100,000	-	-	100,000
Nonmajor Governmental Funds	119,498	24,000	2,257	145,755
<b>Total</b>	<b>\$ 219,498</b>	<b>\$ 24,000</b>	<b>\$ 374,742</b>	<b>\$ 618,240</b>

**E. Leases**

Operating Leases

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$79,877 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2014	\$ 40,639
2015	22,174
2016	15,507
2017	9,123
	<u>\$ 87,443</u>

**F. Long-term Liabilities**

**Capital Lease:**

The County has entered into a lease agreement as lessee for financing of five Chevy Tahoes for the General Fund, two Mack trucks for precinct No. 1, one John Deere Loader and John Deere Tractor/Mower for Precinct No. 2. 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 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	Total
Cost	\$ 94,173	\$ 156,245	\$ 138,000	\$ 137,386	\$ 108,025	\$ 633,829
Less: accumulated depreciation	( 29,037)	( 93,747)	( 57,500)	( 26,169)	( 16,204)	\$( 222,657)
Total	<u>\$ 65,136</u>	<u>\$ 62,498</u>	<u>\$ 80,500</u>	<u>\$ 111,217</u>	<u>\$ 91,821</u>	<u>\$ 411,172</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

Year	Five Chevy Tahoes	Mack Truck	Sheriff Vehicles	Total
2014	\$ 44,753	\$ 29,356	\$ 53,095	\$ 127,204
2015	-	29,356	53,095	82,451
2016	-	29,356	53,095	82,451
2017	-	-	53,095	53,095
Total minimum lease payments	<u>44,753</u>	<u>88,068</u>	<u>212,380</u>	<u>345,201</u>
Less: amount representing interest	<u>1,914</u>	<u>6,627</u>	<u>11,129</u>	<u>19,670</u>
Present value of net minimum lease payments	<u>\$ 42,839</u>	<u>\$ 81,441</u>	<u>\$ 201,251</u>	<u>\$ 325,531</u>

### Certificates of Obligation:

The County issues Refunding bonds, Series 2011, which provided funds for the reconstruction of the courthouse and helped fund the acquisition, construction and improvements to the jail facilities and renovating and improving the courthouse and annex, respectively. The original amount of the Refunding bonds Series 2011 was \$6,740,000. The refunding bonds were issued in the 2011 year. The amount refunded was \$6,560,000 resulting in a refunding loss of \$180,000. The expected savings from the refunding is a deferred savings of \$1,037,163 and a present value savings of \$628,719 which is the result of an overall lesser interest expense. The Refunding bonds are serviced by the Debt Service Fund.

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:

Purpose	Rates	Amount
Governmental activities - Refunding Bonds	2.0-3.50	\$ 5,880,000

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 430,000	\$ 176,719
2015	440,000	168,119
2016	455,000	159,318
2017	465,000	147,943
2018 to 2022	2,585,000	528,082
2023 to 2025	<u>1,505,000</u>	<u>96,950</u>
Totals	\$ <u>5,880,000</u>	\$ <u>1,277,131</u>

Changes in long-term liabilities:

	Beginning Balance	Additions	Due Within One Year	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Certificates of Obligation	\$ 6,305,000	\$ -	\$ 425,000	\$ 5,880,000	\$ 430,000	\$ 5,450,000
Plus: Loss on refunding	<u>152,308</u>	<u>-</u>	<u>13,846</u>	<u>138,462</u>	<u>-</u>	<u>138,462</u>
Total bonds payable	\$ <u>6,457,308</u>	\$ <u>-</u>	\$ <u>438,846</u>	\$ <u>6,018,462</u>	\$ <u>430,000</u>	\$ <u>5,588,462</u>
Capital leases payable	\$ 372,708	\$ 201,251	\$ 248,428	\$ 325,531	\$ 120,328	\$ 205,203
Compensated absences	<u>514,428</u>	<u>579,369</u>	<u>514,428</u>	<u>579,369</u>	<u>144,842</u>	<u>434,527</u>
Grand Total	\$ <u>7,344,444</u>	\$ <u>780,620</u>	\$ <u>1,201,702</u>	\$ <u>904,900</u>	\$ <u>265,170</u>	\$ <u>639,730</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 2013-2014 is \$144,842. The government-wide statement of activities includes \$695,170 as “noncurrent liabilities, due within one year.” The interest incurred on the above debt for the current year was \$167,504 in the government-wide statement and \$200,283 in the funds. There was no interest capitalized.

## 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, 2012	Year Ended September 30, 2013
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims (including IBNRs)	-	-
Claim payments	-	-
Unpaid claims, end of fiscal year	\$ -	\$ -

**B. Related Party Transactions**

Justice of the Peace Precinct No. 4 owns a paint and body shop that does business with the County. The total amount paid to the shop in fiscal year 2013 was \$5,067. There were no amounts payable to the shop by the County or payable to the County by the shop at September 30, 2013.

Justice of the Peace Precinct No. 2 owns Poteet Motors that does business with the County. The total amount paid to the business in fiscal year 2013 was \$1,800. There were no amounts payable to the business by the County or payable to the County by the business at September 30, 2013.

**C. Subsequent Events**

There were no subsequent events requiring disclosure.

**D. Litigation**

There were currently no claims or lawsuits pending against the County at September 30, 2013.

**E. Retirement Plan**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCERS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year



basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the County, within the options available in the Texas state statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by 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.

### **Funding Policy**

The County has elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The governing body elected to pay a rate of 7.19% for the 2012 year and 7.52% for the 2013 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act. The contribution rate payable by the employee members for calendar years 2012 and 2013 is the rate of 6% as adopted by the governing body of the County. The employee contribution rate and the County contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

### **Actuarial Valuation Information**

<u>Actuarial Valuation Date</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20.0	20.0	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 5-yr smoothed value ESF: Fund Value
<b>Actuarial Assumptions:</b>			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4
Inflation	3.5%	3.5%	3.5
Cost-of-living adjustments	0.0%	0.0%	0.0%

## Annual Pension Cost

### Trend Information for the Retirement Plan for the Employees of Hill County, Texas

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/11	\$ 516,382	100%	\$ -
09/30/12	514,737	100%	-
09/30/13	519,037	100%	-

### Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 10,725,143	\$ 13,242,148	\$ 2,517,005	81.0%	\$ 6,837,328	36.81%

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

#### F. Prior Period Adjustments

Prior period adjustments were made in the fund financials, also having an effect on the government wide financial statements, in order to reverse prior year September Fees Receivables not previously recorded. This adjustment was made to the following funds: General Fund for \$61,808, Road and Bridge- General for \$37,800, Law Library for \$1,295, Jury for \$37,491, County Clerk for \$1,840, Records Preservation and Management for \$2,011, JP Court Costs for \$1,040, Justice Court Technology for 3,561, District Clerk Archive for \$245, Hot Check Restitution for \$1,048 and Courthouse Security for \$3,557.

Also, an adjustment was made only to the Government-wide financials to reflect a change in the calculation of the amount of court fines receivable that is actually collectible. This change resulted in an \$853,920 reduction in beginning net position.

**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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 6,834,445	\$ 6,834,445	\$ 6,740,124	( 94,321)
Sales	1,295,600	1,295,600	1,272,814	( 22,786)
Other	32,500	32,500	22,061	( 10,439)
Intergovernmental	797,708	822,353	895,778	73,425
Fees of office	770,989	770,989	723,745	( 47,244)
Fines and Forfeitures	161,440	161,440	118,941	( 42,499)
Investment earnings	35,000	35,000	46,503	11,503
Miscellaneous	112,500	135,307	129,160	( 6,147)
Total Revenues	<u>10,040,182</u>	<u>10,087,634</u>	<u>9,949,126</u>	<u>( 138,508)</u>
<b>EXPENDITURES</b>				
Current				
General Administration				
Computer	604,354	604,354	490,385	113,969
County Clerk	300,524	300,524	296,117	4,407
County Judge	143,942	143,942	142,347	1,595
Elections Administration	171,598	171,598	151,206	20,392
Non-Departmental	637,651	665,313	592,536	72,777
Veterans Service	27,613	27,613	27,044	569
Legal				
County Attorney	364,014	375,608	378,149	( 2,541)
County Attorney Excess	12,385	12,385	5,578	6,807
Judicial				
County Court at Law	225,974	225,974	222,697	3,277
District Attorney	192,085	192,085	192,949	( 864)
District Clerk	320,060	320,060	317,563	2,497
District Judge	114,627	114,627	112,523	2,104
Justices of the Peace	453,382	453,382	446,134	7,248
Financial Administration				
County Auditor	177,874	177,874	173,961	3,913
County Treasurer	173,731	173,731	171,374	2,357
Tax Assessor-Collector	420,395	420,395	417,689	2,706
Public Facilities				
Courthouse	396,564	396,564	370,614	25,950

# HILL COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
911 Dispatch	384,881	384,881	369,736	15,145
Constables	241,507	241,507	241,256	251
Courthouse Security	162,530	162,530	145,212	17,318
Emergency Management	87,218	87,218	79,115	8,103
Jail	2,496,955	2,496,955	2,399,049	97,906
Sheriff	1,574,708	1,600,781	1,703,667	( 102,886)
Health and Welfare				
Public Assistance	137,334	137,334	138,618	( 1,284)
Health and Safety	64,004	64,004	64,833	( 829)
Conservation - Agriculture				
Agriculture Extension Service	125,026	125,026	125,090	( 64)
Debt Service				
Principal Retirement	44,755	44,755	41,008	3,747
Interest Retirement	-	-	3,747	( 3,747)
Total expenditures	<u>10,055,691</u>	<u>10,121,020</u>	<u>9,820,197</u>	<u>300,823</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 15,509)</u>	<u>( 33,386)</u>	<u>128,929</u>	<u>162,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	17,877	44,450	26,573
Other Financing Sources - Capital Lease	-	-	201,251	201,251
Operating Transfers In	405,000	405,000	219,498	( 185,502)
Operating Transfers Out	<u>( 372,485)</u>	<u>( 372,485)</u>	<u>(372,485)</u>	<u>-</u>
Total other financing sources (uses)	<u>32,515</u>	<u>50,392</u>	<u>92,714</u>	<u>42,322</u>
<b>NET CHANGE IN FUND BALANCE</b>	17,006	17,006	221,643	204,637
<b>FUND BALANCE, BEGINNING</b>	<u>2,901,449</u>	<u>2,901,449</u>	<u>2,901,449</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>61,808</u>	<u>61,808</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,918,455</u>	<u>\$ 2,918,455</u>	<u>\$ 3,184,900</u>	<u>\$ 266,445</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 2,293,637	\$ 2,293,637	\$ 2,264,963	\$ (28,674)
Sales	158,000	158,000	155,222	( 2,778)
Intergovernmental	137,251	453,273	713,690	260,417
Licenses and permits	747,001	747,001	725,315	( 21,686)
Fines and forfeitures	161,440	161,440	118,939	( 42,501)
Investment earnings	12,583	12,583	26,166	13,583
Miscellaneous	-	-	17,712	17,712
Total Revenues	<u>3,509,912</u>	<u>3,825,934</u>	<u>4,022,007</u>	<u>196,073</u>
<b>EXPENDITURES</b>				
Current				
Roads and highways	5,143,912	5,559,426	4,515,616	1,043,810
Debt service				
Principal retirement	160,041	252,141	207,421	44,720
Interest and fiscal charges	-	-	11,317	(11,317)
Total Expenditures	<u>5,303,953</u>	<u>5,811,567</u>	<u>4,734,354</u>	<u>1,077,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,794,041)</u>	<u>(1,985,633)</u>	<u>(712,347)</u>	<u>1,273,286</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	191,590	200,147	8,557
Operating Transfers In	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>24,000</u>	<u>215,590</u>	<u>224,147</u>	<u>8,557</u>
Net Change in Fund Balances	(1,770,041)	(1,770,043)	(488,200)	1,281,843
Fund Balances - Beginning	<u>2,389,844</u>	<u>2,389,844</u>	<u>2,389,844</u>	<u>-</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>37,800</u>	<u>37,800</u>
Fund Balances - Ending	<u>\$ 619,803</u>	<u>\$ 619,801</u>	<u>\$ 1,939,444</u>	<u>\$ 1,281,843</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 658,676	\$ 658,676	\$ 649,522	\$ (9,154)
Sales	126,400	126,400	124,177	( 2,223)
Miscellaneous	5,000	5,000	13,754	8,754
Total Revenues	<u>790,076</u>	<u>790,076</u>	<u>787,453</u>	<u>(2,623)</u>
<b>EXPENDITURES</b>				
Current				
Health and Welfare	759,996	759,996	685,070	74,926
Total Expenditures	<u>759,996</u>	<u>759,996</u>	<u>685,070</u>	<u>74,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,080</u>	<u>30,080</u>	<u>102,383</u>	<u>72,303</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	(69,920)	(69,920)	2,383	72,303
Fund Balances - Beginning	<u>164,624</u>	<u>164,624</u>	<u>164,624</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 94,704</u>	<u>\$ 94,704</u>	<u>\$ 167,007</u>	<u>\$ 72,303</u>

# HILL COUNTY, TEXAS

## SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEE RETIREMENT SYSTEM

SEPTEMBER 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/10	\$ 9,981,592	\$ 12,076,613	\$ 2,095,021	82.65%	\$ 7,441,865	28.15%
12/31/11	10,494,912	12,765,197	2,270,285	82.22%	6,983,352	32.51%
12/31/12	10,725,143	13,242,148	2,517,005	80.99%	6,837,328	36.81%



## HILL COUNTY, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

#### 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	
County Attorney	\$ 2,541
District Attorney	864
Sheriff	102,886
Public Assistance	1,284
Health and Safety	829
Agriculture Extension Service	64
Debt Service - Interest Retirement	3,747
Road and Bridge	
Debt Service - Interest Retirement	11,317
Law Library	
Judicial	12,925
Jury Fund	
Judicial	67,577

**COMBINING STATEMENTS  
AND BUDGETARY COMPARISON**

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

**SEPTEMBER 30, 2013**

	<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	\$( 8,041)	\$ 187,023	\$ 362,261	\$ 612,316	\$ 641,604
Receivables (Net of Allowance for Uncollectibles)	14,296	29,176	28,997	33,112	28,042
Due from Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,255</u>	<u>\$ 216,199</u>	<u>\$ 391,258</u>	<u>\$ 645,428</u>	<u>\$ 669,646</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 13,761	\$ 66,395	\$ 77,928	\$ 20,679	\$ 1,352
Accrued Wages Payable	3,754	11,735	9,400	12,662	9,047
Deferred Revenue	<u>-</u>	<u>16,386</u>	<u>16,286</u>	<u>18,597</u>	<u>15,749</u>
Total Liabilities	<u>17,515</u>	<u>94,516</u>	<u>103,614</u>	<u>51,938</u>	<u>26,148</u>
Fund balances:					
Restricted					
Public Transportation	-	121,683	287,644	593,490	643,498
Unassigned	<u>( 11,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>( 11,260)</u>	<u>121,683</u>	<u>287,644</u>	<u>593,490</u>	<u>643,498</u>
Total liabilities and fund balances	<u>\$ 6,255</u>	<u>\$ 216,199</u>	<u>\$ 391,258</u>	<u>\$ 645,428</u>	<u>\$ 669,646</u>

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Total Road and Bridge
\$ 32,919	\$ 58,682	\$ 128,568	\$ 113,834	\$ 2,129,166
30,420	31,394	34,526	29,238	259,201
-	-	-	-	-
<u>\$ 63,339</u>	<u>\$ 90,076</u>	<u>\$ 163,094</u>	<u>\$ 143,072</u>	<u>\$ 2,388,367</u>
\$ 471	\$ 6,893	\$ 8,287	\$ 20,382	\$ 216,148
-	-	-	-	46,598
<u>29,135</u>	<u>28,955</u>	<u>33,067</u>	<u>28,002</u>	<u>186,177</u>
<u>29,606</u>	<u>35,848</u>	<u>41,354</u>	<u>48,384</u>	<u>448,923</u>
33,733	54,228	121,740	94,688	1,950,704
-	-	-	-	( 11,260)
<u>33,733</u>	<u>54,228</u>	<u>121,740</u>	<u>94,688</u>	<u>1,939,444</u>
<u>\$ 63,339</u>	<u>\$ 90,076</u>	<u>\$ 163,094</u>	<u>\$ 143,072</u>	<u>\$ 2,388,367</u>

# HILL COUNTY, TEXAS

## ROAD AND BRIDGE FUNDS

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

SEPTEMBER 30, 2013

	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	\$ -	\$ 202,941	\$ 201,593	\$ 230,331	\$ 195,053
Sales	-	37,952	37,719	43,074	36,477
Intergovernmental	5,176	428,123	197,373	44,951	38,067
License and permits	-	177,340	176,251	201,275	170,449
Fines and forfeitures	118,939	-	-	-	-
Investment earnings	-	1,730	5,241	11,449	7,746
Miscellaneous	-	3,365	5,322	4,237	4,788
Total Revenues	<u>124,115</u>	<u>851,451</u>	<u>623,499</u>	<u>535,317</u>	<u>452,580</u>
<b>EXPENDITURES</b>					
Roads and highways	351,799	727,922	689,150	660,403	252,532
Debt Service					
Principal retirement	-	73,901	133,520	-	-
Interest and fiscal charges	-	4,612	6,705	-	-
Total Expenditures	<u>351,799</u>	<u>806,435</u>	<u>829,375</u>	<u>660,403</u>	<u>252,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	( 227,684)	45,016	( 205,876)	( 125,086)	200,048
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	2,498	46,324	-	26,890
Operating transfers in	24,000	-	-	-	-
Total Other Financing Sources (Uses)	<u>24,000</u>	<u>2,498</u>	<u>46,324</u>	<u>-</u>	<u>26,890</u>
Net Changes in Fund Balances	( 203,684)	47,514	( 159,552)	( 125,086)	226,938
Fund Balances - Beginning	154,624	74,169	447,196	718,576	416,560
Prior Period Adjustment	37,800	-	-	-	-
Fund Balances - Ending	<u>\$( 11,260)</u>	<u>\$ 121,683</u>	<u>\$ 287,644</u>	<u>\$ 593,490</u>	<u>\$ 643,498</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>
\$ 350,868	\$ 348,717	\$ 398,225	\$ 337,235	\$ 2,264,963
-	-	-	-	155,222
-	-	-	-	713,690
-	-	-	-	725,315
-	-	-	-	118,939
-	-	-	-	26,166
-	-	-	-	17,712
<u>350,868</u>	<u>348,717</u>	<u>398,225</u>	<u>337,235</u>	<u>4,022,007</u>
332,016	385,086	520,385	596,323	4,515,616
-	-	-	-	207,421
-	-	-	-	11,317
<u>332,016</u>	<u>385,086</u>	<u>520,385</u>	<u>596,323</u>	<u>4,734,354</u>
18,852	( 36,369)	( 122,160)	( 259,088)	( 712,347)
2,937	2,498	-	119,000	200,147
-	-	-	-	24,000
<u>2,937</u>	<u>2,498</u>	<u>-</u>	<u>119,000</u>	<u>224,147</u>
21,789	( 33,871)	( 122,160)	( 140,088)	( 488,200)
11,944	88,099	243,900	234,776	2,389,844
-	-	-	-	37,800
<u>\$ 33,733</u>	<u>\$ 54,228</u>	<u>\$ 121,740</u>	<u>\$ 94,688</u>	<u>\$ 1,939,444</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Adult Probation	Law Library	Jury	Paws Pals Contri- butions
<b>ASSETS</b>				
Cash and cash equivalents	\$ 368,523	\$ 62,712	\$ 9,215	\$ 364
Receivables (net of allowance for uncollectibles)	-	1,120	28,849	-
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	8,890	-
Total Assets	\$ 368,523	\$ 63,832	\$ 46,954	\$ 364
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 12,078	\$ 6,145	\$ 81,754	\$ 364
Accrued liabilities	31,764	-	6,655	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total Liabilities	43,842	6,145	88,409	364
Fund Balance				
Restricted				
Administration	-	-	-	-
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	-	-	-	-
Judicial	-	57,687	-	-
Public Safety	324,681	-	-	-
Unassigned	-	-	( 41,455)	-
Total fund balances	324,681	57,687	( 41,455)	-
Total liabilities and fund balances	\$ 368,523	\$ 63,832	\$ 46,954	\$ 364



Special Revenue

Election Machine Lease	Election Contract Fund	Juvenile Probation	Crime Victim Assistance	County Clerk	Hill County Tourism	District Clerk Archive Fund
\$ 35,399	\$ 775	\$ 187,228	\$ -	\$ 146,947	\$ 96,018	\$ 3,877
-	3,833	-	-	1,196	-	180
-	-	-	-	-	-	-
-	-	27,394	6,387	-	-	-
<u>\$ 35,399</u>	<u>\$ 4,608</u>	<u>\$ 214,622</u>	<u>\$ 6,387</u>	<u>\$ 148,143</u>	<u>\$ 96,018</u>	<u>\$ 4,057</u>
\$ -	\$ -	\$ 14,040	\$ 590	\$ 4,652	\$ -	\$ -
-	-	13,067	-	-	-	-
-	-	-	5,797	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>27,107</u>	<u>6,387</u>	<u>4,652</u>	<u>-</u>	<u>-</u>
-	-	-	-	143,491	96,018	4,057
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,399	4,608	-	-	-	-	-
-	-	-	-	-	-	-
-	-	187,515	-	-	-	-
-	-	-	-	-	-	-
<u>35,399</u>	<u>4,608</u>	<u>187,515</u>	<u>-</u>	<u>143,491</u>	<u>96,018</u>	<u>4,057</u>
<u>\$ 35,399</u>	<u>\$ 4,608</u>	<u>\$ 214,622</u>	<u>\$ 6,387</u>	<u>\$ 148,143</u>	<u>\$ 96,018</u>	<u>\$ 4,057</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 26,274	\$ 36,803	\$ 19,016
Receivables (net of allowance for uncollectibles)	-	1,658	1,847	10
Due from other funds	-	-	-	-
Intergovernmental receivable	1,920	-	-	-
Total Assets	\$ 1,920	\$ 27,932	\$ 38,650	\$ 19,026
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 226	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	1,673	-	-	-
Deferred revenues	-	-	-	-
Total Liabilities	1,899	-	-	-
<b>Fund Balance</b>				
Restricted				
Administration	-	27,932	-	19,026
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	21	-	-	-
Judicial	-	-	38,650	-
Public Safety	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	21	27,932	38,650	19,026
Total liabilities and fund balances	\$ 1,920	\$ 27,932	\$ 38,650	\$ 19,026

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
\$ 24,273	\$ 73,136	\$ 198,885	\$ 5,329	\$ 23,244	\$ 430	\$ 16,721
1,970	-	-	347	1,887	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 26,243</u>	<u>\$ 73,136</u>	<u>\$ 198,885</u>	<u>\$ 5,676</u>	<u>\$ 25,131</u>	<u>\$ 430</u>	<u>\$ 16,721</u>
\$ -	\$ 1,420	\$ 2,737	\$ -	\$ -	\$ 430	\$ -
-	-	940	-	-	-	-
-	-	541	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,420</u>	<u>4,218</u>	<u>-</u>	<u>-</u>	<u>430</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,243	-	194,667	5,676	25,131	-	16,721
-	71,716	-	-	-	-	-
-	-	-	-	-	-	-
<u>26,243</u>	<u>71,716</u>	<u>194,667</u>	<u>5,676</u>	<u>25,131</u>	<u>-</u>	<u>16,721</u>
<u>\$ 26,243</u>	<u>\$ 73,136</u>	<u>\$ 198,885</u>	<u>\$ 5,676</u>	<u>\$ 25,131</u>	<u>\$ 430</u>	<u>\$ 16,721</u>

**HILL COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2013**

	Hill County For M.A.D.D.	Debt Service Fund	Courthouse Project	Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 152	\$ 98,291	\$ 355,682	\$ 1,789,294
Receivables (net of allowance for uncollectibles)	-	56,644	-	99,541
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	-	44,591
Total Assets	<u>\$ 152</u>	<u>\$ 154,935</u>	<u>\$ 355,682</u>	<u>\$ 1,933,426</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 152	\$ -	\$ -	\$ 124,588
Accrued liabilities	-	-	-	52,426
Due to other funds	-	-	-	8,011
Deferred revenues	-	54,190	-	54,190
Total Liabilities	<u>152</u>	<u>54,190</u>	<u>-</u>	<u>239,215</u>
Fund Balance				
Restricted				
Administration	-	-	-	290,524
Construction	-	-	355,682	355,682
Debt Service	-	100,745	-	100,745
Elections	-	-	-	40,028
Judicial	-	-	-	364,775
Public Safety	-	-	-	583,912
Unassigned	-	-	-	( 41,455)
Total fund balances	<u>-</u>	<u>100,745</u>	<u>355,682</u>	<u>1,694,211</u>
Total liabilities and fund balances	<u>\$ 152</u>	<u>\$ 154,935</u>	<u>\$ 355,682</u>	<u>\$ 1,933,426</u>

**HILL COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	Special Revenue			
	Adult Probation	Law Library	Jury	Paws Pals Contri- butions
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	423,785	-	41,850	-
Fees of office	603,785	21,840	373,792	-
Fines and forfeitures	-	-	-	-
Investment earnings	963	913	32	-
Miscellaneous	-	-	2,431	1,803
Total Revenues	<u>1,028,533</u>	<u>22,753</u>	<u>418,105</u>	<u>1,803</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Judicial	-	50,925	690,999	1,673
Culture and recreation	-	-	-	-
Public Safety	936,986	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Total Expenditures	<u>936,986</u>	<u>50,925</u>	<u>690,999</u>	<u>1,673</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>91,547</u>	<u>( 28,172)</u>	<u>( 272,894)</u>	<u>130</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>	91,547	( 28,172)	( 72,894)	130
<b>FUND BALANCES - BEGINNING</b>	233,134	84,564	(6,052)	(130)
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>1,295</u>	<u>37,491</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 324,681</u>	<u>\$ 57,687</u>	<u>\$ (41,455)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	44,386	-
-	-	533,361	42,480	-	-	-
-	-	57,174	-	78,621	-	3,066
-	-	-	-	-	-	-
219	-	279	-	828	23	-
<u>4,300</u>	<u>8,275</u>	<u>2,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,519</u>	<u>8,275</u>	<u>593,017</u>	<u>42,480</u>	<u>79,449</u>	<u>44,409</u>	<u>3,066</u>
3,851	7,881	-	-	55,686	-	-
-	-	-	-	-	-	2,000
-	-	-	-	-	38,876	-
-	-	696,378	40,982	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,851</u>	<u>7,881</u>	<u>696,378</u>	<u>40,982</u>	<u>55,686</u>	<u>38,876</u>	<u>2,000</u>
<u>668</u>	<u>394</u>	<u>( 103,361)</u>	<u>1,498</u>	<u>23,763</u>	<u>5,533</u>	<u>1,066</u>
-	-	-	-	-	-	-
-	-	64,257	-	-	90,485	-
-	-	(2,257)	-	-	-	-
-	-	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>90,485</u>	<u>-</u>
668	394	( 41,361)	1,498	23,763	96,018	1,066
34,731	4,214	228,876	(1,498)	117,888	-	2,746
-	-	-	-	1,840	-	245
<u>\$ 35,399</u>	<u>\$ 4,608</u>	<u>\$ 187,515</u>	<u>\$ -</u>	<u>\$ 143,491</u>	<u>\$ 96,018</u>	<u>\$ 4,057</u>

# HILL COUNTY, TEXAS

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

SEPTEMBER 30, 2013

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	1,920	-	-	-
Fees of office	-	22,290	26,822	652
Fines and Forfeitures	-	-	-	-
Investment earnings	-	154	346	120
Miscellaneous	-	-	-	-
Total Revenues	<u>1,920</u>	<u>22,444</u>	<u>27,168</u>	<u>772</u>
<b>EXPENDITURES</b>				
Current				
General Administration	1,920	-	-	-
Judicial	-	17,913	-	-
Culture and recreation	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>1,920</u>	<u>17,913</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>4,531</u>	<u>27,168</u>	<u>772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	( 40,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>( 40,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	4,531	( 12,832)	772
<b>FUND BALANCES - BEGINNING</b>	21	21,390	47,925	18,254
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>2,011</u>	<u>3,557</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 21</u>	<u>\$ 27,932</u>	<u>\$ 38,650</u>	<u>\$ 19,026</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,288	-	-	4,376	21,236	-	-
-	2,051	225,732	-	-	-	2,052
33	208	1,034	120	215	-	-
-	24,990	-	-	-	1,639	-
<u>17,321</u>	<u>27,249</u>	<u>226,766</u>	<u>4,496</u>	<u>21,451</u>	<u>1,639</u>	<u>2,052</u>
-	-	-	-	-	-	-
18,042	-	245,272	-	-	-	-
-	28,380	-	-	-	-	-
-	-	-	-	-	1,639	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>18,042</u>	<u>28,380</u>	<u>245,272</u>	<u>-</u>	<u>-</u>	<u>1,639</u>	<u>-</u>
( 721)	( 1,131)	( 18,506)	4,496	21,451	-	2,052
-	23,006	6,272	-	-	-	-
-	-	-	-	-	-	-
( 27)	-	-	( 24,000)	( 28,000)	-	-
( 27)	23,006	6,272	( 24,000)	( 28,000)	-	-
( 748)	21,875	( 12,234)	( 19,504)	( 6,549)	-	2,052
25,943	49,841	206,901	24,140	28,119	-	14,669
1,048	-	-	1,040	3,561	-	-
<u>\$ 26,243</u>	<u>\$ 71,716</u>	<u>\$ 194,667</u>	<u>\$ 5,676</u>	<u>\$ 25,131</u>	<u>\$ -</u>	<u>\$ 16,721</u>



**HILL COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

(Continued)

SEPTEMBER 30, 2013

	Hill County For M.A.D.D.	Debt Service Fund	Courthouse Project	Non-Major Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ 657,916	\$ -	\$ 657,916
Other	-	-	-	44,386
Intergovernmental	-	-	-	1,043,396
Fees of office	-	-	-	1,230,942
Fines and Forfeitures	-	-	-	229,835
Investment earnings	-	2,103	4,442	12,032
Miscellaneous	583	-	-	46,224
Total Revenues	<u>583</u>	<u>660,019</u>	<u>4,442</u>	<u>3,264,731</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	69,338
Judicial	-	-	-	1,026,824
Culture and recreation	-	-	-	38,876
Public Safety	583	-	-	1,703,309
Health and Welfare	-	-	-	1,639
Debt Service				
Principal Retirement	-	425,000	-	425,000
Interest and Fiscal Charges	-	185,219	-	185,219
Total Expenditures	<u>583</u>	<u>610,219</u>	<u>-</u>	<u>3,450,205</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>49,800</u>	<u>4,442</u>	<u>( 185,474)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	29,278
Operating Transfers In	-	-	20,000	374,742
Operating Transfers Out	-	-	( 51,471)	( 145,755)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>( 31,471)</u>	<u>258,265</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	49,800	( 27,029)	72,791
<b>FUND BALANCES - BEGINNING</b>	-	50,945	382,711	1,569,332
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,088</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 100,745</u>	<u>\$ 355,682</u>	<u>\$ 1,694,211</u>

HILL COUNTY, TEXAS

LAW LIBRARY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 24,840	\$ 24,840	\$ 21,840	\$ (3,000)
Investment earnings	555	555	913	358
Total Revenues	<u>25,395</u>	<u>25,395</u>	<u>22,753</u>	<u>(2,642)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>38,000</u>	<u>38,000</u>	<u>50,925</u>	<u>(12,925)</u>
Total Expenditures	<u>38,000</u>	<u>38,000</u>	<u>50,925</u>	<u>(12,925)</u>
Net Change in Fund Balances	(12,605)	(12,605)	(28,172)	(15,567)
Fund Balances - Beginning	84,564	84,564	84,564	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1,295</u>	<u>1,295</u>
Fund Balances - Ending	<u>\$ 71,959</u>	<u>\$ 71,959</u>	<u>\$ 57,687</u>	<u>\$ (14,272)</u>

HILL COUNTY, TEXAS

JURY FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 30,500	\$ 30,500	\$ 41,850	\$ 11,350
Fees of office	392,475	392,475	373,792	(18,683)
Investment earnings	32	32	32	-
Miscellaneous	-	-	2,431	2,431
Total Revenues	<u>423,007</u>	<u>423,007</u>	<u>418,105</u>	<u>(4,902)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>623,422</u>	<u>623,422</u>	<u>690,999</u>	<u>(67,577)</u>
Total Expenditures	<u>623,422</u>	<u>623,422</u>	<u>690,999</u>	<u>(67,577)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,415)</u>	<u>(200,415)</u>	<u>(272,894)</u>	<u>(72,479)</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	(415)	(415)	(72,894)	(72,479)
Fund Balances - Beginning	(6,052)	(6,052)	(6,052)	-
Prior period adjustment	-	-	37,491	37,491
Fund Balances - Ending	<u>\$( 6,467)</u>	<u>\$( 6,467)</u>	<u>\$( 41,455)</u>	<u>\$( 34,988)</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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 25,000	\$ 25,000	\$ 22,290	\$ (2,710)
Investment earnings	50	50	154	104
Total Revenues	<u>25,050</u>	<u>25,050</u>	<u>22,444</u>	<u>(2,606)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>18,000</u>	<u>18,000</u>	<u>17,913</u>	<u>87</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>17,913</u>	<u>87</u>
Net Change in Fund Balances	7,050	7,050	4,531	(2,519)
Fund Balances - Beginning	21,390	21,390	21,390	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>2,011</u>	<u>2,011</u>
Fund Balances - Ending	<u>\$ 28,440</u>	<u>\$ 28,440</u>	<u>\$ 27,932</u>	<u>\$( 508)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 220,074	\$ 225,732	\$ 5,658
Investment earnings	600	600	1,034	434
Total Revenues	600	220,674	226,766	6,092
<b>EXPENDITURES</b>				
Current				
Judicial	95,173	315,247	245,272	69,975
Total Expenditures	95,173	315,247	245,272	69,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,573)	(94,573)	(18,506)	76,067
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	6,272	6,272
Total Other Financing Sources (Uses)	-	-	6,272	6,272
Net Change in Fund Balances	(94,573)	(94,573)	(12,234)	82,339
Fund Balances - Beginning	206,901	206,901	206,901	-
Fund Balances - Ending	\$ 112,328	\$ 112,328	\$ 194,667	\$ 82,339

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 655,082	\$ 655,082	\$ 657,916	\$ 2,834
Investment earnings	1,708	1,708	2,103	395
Total Revenues	<u>656,790</u>	<u>656,790</u>	<u>660,019</u>	<u>3,229</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	425,000	425,000	425,000	-
Interest and fiscal agent charges	185,219	185,219	185,219	-
Total Expenditures	<u>610,219</u>	<u>610,219</u>	<u>610,219</u>	<u>-</u>
Net Change in Fund Balances	46,571	46,571	49,800	3,229
Fund Balances - Beginning	<u>50,945</u>	<u>50,945</u>	<u>50,945</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 97,516</u>	<u>\$ 97,516</u>	<u>\$ 100,745</u>	<u>\$ 3,229</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 69,850	\$ 69,850	\$ 78,621	\$ 8,771
Investment earnings	337	337	828	491
Total Revenues	<u>70,187</u>	<u>70,187</u>	<u>79,449</u>	<u>9,262</u>
<b>EXPENDITURES</b>				
Current				
General administration	<u>64,000</u>	<u>64,000</u>	<u>55,686</u>	<u>8,314</u>
Total Expenditures	<u>64,000</u>	<u>64,000</u>	<u>55,686</u>	<u>8,314</u>
Net Change in Fund Balances	6,187	6,187	23,763	17,576
Fund Balances - Beginning	117,888	117,888	117,888	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>1,840</u>
Fund Balances - Ending	<u>\$ 124,075</u>	<u>\$ 124,075</u>	<u>\$ 143,491</u>	<u>\$ 19,416</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Other	\$ 50,000	\$ 50,000	\$ 44,386	\$ (5,614)
Investment earnings	-	-	23	23
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>44,409</u>	<u>(5,591)</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	<u>130,000</u>	<u>130,000</u>	<u>38,876</u>	<u>91,124</u>
Total Expenditures	<u>130,000</u>	<u>130,000</u>	<u>38,876</u>	<u>91,124</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(80,000)</u>	<u>(80,000)</u>	<u>5,533</u>	<u>85,533</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>90,485</u>	<u>90,485</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>90,485</u>	<u>90,485</u>
Net Change in Fund Balances	(80,000)	(80,000)	96,018	176,018
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	<u>\$ 96,018</u>	<u>\$ 176,018</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 25,460	\$ 25,460	\$ 21,236	\$ (4,224)
Investment earnings	960	960	215	(745)
Total Revenues	<u>26,420</u>	<u>26,420</u>	<u>21,451</u>	<u>(4,969)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,420</u>	<u>26,420</u>	<u>21,451</u>	<u>(4,969)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 28,000)	( 28,000)	( 28,000)	-
Total Other Financing Sources (Uses)	<u>( 28,000)</u>	<u>( 28,000)</u>	<u>( 28,000)</u>	<u>-</u>
Net Change in Fund Balances	(1,580)	(1,580)	(6,549)	(4,969)
Fund Balances - Beginning	28,119	28,119	28,119	-
Prior period adjustment	-	-	3,561	3,561
Fund Balances - Ending	<u>\$ 26,539</u>	<u>\$ 26,539</u>	<u>\$ 25,131</u>	<u>\$( 1,408)</u>

HILL COUNTY, TEXAS

COURTHOUSE SECURITY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 28,450	\$ 28,450	\$ 26,822	\$ (1,628)
Investment earnings	150	150	346	196
Total Revenues	<u>28,600</u>	<u>28,600</u>	<u>27,168</u>	<u>(1,432)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,600</u>	<u>28,600</u>	<u>27,168</u>	<u>(1,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 40,000)	( 40,000)	( 40,000)	-
Total Other Financing Sources (Uses)	<u>( 40,000)</u>	<u>( 40,000)</u>	<u>( 40,000)</u>	<u>-</u>
Net Change in Fund Balances	(11,400)	(11,400)	(12,832)	(1,432)
Fund Balances - Beginning	47,925	47,925	47,925	-
Prior Period Adjustment	-	-	3,557	3,557
Fund Balances - Ending	<u>\$ 36,525</u>	<u>\$ 36,525</u>	<u>\$ 38,650</u>	<u>\$ 2,125</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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 150	\$ 150	\$ 219	\$ 69
Miscellaneous	<u>2,200</u>	<u>2,200</u>	<u>4,300</u>	<u>2,100</u>
Total Revenues	<u>2,350</u>	<u>2,350</u>	<u>4,519</u>	<u>2,169</u>
<b>EXPENDITURES</b>				
Current				
General administration	<u>10,000</u>	<u>10,000</u>	<u>3,851</u>	<u>6,149</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,851</u>	<u>6,149</u>
Net Change in Fund Balances	(7,650)	(7,650)	668	8,318
Fund Balances - Beginning	<u>34,731</u>	<u>34,731</u>	<u>34,731</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 27,081</u>	<u>\$ 27,081</u>	<u>\$ 35,399</u>	<u>\$ 8,318</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 3,150	\$ 3,150	\$ 3,066	\$ (84)
Total Revenues	<u>3,150</u>	<u>3,150</u>	<u>3,066</u>	<u>(84)</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	1,150	1,150	1,066	(84)
Fund Balances - Beginning	2,746	2,746	2,746	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>245</u>	<u>245</u>
Fund Balances - Ending	<u>\$ 3,896</u>	<u>\$ 3,896</u>	<u>\$ 4,057</u>	<u>\$ 161</u>

HILL COUNTY, TEXAS

INVESTIGATIVE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 2,051	\$ 2,051	\$ -
Investment earnings	<u>10</u>	<u>10</u>	<u>23</u>	<u>13</u>
Total Revenues	<u>10</u>	<u>2,061</u>	<u>2,074</u>	<u>13</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>-</u>	<u>25,057</u>	<u>360</u>	<u>24,697</u>
Total Expenditures	<u>-</u>	<u>25,057</u>	<u>360</u>	<u>24,697</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>10</u>	<u>(22,996)</u>	<u>1,714</u>	<u>24,710</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>-</u>	<u>23,006</u>	<u>23,006</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,006</u>	<u>23,006</u>	<u>-</u>
Net Change in Fund Balances	10	10	24,720	24,710
Fund Balances - Beginning	<u>1,999</u>	<u>1,999</u>	<u>1,999</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,009</u>	<u>\$ 2,009</u>	<u>\$ 26,719</u>	<u>\$ 24,710</u>

HILL COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2013

	Agency Funds		
	Treasurer J.P. Cash	District Clerk - Criminal	D.A Seizure Account
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 66,680	\$ -	\$ 14,467
Receivables (net allowance for uncollectibles)	-	-	-
Due from Others	8,371	-	-
Total Assets	<u>\$ 75,051</u>	<u>\$ -</u>	<u>\$ 14,467</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 72,510	\$ -	\$ -
Due to Other Funds	2,541	-	-
Due to Others	-	-	14,467
Total Liabilities	<u>\$ 75,051</u>	<u>\$ -</u>	<u>\$ 14,467</u>

<u>Criminal Justice</u>	<u>County Officer Accounts</u>	<u>Total</u>
\$ 49,857	\$ 1,223,190	\$ 1,354,194
39,752	-	39,752
14,223	-	22,594
<u>\$ 103,832</u>	<u>\$ 1,223,190</u>	<u>\$ 1,416,540</u>
\$ 103,832	\$ -	\$ 176,342
-	-	2,541
-	1,223,190	1,237,657
<u>\$ 103,832</u>	<u>\$ 1,223,190</u>	<u>\$ 1,416,540</u>

**HILL COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS**

**SEPTEMBER 30, 2013**

<u>TREASURER - J. P. CASH</u>	<b>Balance 10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 149,962	\$ 730,726	\$ 814,008	\$ 66,680
Receivables (net allowance for uncollectibles)	103	-	103	-
Due from Others	-	8,371	-	8,371
Total Assets	<u>\$ 150,065</u>	<u>\$ 739,097</u>	<u>\$ 814,111</u>	<u>\$ 75,051</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 72,185	\$ 72,510	\$ 72,185	\$ 72,510
Due to Other Funds	-	2,541	-	2,541
Due to Others	77,880	664,046	741,926	-
Total Liabilities	<u>\$ 150,065</u>	<u>\$ 739,097</u>	<u>\$ 814,111</u>	<u>\$ 75,051</u>
<u>DISTRICT CLERK - CRIMINAL</u>	<b>Balance 10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 740,245	\$ 740,245	\$ -
Receivables (net allowance for uncollectibles)	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 740,245</u>	<u>\$ 740,245</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Others	-	740,245	740,245	-
Total Liabilities	<u>\$ -</u>	<u>\$ 740,245</u>	<u>\$ 740,245</u>	<u>\$ -</u>
<u>D.A SEIZURE ACCOUNT</u>	<b>Balance 10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,998	\$ 222,701	\$ 225,232	\$ 14,467
Due from Others	875	-	875	-
Total Assets	<u>\$ 17,873</u>	<u>\$ 222,701</u>	<u>\$ 226,107</u>	<u>\$ 14,467</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Others	17,873	222,701	226,107	14,467
Total Liabilities	<u>\$ 17,873</u>	<u>\$ 222,701</u>	<u>\$ 226,107</u>	<u>\$ 14,467</u>



<u>CRIMINAL JUSTICE</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 34,383	\$ 605,096	\$ 589,622	\$ 49,857
Receivables (net allowance for uncollectibles)	-	39,752	-	39,752
Due from Others	<u>88,875</u>	<u>-</u>	<u>74,652</u>	<u>14,223</u>
Total Assets	<u>\$ 123,258</u>	<u>\$ 644,848</u>	<u>\$ 664,274</u>	<u>\$ 103,832</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 123,258	\$ 103,832	\$ 123,258	\$ 103,832
Due to Others	<u>-</u>	<u>541,016</u>	<u>541,016</u>	<u>-</u>
Total Liabilities	<u>\$ 123,258</u>	<u>\$ 644,848</u>	<u>\$ 664,274</u>	<u>\$ 103,832</u>

<u>COUNTY OFFICER ACCOUNTS</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,023,283	\$ -	\$ 800,093	\$ 1,223,190
Receivables (net allowance for uncollectibles)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,023,283</u>	<u>\$ -</u>	<u>\$ 800,093</u>	<u>\$ 1,223,190</u>

<b>LIABILITIES</b>				
Accounts Payable	-	-	-	-
Due to Others	<u>2,023,283</u>	<u>-</u>	<u>800,093</u>	<u>1,223,190</u>
Total Liabilities	<u>\$ 2,023,283</u>	<u>\$ -</u>	<u>\$ 800,093</u>	<u>\$ 1,223,190</u>

<u>TOTAL</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2013</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,224,626	\$ 2,298,768	\$ 3,169,200	\$ 1,354,194
Receivables (net allowance for uncollectibles)	103	39,752	103	39,752
Due from Others	<u>89,750</u>	<u>8,371</u>	<u>75,527</u>	<u>22,594</u>
Total Assets	<u>\$ 2,314,479</u>	<u>\$ 2,346,891</u>	<u>\$ 3,244,830</u>	<u>\$ 1,416,540</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 195,443	\$ 176,342	\$ 195,443	\$ 176,342
Due to Other Funds	-	2,541	-	2,541
Due to Others	<u>2,119,036</u>	<u>2,168,008</u>	<u>3,049,387</u>	<u>1,237,657</u>
Total Liabilities	<u>\$ 2,314,479</u>	<u>\$ 2,346,891</u>	<u>\$ 3,244,830</u>	<u>\$ 1,416,540</u>

# **COMPLIANCE SECTION**



**PATTILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

The Honorable County Judge and  
Commissioners' Court of  
Hill County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of and for the year ended, September 30, 2013 the related notes to the financial statements, which collectively comprise Hill County, Texas' basic financial statements and have issued our report thereon dated July 24, 2014.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Hillsboro, Texas  
July 24, 2014

# **SINGLE AUDIT SECTION**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable County Judge and  
Commissioners' Court of  
Hill County, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Hill County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each Hill County, Texas' major federal programs for the year ended September 30, 2013. Hill County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Hill County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

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

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

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

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

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

July 24, 2014

**HILL COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Passed through the Texas Department of Agriculture:			
Community Development Block Grant	14.228	712077	\$ 323,019
Total U. S. Department of Housing and Urban Development			<u>323,019</u>
<b><u>U. S. Department of Justice</u></b>			
Passed through the Office of the Governor:			
Juvenile Accountability Block Grants	16.523	1746809	67,281
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	1414414/1414415	38,532
Total Passed through the Office of Governor			<u>105,813</u>
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0729	5,010
Equitable Sharing Program - Justice Funds	16.922	TX1090000	22,383
Total Direct Programs			<u>27,393</u>
Total U. S. Department of Justice			<u>133,206</u>
<b><u>U. S. Department of Transportation</u></b>			
Passed through the Texas Department of Transportation:			
Federal-Aid Highway Program	20.205	0909-37-053	230,506
Total U.S. Department of Transportation			<u>230,506</u>
<b><u>Election Assistance Commission</u></b>			
Passed through Texas Secretary of State:			
Help America Vote Act Requirement Payments	90.401	78584	4,875
Total Election Assistance Commission			<u>4,875</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed through Office of the Attorney General			
Child Support Enforcement	93.563		36,840
Total Passed through Office of the Attorney General			<u>36,840</u>
Passed through TX Juvenile Probation Commission			
Foster Care Title IV-E	93.658	TJPC-E-2007-109/ TJPC-E-2008-109	13,289
Total Passed through TX Juvenile Probation Commission			<u>13,289</u>
Total U.S. Department of Health and Human Services			<u>50,129</u>
<b><u>U. S. Department of Homeland Security</u></b>			
Passed through the Texas Department of Public Safety -			
Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1709-TX	133,190
State Homeland Security Program (SHSP)	97.073	2012 SHSP	68,145
Total U. S. Department of Homeland Security			<u>201,335</u>
Total Federal Awards			<u>\$ 943,070</u>



## **HILL COUNTY, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2013**

#### **1. GENERAL**

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all applicable federal award programs of Hill County, Texas for the year ended September 30, 2013. The County's reporting entity is defined in Note I of the financial statements. This report is intended for the information of the Hill County, Texas, state and federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

#### **2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

**HILL COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**Summary of Auditor's Results**

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
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Indentification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
14.228	Community Development Block Grant Tropical Storm Hermine Damages
20.205	Federal-Aid Highway Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as a low-risk auditee?	The County was not classified as a low-risk auditee in the context of OMB Circular A-133.
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**Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**HILL COUNTY, TEXAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**Item 2012-1**

<u>Condition:</u>	Internal controls should be in place that provides reasonable assurance that the County has an individual on staff that is able to reconcile all bank statements on a monthly basis.
<u>Effect:</u>	Because the County does not have an individual on staff that is able to reconcile the bank statements the County's governing body cannot adequately evaluate the County's financial position and results of operations on an ongoing basis.
<u>Cause:</u>	This condition exists because the County Treasurer does not have an individual on staff that is able to reconcile the bank statements.
<u>Recommendation:</u>	It is recommended that the County Treasurer work with the County Auditor to establish procedures that will lead to more timely reconciliation of the major bank statements.
<u>Management's Response:</u>	The County Auditor will establish procedures and work closely with the Treasurer to identify unresolved issues on a monthly basis, thus enabling a more timely preparation of bank statement reconciliations.
<u>Current Status:</u>	The County Auditor and the County Treasurer have worked during the year to provide more timely preparation of bank reconciliations. All bank reconciliations requested during the time of the audit and planning were received and with no delays in receipt.