



*Hill County, Texas*



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2014



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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, 2014, 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, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note I to the financial statements, in 2014 the County adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 37–43 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 and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2015, 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.

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

Hillsboro, Texas  
April 23, 2015



**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, 2014.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Hill County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$25,702,267 (net position). Of this amount, \$3,513,516 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$199,525. This decrease was mainly due to an increase in governmental expenses, as well as a decrease in charges for services and operating grants and contributions offset by an increase in property tax revenues.
- As of the close of the current fiscal year, Hill County, Texas' governmental funds reported combined ending fund balances of \$7,669,611 an increase of \$684,049 in comparison with the prior year. Approximately 42.40% of this total amount, \$3,252,139, 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 \$3,310,233, or 31.07% of total General fund expenditures, the fund balance for the road and bridge fund was \$2,536,918, or 89.40% of total road and bridge fund expenditures, and the fund balance for the indigent health care fund was \$61,544, or 8.00% of total indigent health care expenditures.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 2014 fiscal year were adopted for the General Fund, the Road and Bridge Funds, Indigent Health Care, the Law Library, the Jury Fund, the Interest and Sinking Fund, County Clerk Fund, District Clerk Records Management and Preservation, the Sheriff Investigative Fund, the D.A. Forfeited Property Fund, the Court Technology Fund, the District Clerk Archive Fund, the Courthouse Security Fund, the Hill County Tourism Fund and the Election Machine Lease Fund.

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

### *Proprietary Funds*

Hill County, Texas maintains no proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 36 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 37 – 43 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 44 - 53 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 54 - 65 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 \$25,702,267 at the close of the most recent fiscal year.

67.07% of the County's net position (\$17,239,742) 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	
	2014	2013
Current and other assets	\$ 10,323,356	\$ 9,664,815
Capital assets	22,732,568	24,017,746
Total assets	33,055,924	33,682,561
Total deferred outflows of resources	183,435	-
Long-term liabilities	6,552,958	6,923,362
Other liabilities	984,134	1,073,290
Total liabilities	7,537,092	7,996,652
Net position:		
Net investment in capital assets	17,239,742	17,159,325
Nonspendable	531,537	347,589
Restricted	4,417,472	3,842,117
Unrestricted	3,513,516	4,336,878
Total net position	\$ 25,702,267	\$ 25,685,909

An additional portion of the County's net position (17.19%) represents resources that are subject to external restrictions on how they may be used as well as a portion (2.07%) that represents items that have previously been paid. The remaining balance of unrestricted net position (\$3,513,516) 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 decreased the County's net position by \$199,525.

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

### Hill County's Changes in Net Position

	Governmental Activities	
	2014	2013
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 3,670,190	\$ 3,786,162
Operating grants and contributions	1,735,504	1,950,152
Capital grants and contributions	102,155	97,314
General revenues:		
Property taxes	10,697,033	10,241,089
Sales Taxes	1,581,087	1,552,213
Other Taxes	53,254	66,447
Investment earnings	74,636	84,701
Gain on sale of capital assets	36,205	115,102
Miscellaneous	143,346	185,556
Total Revenues	18,093,410	18,078,736
<b>EXPENSES</b>		
General government	3,719,057	3,037,518
Judicial	2,823,318	2,945,151
Public safety	6,928,182	6,751,681
Public transportation	3,572,799	3,938,206
Health and welfare	908,071	828,731
Culture and recreation	140,069	164,504
Interest on long-term debt	201,439	167,459
Total Expenses	18,292,935	17,833,250
<b>INCREASE (DECREASE) IN NET POSITION</b>	( 199,525)	245,486
<b>NET POSITION, BEGINNING</b>	25,685,909	26,142,647
<b>PRIOR PERIOD ADJUSTMENT</b>	215,883	( 702,224)
<b>NET POSITION, ENDING</b>	\$ 25,702,267	\$ 25,685,909

The charges for services decreased by \$115,972 due mainly to decreases in judicial and public safety charges for services. Operating grants and contributions decreased mainly due to decreased grant funding for public transportation. Property taxes increased by \$455,944.

Total expenses for government activities increased by \$459,685 primarily due to increased general government, public safety and health and welfare offset by decreased judicial 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 \$7,669,611, an increase of \$684,049 in comparison with the prior year. Approximately 42.40% of this total amount \$3,252,139, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining restricted and committed amounts of \$4,417,472 are to be used for the various functions of the County.

The General fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance for the General fund was \$3,310,233 which was entirely unassigned fund balance. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31.07% of total general fund expenditures.

The fund balance of the County's General fund increased by \$125,333 during the current fiscal year which was less than the prior year increase of \$221,643. Key factors in this change are as follows:

- Total expenditures increased from \$9,820,197 to \$10,652,775 mainly due to increases in general administration, judicial and public safety expenditures. This was offset by a \$742,702 increase in total revenues primarily due to increases in property tax, sale tax and intergovernmental revenues.
- There was a decrease in income from the sale of capital assets and capital lease proceeds offset by the decrease in transfers out.

At the end of the current fiscal year, total fund balance of the Road and Bridge fund was \$2,536,918 which was entirely restricted for public transportation. As a measure of the Road and Bridge fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 89.40% of total Road and Bridge fund expenditures.

The fund balance of the County's, Road and Bridge fund increased by \$597,474 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 \$697,755, however, the actual reserve balance increased by \$597,474. The County did not spend as much as budgeted on construction materials, fuel, bridge construction and equipment purchases.

At the end of the current fiscal year, total fund balance of the Indigent Health Care fund was \$61,544 which was entirely restricted for health and welfare. As a measure of the Indigent Health Care fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 8.00% of total Indigent Health Care fund expenditures.

The fund balance of the County's Indigent Health Care fund decreased by \$105,463 during the current fiscal year. Key factors in this increase are as follows:

- Health and welfare expenditures increased from \$685,070 to \$769,497
- Transfers out increased by \$50,000

### **Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for the General fund expenditures amounted to an increase of \$289,148. The largest components of the increase were attributable to increased non-departmental expenditures of \$83,098 and an increase in sheriff's office expenditures of \$205,050. Increases in the expenditure budgets were financed by the budgeting of revenues and available fund balance. Of the total \$289,148 increase in budgeted expenditures, \$86,898 was covered by an increase in budgeted intergovernmental revenue. For the year, actual General fund revenue was \$61,792 less than budgeted revenues and transfers into the General fund were less than anticipated by \$232,000. Other financing sources from the issuance of a capital lease were \$24,616 more than budgeted. Actual total expenditures were \$602,736 less than budgeted resulting in a surplus of \$281,224 for the year.

There was no difference between the original budget and the final amended budget for the Road and Bridge fund. Overall, the actual expenditures were under budget by \$1,167,996 while actual revenue was \$125,833 over budget. These items primarily resulted in a total surplus over budget of \$1,295,229 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 \$5,622 while actual revenue was \$17,179 under budget.

### **Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$22,732,568 (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 \$1,285,178 or 5.35%.

Depreciation on the County's assets of \$1,842,519 was greater than its net capital purchases of \$566,417. Together with the sale and retirement of assets, this resulted in a net decrease in capital assets.

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

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$5,452,819. All of which comprises debt backed by the full faith and credit of the County.

The County's total bonded debt decreased by \$430,256 (7.31%) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds of \$430,000.



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

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

- While the state is facing deep expenditure cuts, the County will focus on maintaining its current reserve for 2015 and 2016. State unfunded mandates are likely.
- Appraisal valuations increased slightly the past year and are anticipated to increase again for 2016. New economic development in Hill County has begun with the groundbreaking of the new asphalt/shingle plant. Two different corporations are each preparing to build peaker electricity plants within the County and the potential for more increases in valuation is very realistic. In addition, a local cabinet plant is expanding its facility.
- In November, 2014 the County taxpayers voted to abolish the unit road system previously enacted in 2012. For 2014 all road and bridge numbers are consolidated but will be reported by precinct again in 2015 and 2016. The budget for 2015 has already been amended to accommodate the restructuring.

Estimated general fund revenue for fiscal year 2015 is \$11,671,741 (including incoming transfers of \$350,000). Estimated expenditures for the General Fund are \$11,648,393 (including transfers out of \$262,000).

## **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, 2014**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and investments	\$ 8,141,152	\$ 8,141,152
Receivables (net of allowance for uncollectibles)	1,612,328	1,612,328
Due from other governments	61,183	61,183
Internal balances	( 22,844)	( 22,844)
Inventories	54,575	54,575
Prepaid items	476,962	476,962
Capital assets not being depreciated::		
Land	53,031	53,031
Capital assets, net of accumulated depreciation:		
Building and improvements	13,933,875	13,933,875
Machinery and equipment	2,683,893	2,683,893
Infrastructure	6,061,769	6,061,769
Total assets	33,055,924	33,055,924
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	183,435	183,435
Total deferred outflows of resources	183,435	183,435
<b>LIABILITIES</b>		
Accounts Payable	590,258	590,258
Accrued Wages Payable	366,548	366,548
Accrued Interest Payable	27,328	27,328
Noncurrent Liabilities:		
Due within one year	740,574	740,574
Due in more than one year	5,812,384	5,812,384
Total liabilities	7,537,092	7,537,092
<b>NET POSITION</b>		
Net investment in capital assets	17,239,742	17,239,742
Nonspendable:		
Inventory	54,575	54,575
Prepaid items	476,962	476,962
Restricted for:		
Administration	380,841	380,841
Construction	359,310	359,310
Debt Service	126,759	126,759
Elections	33,910	33,910
Health and Welfare	61,544	61,544
Judicial	298,980	298,980
Public Safety	619,210	619,210
Public Transportation	2,536,918	2,536,918
Unrestricted	3,513,516	3,513,516
Total net position	\$ 25,702,267	\$ 25,702,267

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, 2014**

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	\$ 3,719,057	\$ 946,179	\$ 84,179	\$ -	\$( 2,688,699)	\$( 2,688,699)
Judicial	2,823,318	1,325,087	320,805	-	( 1,177,426)	( 1,177,426)
Public safety	6,928,182	617,556	1,096,968	-	( 5,213,658)	( 5,213,658)
Public transportation	3,572,799	733,631	218,185	102,155	( 2,518,828)	( 2,518,828)
Health and welfare	908,071	47,737	15,367	-	( 844,967)	( 844,967)
Culture and recreation	140,069	-	-	-	( 140,069)	( 140,069)
Interest and fiscal charges	201,439	-	-	-	( 201,439)	( 201,439)
Total Governmental Activities	<u>18,292,935</u>	<u>3,670,190</u>	<u>1,735,504</u>	<u>102,155</u>	<u>( 12,785,086)</u>	<u>( 12,785,086)</u>
<b>Total Primary Government</b>	<b>\$ 18,292,935</b>	<b>\$ 3,670,190</b>	<b>\$ 1,735,504</b>	<b>\$ 102,155</b>	<b>( 12,785,086)</b>	<b>( 12,785,086)</b>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					10,067,752	10,067,752
Property taxes, levied for debt service					629,281	629,281
Sales taxes					1,581,087	1,581,087
Other taxes					53,254	53,254
Unrestricted Investment Earnings					74,636	74,636
Miscellaneous					143,346	143,346
Gain on sale of capital assets					36,205	36,205
Total General Revenues and Transfers					<u>12,585,561</u>	<u>12,585,561</u>
Change in Net Position					( 199,525)	( 199,525)
Net position, beginning					25,685,909	25,685,909
Prior period adjustment					<u>215,883</u>	<u>215,883</u>
Net position, ending					<u>\$ 25,702,267</u>	<u>\$ 25,702,267</u>

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

# HILL COUNTY, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,511,476	\$ 2,643,898	\$ 44,846	\$ 1,940,932	\$ 8,141,152
Receivables (net of allowance for uncollectibles)	902,142	274,619	85,063	62,296	1,324,120
Due from others funds	11,000	-	-	4,500	15,500
Intergovernmental receivable	<u>25,844</u>	<u>-</u>	<u>-</u>	<u>35,339</u>	<u>61,183</u>
Total assets	<u>4,450,462</u>	<u>2,918,517</u>	<u>129,909</u>	<u>2,043,067</u>	<u>9,541,955</u>
<b>LIABILITIES</b>					
Accounts payable	283,102	145,135	10,207	151,814	590,258
Accrued liabilities	272,556	42,937	2,019	49,036	366,548
Due to other funds	<u>9,150</u>	<u>-</u>	<u>-</u>	<u>29,194</u>	<u>38,344</u>
Total liabilities	<u>564,808</u>	<u>188,072</u>	<u>12,226</u>	<u>230,044</u>	<u>995,150</u>
<b>DEFERRED INLFOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	<u>575,421</u>	<u>193,527</u>	<u>56,139</u>	<u>52,107</u>	<u>877,194</u>
Total deferred inflows of resources	<u>575,421</u>	<u>193,527</u>	<u>56,139</u>	<u>52,107</u>	<u>877,194</u>
<b>FUND BALANCES</b>					
<b>Restricted:</b>					
Administration	-	-	-	380,841	380,841
Construction	-	-	-	359,310	359,310
Debt Service	-	-	-	126,759	126,759
Elections	-	-	-	33,910	33,910
Health and Welfare	-	-	61,544	-	61,544
Judicial	-	-	-	298,980	298,980
Public Safety	-	-	-	619,210	619,210
Public Transportation	-	2,536,918	-	-	2,536,918
<b>Unassigned</b>	<u>3,310,233</u>	<u>-</u>	<u>-</u>	<u>( 58,094)</u>	<u>3,252,139</u>
Total fund balances	<u>3,310,233</u>	<u>2,536,918</u>	<u>61,544</u>	<u>1,760,916</u>	<u>7,669,611</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,450,462</u>	<u>\$ 2,918,517</u>	<u>\$ 129,909</u>	<u>\$ 2,043,067</u>	<u>\$ 9,541,955</u>

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

## HILL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Total fund balances - government funds (page 14)	\$	7,669,611
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		22,732,568
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		288,208
Prepaid items are expenditures in the funds but are recorded as assets in the governmental activities.		476,962
Inventory costs are expenditures in the funds but are recorded as assets in the governmental activities.		54,575
Property taxes receivable unavailable to pay for current period expenditures are reported as unavailable revenue in the funds.		877,194
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(6,396,851)</u>
Net position of governmental activities - statement of net position	\$	<u>25,702,267</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, 2014**

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 7,197,225	\$ 2,159,165	\$ 675,611	\$ 631,364	\$ 10,663,365
Sales	1,296,493	158,107	126,487	-	1,581,087
Other	26,186	-	-	27,068	53,254
Intergovernmental	1,082,417	218,185	-	1,137,499	2,438,101
Licenses and permits	-	733,631	-	-	733,631
Fees of office	806,513	-	-	1,222,927	2,029,440
Fines and forfeitures	137,922	137,922	-	38,673	314,517
Investment earnings	40,787	23,602	-	10,247	74,636
Miscellaneous	104,285	3,164	11,936	50,205	169,590
Total Revenues	10,691,828	3,433,776	814,034	3,117,983	18,057,621
<b>EXPENDITURES</b>					
Current					
General administration	3,089,887	-	-	108,163	3,198,050
Judicial	2,040,868	-	-	765,189	2,806,057
Public safety	5,124,307	-	-	1,682,808	6,807,115
Roads and highways	-	2,808,346	-	-	2,808,346
Health and welfare	166,888	-	769,497	2,198	938,583
Culture and recreation	125,445	-	-	18,418	143,863
Debt Service					
Principal retirement	100,620	26,085	-	430,000	556,705
Interest and fiscal charges	4,760	3,271	-	176,719	184,750
Total Expenditures	10,652,775	2,837,702	769,497	3,183,495	17,443,469
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>39,053</b>	<b>596,074</b>	<b>44,537</b>	<b>( 65,512)</b>	<b>614,152</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	14,664	1,400	-	29,217	45,281
Other Financing Sources - Capital Lease	24,616	-	-	-	24,616
Transfers In	236,000	-	-	189,000	425,000
Transfers Out	( 189,000)	-	( 150,000)	( 86,000)	( 425,000)
Total Other Financing Sources (uses)	86,280	1,400	( 150,000)	132,217	69,897
<b>NET CHANGES IN FUND BALANCES</b>	125,333	597,474	( 105,463)	66,705	684,049
<b>FUND BALANCE, BEGINNING</b>	3,184,900	1,939,444	167,007	1,694,211	6,985,562
<b>FUND BALANCE, ENDING</b>	<b>\$ 3,310,233</b>	<b>\$ 2,536,918</b>	<b>\$ 61,544</b>	<b>\$ 1,760,916</b>	<b>\$ 7,669,611</b>

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

## HILL COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Net Changes in Fund Balances - total government funds (page 16)	\$ 684,049
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period including gains or losses on sales of assets.	(1,285,178)
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.	(34,084)
(Increase) decrease in Compensated Absences from beginning of period to end of period.	(297,328)
Property tax revenues that do not provide current financial resources are not reported as revenues in the funds.	33,668
Increase (decrease) in Inventory from beginning of period to end of period.	11,304
Increase (decrease) in Prepaid items from beginning of period to end of period.	172,644
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(269)
(Increase) decrease in Bond Refunding from beginning of period to end of period.	(16,676)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	556,961
Increase in loan principal are receipts in the funds but not revenue in the SOA.	<u>(24,616)</u>
Change in net position of governmental activities	<u>\$ (199,525)</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, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,060,019
Receivables (net allowance for uncollectibles)	46
Due from Other Funds	23,166
Due from Others	<u>13,502</u>
Total Assets	<u>\$ 2,096,733</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 234,818
Due to Other Funds	322
Due to Others	<u>1,861,593</u>
Total Liabilities	<u>\$ 2,096,733</u>

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

# HILL COUNTY, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The County reports the following major governmental funds:

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County uses an agency fund to account for assets held for, and due to, employee benefits, payroll withholdings, deposits, and other. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements

because the resources of those funds are not available to support the County's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

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

##### **Deposits and Investments**

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

State 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.

##### **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, 2014.

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

##### **Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid items at September 30, 2014 are reflected in the accompanying financial statements.

## Restricted Assets

There were no restricted assets at September 30, 2014.

## 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 2013-2014 year.

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

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

## Compensated Absences

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

## Long-term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

### **Fund Balance**

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

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

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

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

### **Net Position**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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

As the result of implementing GASB Statement No. 65, the County has decreased beginning net position as of October 1, 2013 by \$71,364 for the governmental activities. These decreases result from no longer deferring and amortizing bond issuance costs.

In addition, a prior period adjustment was made to increase net position by \$287,247. This adjustment was necessary to properly state the beginning bond issuance costs, deferred charge on refunding and premium.

Further, the County has reclassified its deferred loss on bond refunding, previously reported as a component of long-term debt, to deferred outflows of resources in the government-wide statements in accordance with GASB Statement No. 65. The effect of this change increases the long-term liabilities of the governmental activities by \$200,111 and corresponds to an increase in deferred outflows of resources as of October 1, 2013.

## 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 \$6,396,851 difference are as follows:

Bond payable	\$ 5,450,000
Less: Loss on refunding	( 183,435)
Add: Issuance premium	2,819
Capital leases payable	223,442
Accrued interest payable	27,328
Compensated absences	<u>876,697</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 6,396,851</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds” report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the \$22,732,568 difference are as follows:



Capital assets not being depreciated	\$	53,031
Capital assets being depreciated		38,897,133
Accumulated depreciation	(	<u>16,217,596</u> )
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u>22,732,568</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 \$877,194 difference are as follows:

Property taxes receivable	\$	1,016,944
Allowance for doubtful accounts	(	101,695)
Amounts collected within 60 days	(	<u>38,055</u> )
Net	\$	<u>877,194</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 \$288,208 difference are as follows:

Fines receivable	\$	1,879,549
Allowance for doubtful accounts	(	<u>1,591,341</u> )
Net	\$	<u>288,208</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 \$1,285,178 difference are as follows:

Capital outlay - additions - being depreciated	\$ 566,417
Capital outlay - deletions - net	( 9,076)
Depreciation expense	( 1,842,519)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$( 1,285,178)</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 2014 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, 2014 except for the Jury Fund which had a deficit of \$55,474 and the Crime Victim Assistance Fund which had a deficit of \$2,620. 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, 2014, 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, 2014, the County’s bank balance of \$3,521,341 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 \$3,622,339 and the FDIC coverage is \$250,000. The County’s bank balance of \$144,670 with Citizens National Bank was not exposed to custodial credit risk because it was fully insured.

The County’s bank balance of \$5,623,960 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 \$8,823,689 and the FDIC coverage is \$250,000.

## B. Receivables and Deferred Inflows of Resources

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

	General	Road and Bridge	Indigent Health Care	Other Governmental	Total
Receivables:					
Ad valorem taxes	\$ 667,174	\$ 224,264	\$ 65,090	\$ 60,416	\$ 1,016,944
Sales taxes	249,189	30,388	24,311	-	303,888
Other	52,496	42,394	2,171	7,922	104,983
Due from other funds	11,000	-	-	4,500	15,500
Intergovernmental	25,844	-	-	35,339	61,183
Gross receivables	1,005,703	297,046	91,572	108,177	1,502,498
Less: allowance for uncollectibles	( 66,717)	( 22,427)	( 6,509)	( 6,042)	( 101,695)
Net accounts receivable	\$ 938,986	\$ 274,619	\$ 85,063	\$ 102,135	\$ 1,400,803
Deferred inflows of resources					
Property taxes	\$ 575,421	\$ 193,527	\$ 56,139	\$ 52,107	\$ 877,194
Total deferred inflows	\$ 575,421	\$ 193,527	\$ 56,139	\$ 52,107	\$ 877,194

## C. Capital Assets

Capital asset activity for the year ended September 30, 2014 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	53,031	-	-	-	53,031
Capital assets, being depreciated:					
Buildings	21,228,359	7,178	-	-	21,235,537
Machinery and equipment	9,514,070	361,198	( 72,866)	-	9,802,402
Infrastructure	7,661,153	198,041	-	-	7,859,194
Total capital assets being depreciated	38,403,582	566,417	( 72,866)	-	38,897,133
Less accumulated depreciation:					
Buildings	( 6,733,826)	( 567,836)	-	-	( 7,301,662)
Machinery and equipment	( 6,294,728)	( 887,571)	63,790	-	( 7,118,509)
Infrastructure	( 1,410,313)	( 387,112)	-	-	( 1,797,425)
Total accumulated depreciation	( 14,438,867)	( 1,842,519)	63,790	-	( 16,217,596)
Total capital assets being depreciated, net	23,964,715	( 1,276,102)	( 9,076)	-	22,679,537
Governmental activities capital assets, net	\$ 24,017,746	\$( 1,276,102)	\$( 9,076)	\$ -	\$ 22,732,568

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

Governmental Activities	
General administration	\$ 417,418
Judicial	38,231
Public safety	371,484
Roads and highways	<u>1,015,386</u>
Total depreciation expense	<u>\$ 1,842,519</u>

**Construction commitments:**

The County had no major construction projects in the 2013-2014 year.

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

There were no advances at September 30, 2014.

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

<u>Transfer Out</u>	<u>Transfer In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ 189,000	\$ 189,000
Indigent Health Care	150,000	-	150,000
Nonmajor Governmental Funds	<u>86,000</u>	<u>-</u>	<u>86,000</u>
Total	<u>\$ 236,000</u>	<u>\$ 189,000</u>	<u>\$ 425,000</u>

**E. Leases**

Operating Leases

The County leases equipment under non-cancelable operating leases. Total costs for such leases were \$82,277 for the year ended September 30, 2014. The future minimum lease payments for these leases are as follows:

Year Ending September 30	Amount
2015	\$ 75,517
2016	62,352
2017	54,864
2018	48,161
2019	<u>34,821</u>
	<u>\$ 275,715</u>

**F. Long-term Liabilities**

**Capital Lease:**

The County has entered into a lease agreement as lessee for financing of five Chevy Tahoes and tax office equipment 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 and tax office equipment are serviced from the General Fund. The debt service for the John Deere loader and John Deere Tractor/Mower is from Precinct No. 2. The Debt Service for two Mack Trucks is from Precinct No. 1.

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

Asset:	Mack Truck	Five Chevy Tahoes	John Deere Loader	JD Boom & Mower	Mack Truck	Power Edge Server	Total
Cost	\$ 94,173	\$ 156,245	\$ 138,000	\$ 137,386	\$ 108,025	\$ 8,180	\$ 642,009
Less: accumulated depreciation	( 38,454)	( 124,996)	( 77,214)	( 45,795)	( 27,006)	( 195)	\$( 313,660)
Total	\$ <u>55,719</u>	\$ <u>31,249</u>	\$ <u>60,786</u>	\$ <u>91,591</u>	\$ <u>81,019</u>	\$ <u>7,985</u>	\$ <u>328,349</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

Year	Tax Office Equipment	Mack Truck	Sheriff Vehicles	Total
2015	\$ 6,571	\$ 29,356	\$ 53,095	\$ 89,022
2016	6,571	29,356	53,095	89,022
2017	6,571	-	53,095	59,666
Total minimum lease payments	<u>19,713</u>	<u>58,712</u>	<u>159,285</u>	<u>237,710</u>
Less: amount representing interest	<u>1,474</u>	<u>3,356</u>	<u>9,438</u>	<u>14,268</u>
Present value of net minimum lease payments	\$ <u>18,239</u>	\$ <u>55,356</u>	\$ <u>149,847</u>	\$ <u>223,442</u>

**Certificates of Obligation:**

Advance Refunding

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

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

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

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities - Refunding Bonds	2.0-3.50	\$ 5,450,000

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

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 440,000	\$ 168,119
2016	455,000	159,318
2017	465,000	147,944
2018	480,000	136,319
2019	500,000	121,919
2019 - 2024	2,775,000	355,069
2025 - 2029	<u>335,000</u>	<u>11,725</u>
Totals	<u>\$ 5,450,000</u>	<u>\$ 1,100,413</u>

Changes in long-term liabilities:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Certificates of Obligation	\$ 5,880,000	\$ -	\$ 430,000	\$ 5,450,000	\$ 440,000	\$ 5,010,000
Premium	<u>3,075</u>	<u>-</u>	<u>256</u>	<u>2,819</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>\$ 5,883,075</u>	<u>\$ -</u>	<u>\$ 430,256</u>	<u>\$ 5,452,819</u>	<u>\$ 440,000</u>	<u>\$ 5,010,000</u>
Capital leases payable	\$ 325,531	\$ 24,616	\$ 126,705	\$ 223,442	\$ 81,400	\$ 142,042
Compensated absences	<u>579,369</u>	<u>876,697</u>	<u>579,369</u>	<u>876,697</u>	<u>219,174</u>	<u>657,523</u>
Grand Total	<u>\$ 6,787,975</u>	<u>\$ 901,313</u>	<u>\$ 1,136,330</u>	<u>\$ 6,552,958</u>	<u>\$ 740,574</u>	<u>\$ 5,809,565</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 2014-2015 is \$219,174. The government-wide statement of activities includes \$740,574 as “noncurrent liabilities, due within one year.” The interest incurred on the above debt for the current year was \$207,370 in the government-wide statement and \$179,990 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, 2013	Year Ended September 30, 2014
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims (including IBNRs)	50,000	-
Claim payments	( 50,000)	-
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>

**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 2014 was \$4,407. There were no amounts payable to the shop by the County or payable to the County by the shop at September 30, 2014.

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 2014 was \$12,769. There were no amounts payable to the business by the County or payable to the County by the business at September 30, 2014.

**C. Subsequent Events**

There were no subsequent events requiring disclosure.

**D. Litigation**

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

**E. 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 TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the 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 7.52% for the 2013 year and 8.08% for the 2014 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 2013 and 2014 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**

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
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
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
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

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/12	514,737	100%	-
09/30/13	519,037	100%	-
09/30/14	572,306	100%	-

### Analysis of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2013	\$ 11,545,350	\$ 13,873,304	\$ 2,327,954	83.22%	\$ 7,113,846	32.72%

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.

**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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 7,248,413	\$ 7,248,413	\$ 7,197,225	( 51,188)
Sales	1,337,918	1,337,918	1,296,493	( 41,425)
Other	28,000	28,000	26,186	( 1,814)
Intergovernmental	837,760	924,658	1,082,417	157,759
Fees of office	732,755	732,755	806,513	73,758
Fines and Forfeitures	113,100	113,100	137,922	24,822
Investment earnings	22,676	22,676	40,787	18,111
Miscellaneous	346,100	346,100	104,285	( 241,815)
Total Revenues	<u>10,666,722</u>	<u>10,753,620</u>	<u>10,691,828</u>	<u>( 61,792)</u>
<b>EXPENDITURES</b>				
Current				
General Administration				
Computer	632,158	632,158	516,615	115,543
County Clerk	309,309	309,309	297,215	12,094
County Judge	154,432	154,432	153,201	1,231
Elections Administration	181,182	181,182	145,304	35,878
Non-Departmental	620,825	703,923	506,645	197,278
Veterans Service	28,374	28,374	27,517	857
Commissioner's Court	283,872	283,872	255,905	27,967
Legal				
County Attorney	387,309	387,309	370,793	16,516
County Attorney Excess	12,635	12,635	3,353	9,282
Judicial				
County Court at Law	310,577	310,577	305,306	5,271
District Attorney	226,343	226,343	200,283	26,060
District Clerk	331,752	331,752	325,369	6,383
District Judge	193,876	193,876	184,882	8,994
Justices of the Peace	410,561	410,561	406,737	3,824
Financial Administration				
County Auditor	189,977	189,977	187,529	2,448
County Treasurer	173,782	173,782	180,262	( 6,480)
Tax Assessor-Collector	431,979	431,979	454,958	( 22,979)
Public Facilities				
Courthouse	416,137	416,137	392,253	23,884

# HILL COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
911 Dispatch	498,478	499,478	454,978	44,500
Constables	254,563	254,563	244,145	10,418
Courthouse Security	240,697	240,697	209,188	31,509
Emergency Management	95,607	95,607	89,374	6,233
Jail	2,289,831	2,289,831	2,270,059	19,772
Sheriff	1,764,008	1,969,058	1,971,010	( 1,952)
Animal Control	89,706	89,706	68,235	21,471
Health and Welfare				
Public Assistance	133,322	133,322	139,371	( 6,049)
Health and Safety	66,684	66,684	61,463	5,221
Conservation - Agriculture				
Agriculture Extension Service	133,146	133,146	125,445	7,701
Debt Service				
Principal Retirement	105,241	105,241	100,620	4,621
Interest Retirement	-	-	4,760	( 4,760)
Total expenditures	<u>10,966,363</u>	<u>11,255,511</u>	<u>10,652,775</u>	<u>602,736</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 299,641)</u>	<u>( 501,891)</u>	<u>39,053</u>	<u>540,944</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	14,664	14,664
Other Financing Sources - Capital Lease	-	-	24,616	24,616
Operating Transfers In	468,000	468,000	236,000	( 232,000)
Operating Transfers Out	<u>( 122,000)</u>	<u>( 122,000)</u>	<u>( 189,000)</u>	<u>67,000</u>
Total other financing sources (uses)	<u>346,000</u>	<u>346,000</u>	<u>86,280</u>	<u>( 125,720)</u>
<b>NET CHANGE IN FUND BALANCE</b>	46,359	( 155,891)	125,333	281,224
<b>FUND BALANCE, BEGINNING</b>	<u>3,184,900</u>	<u>3,184,900</u>	<u>3,184,900</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,231,259</u>	<u>\$ 3,029,009</u>	<u>\$ 3,310,233</u>	<u>\$ 281,224</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 2,189,278	\$ 2,189,278	\$ 2,159,165	\$( 30,113)
Sales	127,421	127,421	158,107	30,686
Intergovernmental	137,251	137,251	218,185	80,934
Licenses and permits	728,000	728,000	733,631	5,631
Fines and forfeitures	113,100	113,100	137,922	24,822
Investment earnings	12,893	12,893	23,602	10,709
Miscellaneous	-	-	3,164	3,164
Total Revenues	<u>3,307,943</u>	<u>3,307,943</u>	<u>3,433,776</u>	<u>125,833</u>
<b>EXPENDITURES</b>				
Current				
Roads and highways	4,005,698	4,005,698	2,808,346	1,197,352
Debt service				
Principal retirement	-	-	26,085	( 26,085)
Interest and fiscal charges	-	-	3,271	( 3,271)
Total Expenditures	<u>4,005,698</u>	<u>4,005,698</u>	<u>2,837,702</u>	<u>1,167,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>( 697,755)</u>	<u>( 697,755)</u>	<u>596,074</u>	<u>1,293,829</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	1,400	1,400
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
Net Change in Fund Balances	<u>( 697,755)</u>	<u>( 697,755)</u>	<u>597,474</u>	<u>1,295,229</u>
Fund Balances - Beginning	<u>1,939,444</u>	<u>1,939,444</u>	<u>1,939,444</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,241,689</u>	<u>\$ 1,241,689</u>	<u>\$ 2,536,918</u>	<u>\$ 1,295,229</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 698,792	\$ 698,792	\$ 675,611	\$ ( 23,181)
Sales	127,421	127,421	126,487	( 934)
Miscellaneous	5,000	5,000	11,936	6,936
Total Revenues	<u>831,213</u>	<u>831,213</u>	<u>814,034</u>	<u>( 17,179)</u>
<b>EXPENDITURES</b>				
Current				
Health and Welfare	<u>775,119</u>	<u>775,119</u>	<u>769,497</u>	<u>5,622</u>
Total Expenditures	<u>775,119</u>	<u>775,119</u>	<u>769,497</u>	<u>5,622</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,094</u>	<u>56,094</u>	<u>44,537</u>	<u>( 11,557)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>-</u>
Net Change in Fund Balances	( 93,906)	( 93,906)	( 105,463)	( 11,557)
Fund Balances - Beginning	<u>167,007</u>	<u>167,007</u>	<u>167,007</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 73,101</u>	<u>\$ 73,101</u>	<u>\$ 61,544</u>	<u>\$ ( 11,557)</u>



# HILL COUNTY, TEXAS

## SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEE RETIREMENT SYSTEM

SEPTEMBER 30, 2014

<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>
12/31/11	\$ 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%
12/31/13	11,545,350	13,873,304	2,327,954	83.22%	7,113,846	32.72%

## HILL COUNTY, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

#### 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 Treasurer	\$ 6,480
Tax Assessor-Collector	22,979
Sheriff	1,952
Public Assistance	6,049
Debt Service - Interest Retirement	4,760
Road and Bridge	
Debt Service - Principal Retirement	26,085
Debt Service - Interest Retirement	3,271
Jury Fund	
Judicial	79,760

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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

**SEPTEMBER 30, 2014**

	Special Revenue			
	Adult Probation	Law Library	Jury	Paws Pals Contri- butions
<b>ASSETS</b>				
Cash and cash equivalents	\$ 426,331	\$ 32,865	\$ 24,932	\$ 1,501
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	450	-
Intergovernmental receivable	-	-	9,292	-
Total Assets	<u>\$ 426,331</u>	<u>\$ 32,865</u>	<u>\$ 34,674</u>	<u>\$ 1,501</u>
<b>LIABILITIES</b>				
Accounts payable	10,485	2,431	88,052	1,501
Accrued liabilities	29,832	-	2,096	-
Due to other funds	-	-	-	-
Total Liabilities	<u>40,317</u>	<u>2,431</u>	<u>90,148</u>	<u>1,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	-	-	-
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	-	-	-	-
Judicial	-	30,434	-	-
Public Safety	386,014	-	-	-
<b>Unassigned</b>	-	-	( 55,474)	-
Total fund balances	<u>386,014</u>	<u>30,434</u>	<u>( 55,474)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 426,331</u>	<u>\$ 32,865</u>	<u>\$ 34,674</u>	<u>\$ 1,501</u>

Special Revenue

Election Machine Lease	Election Contract Fund	Juvenile Probation	Crime Victim Assistance	County Clerk	Hill County Tourism	District Clerk Archive Fund
\$ 26,700	\$ 625	\$ 191,241	\$ -	\$ 238,745	\$ 105,308	\$ 5,035
-	6,562	-	-	-	-	-
-	-	21,076	4,971	-	-	-
<u>\$ 26,700</u>	<u>\$ 7,187</u>	<u>\$ 212,317</u>	<u>\$ 4,971</u>	<u>\$ 238,745</u>	<u>\$ 105,308</u>	<u>\$ 5,035</u>
-	-	19,369	-	24,998	-	-
-	-	15,137	1,913	-	-	-
-	-	-	5,678	-	-	-
-	-	<u>34,506</u>	<u>7,591</u>	<u>24,998</u>	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	213,747	105,308	5,035
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,700	7,187	-	-	-	-	-
-	-	-	-	-	-	-
-	-	177,811	-	-	-	-
-	-	-	( 2,620)	-	-	-
<u>26,700</u>	<u>7,187</u>	<u>177,811</u>	<u>( 2,620)</u>	<u>213,747</u>	<u>105,308</u>	<u>5,035</u>
<u>\$ 26,700</u>	<u>\$ 7,187</u>	<u>\$ 212,317</u>	<u>\$ 4,971</u>	<u>\$ 238,745</u>	<u>\$ 105,308</u>	<u>\$ 5,035</u>

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

**SEPTEMBER 30, 2014**

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,653	\$ 36,818	\$ 19,958	\$ 19,933
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Assets	\$ 3,653	\$ 36,818	\$ 19,958	\$ 19,933
<b>LIABILITIES</b>				
Accounts payable	3,630	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	3,630	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	36,818	-	19,933
Construction	-	-	-	-
Debt Service	-	-	-	-
Elections	23	-	-	-
Judicial	-	-	19,958	-
Public Safety	-	-	-	-
<b>Unassigned</b>	-	-	-	-
Total fund balances	23	36,818	19,958	19,933
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,653	\$ 36,818	\$ 19,958	\$ 19,933

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
\$ 13,584	\$ 74,851	\$ 191,190	\$ 10,094	\$ 17,591	\$ 1,010	\$ 14,873
1,333	-	27	-	-	-	-
-	4,050	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 14,917</u>	<u>\$ 78,901</u>	<u>\$ 191,217</u>	<u>\$ 10,094</u>	<u>\$ 17,591</u>	<u>\$ 1,010</u>	<u>\$ 14,873</u>
-	-	46	-	-	1,010	-
-	-	58	-	-	-	-
-	23,516	-	-	-	-	-
<u>-</u>	<u>23,516</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,917	-	191,113	10,094	17,591	-	14,873
-	55,385	-	-	-	-	-
-	-	-	-	-	-	-
<u>14,917</u>	<u>55,385</u>	<u>191,113</u>	<u>10,094</u>	<u>17,591</u>	<u>-</u>	<u>14,873</u>
<u>\$ 14,917</u>	<u>\$ 78,901</u>	<u>\$ 191,217</u>	<u>\$ 10,094</u>	<u>\$ 17,591</u>	<u>\$ 1,010</u>	<u>\$ 14,873</u>



**HILL COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2014**

	<u>Special Revenue</u> Hill County For M.A.D.D.	Debt Service Fund	Courthouse Project	Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 292	\$ 124,492	\$ 359,310	\$ 1,940,932
Receivables (net of allowance for uncollectibles)	-	54,374	-	62,296
Due from other funds	-	-	-	4,500
Intergovernmental receivable	-	-	-	35,339
Total Assets	<u>\$ 292</u>	<u>\$ 178,866</u>	<u>\$ 359,310</u>	<u>\$ 2,043,067</u>
<b>LIABILITIES</b>				
Accounts payable	292	-	-	151,814
Accrued liabilities	-	-	-	49,036
Due to other funds	-	-	-	29,194
Total Liabilities	<u>292</u>	<u>-</u>	<u>-</u>	<u>230,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	52,107	-	52,107
Total deferred inflows of resources	<u>-</u>	<u>52,107</u>	<u>-</u>	<u>52,107</u>
<b>FUND BALANCES</b>				
<b>Restricted:</b>				
Administration	-	-	-	380,841
Construction	-	-	359,310	359,310
Debt Service	-	126,759	-	126,759
Elections	-	-	-	33,910
Judicial	-	-	-	298,980
Public Safety	-	-	-	619,210
<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 58,094)</u>
Total fund balances	<u>-</u>	<u>126,759</u>	<u>359,310</u>	<u>1,760,916</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 292</u>	<u>\$ 178,866</u>	<u>\$ 359,310</u>	<u>\$ 2,043,067</u>

HILL COUNTY, TEXAS

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

SEPTEMBER 30, 2014

	Special Revenue			
	Adult Probation	Law Library	Jury	Paws Pals Contri- butions
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	485,958	-	73,096	-
Fees of office	532,547	22,260	368,689	-
Fines and forfeitures	-	-	-	-
Investment earnings	478	395	41	-
Miscellaneous	-	-	2,339	2,607
Total Revenues	<u>1,018,983</u>	<u>22,655</u>	<u>444,165</u>	<u>2,607</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Judicial	-	49,908	585,184	2,607
Culture and recreation	-	-	-	-
Public Safety	958,840	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and fiscal agent charges	-	-	-	-
Total Expenditures	<u>958,840</u>	<u>49,908</u>	<u>585,184</u>	<u>2,607</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>60,143</u>	<u>( 27,253)</u>	<u>( 141,019)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	1,190	-	-	-
Operating Transfers In	-	-	127,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,190</u>	<u>-</u>	<u>127,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>61,333</u>	<u>( 27,253)</u>	<u>( 14,019)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>	<u>324,681</u>	<u>57,687</u>	<u>( 41,455)</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 386,014</u>	<u>\$ 30,434</u>	<u>\$ ( 55,474)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	27,068	-
-	-	523,230	40,893	-	-	-
-	-	78,248	-	127,304	-	2,978
-	-	-	-	-	-	-
178	-	245	-	978	640	-
<u>6,100</u>	<u>31,100</u>	<u>5,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,278</u>	<u>31,100</u>	<u>607,118</u>	<u>40,893</u>	<u>128,282</u>	<u>27,708</u>	<u>2,978</u>
14,977	28,521	-	-	58,026	-	-
-	-	51,135	-	-	-	2,000
-	-	-	-	-	18,418	-
-	-	627,687	43,513	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>14,977</u>	<u>28,521</u>	<u>678,822</u>	<u>43,513</u>	<u>58,026</u>	<u>18,418</u>	<u>2,000</u>
( 8,699)	2,579	( 71,704)	( 2,620)	70,256	9,290	978
-	-	-	-	-	-	-
-	-	62,000	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
( 8,699)	2,579	( 9,704)	( 2,620)	70,256	9,290	978
<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>\$ 26,700</u>	<u>\$ 7,187</u>	<u>\$ 177,811</u>	<u>\$ (2,620)</u>	<u>\$ 213,747</u>	<u>\$ 105,308</u>	<u>\$ 5,035</u>

**HILL COUNTY, TEXAS**

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

**SEPTEMBER 30, 2014**

	Special Revenue			
	Election Chapter 19 Funds	Records Preservation and Management	Courthouse Security	Probate Records Management
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	6,639	-	-	-
Fees of office	-	26,667	27,005	765
Fines and forfeitures	-	-	-	-
Investment earnings	2	219	303	142
Miscellaneous	-	-	-	-
Total Revenues	<u>6,641</u>	<u>26,886</u>	<u>27,308</u>	<u>907</u>
<b>EXPENDITURES</b>				
Current				
General Administration	6,639	-	-	-
Judicial	-	18,000	-	-
Culture and recreation	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>6,639</u>	<u>18,000</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2</u>	<u>8,886</u>	<u>27,308</u>	<u>907</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	( 46,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>( 46,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2	8,886	( 18,692)	907
<b>FUND BALANCES - BEGINNING</b>	<u>21</u>	<u>27,932</u>	<u>38,650</u>	<u>19,026</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 23</u>	<u>\$ 36,818</u>	<u>\$ 19,958</u>	<u>\$ 19,933</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	7,683	-	-	-	-	-
9,821	-	-	4,376	22,267	-	-
-	-	38,328	-	-	-	345
-	261	1,133	42	193	-	-
-	-	-	-	-	2,198	-
<u>9,821</u>	<u>7,944</u>	<u>39,461</u>	<u>4,418</u>	<u>22,460</u>	<u>2,198</u>	<u>345</u>
-	-	-	-	-	-	-
11,147	-	43,015	-	-	-	2,193
-	-	-	-	-	-	-
-	52,302	-	-	-	-	-
-	-	-	-	-	2,198	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,147</u>	<u>52,302</u>	<u>43,015</u>	<u>-</u>	<u>-</u>	<u>2,198</u>	<u>2,193</u>
( 1,326)	( 44,358)	( 3,554)	4,418	22,460	-	( 1,848)
-	28,027	-	-	-	-	-
-	-	-	-	-	-	-
( 10,000)	-	-	-	( 30,000)	-	-
( 10,000)	28,027	-	-	( 30,000)	-	-
( 11,326)	( 16,331)	( 3,554)	4,418	( 7,540)	-	( 1,848)
26,243	71,716	194,667	5,676	25,131	-	16,721
<u>\$ 14,917</u>	<u>\$ 55,385</u>	<u>\$ 191,113</u>	<u>\$ 10,094</u>	<u>\$ 17,591</u>	<u>\$ -</u>	<u>\$ 14,873</u>

## HILL COUNTY, TEXAS

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

#### NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2014

	Special Revenue			
	Hill County For M.A.D.D.	Debt Service Fund	Courthouse Project	Non-Major Governmental Funds
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ 631,364	\$ -	\$ 631,364
Other	-	-	-	27,068
Intergovernmental	-	-	-	1,137,499
Fees of office	-	-	-	1,222,927
Fines and forfeitures	-	-	-	38,673
Investment earnings	-	1,369	3,628	10,247
Miscellaneous	466	-	-	50,205
Total Revenues	466	632,733	3,628	3,117,983
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	108,163
Judicial	-	-	-	765,189
Culture and recreation	-	-	-	18,418
Public Safety	466	-	-	1,682,808
Health and Welfare	-	-	-	2,198
Debt Service				
Principal Retirement	-	430,000	-	430,000
Interest and Fiscal Charges	-	176,719	-	176,719
Total Expenditures	466	606,719	-	3,183,495
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	26,014	3,628	( 65,512)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	29,217
Operating Transfers In	-	-	-	189,000
Operating Transfers Out	-	-	-	( 86,000)
Total Other Financing Sources (Uses)	-	-	-	132,217
<b>NET CHANGE IN FUND BALANCES</b>	-	26,014	3,628	66,705
<b>FUND BALANCES - BEGINNING</b>	-	100,745	355,682	1,694,211
<b>FUND BALANCES - ENDING</b>	\$ -	\$ 126,759	\$ 359,310	\$ 1,760,916

HILL COUNTY, TEXAS

LAW LIBRARY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 23,990	\$ 23,990	\$ 22,260	\$( 1,730)
Investment earnings	428	428	395	( 33)
Total Revenues	<u>24,418</u>	<u>24,418</u>	<u>22,655</u>	<u>( 1,763)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>38,000</u>	<u>58,500</u>	<u>49,908</u>	<u>8,592</u>
Total Expenditures	<u>38,000</u>	<u>58,500</u>	<u>49,908</u>	<u>8,592</u>
Net Change in Fund Balances	( 13,582)	( 34,082)	( 27,253)	6,829
Fund Balances - Beginning	<u>57,687</u>	<u>57,687</u>	<u>57,687</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 44,105</u>	<u>\$ 23,605</u>	<u>\$ 30,434</u>	<u>\$ 6,829</u>

HILL COUNTY, TEXAS

JURY FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 41,160	\$ 66,503	\$ 73,096	\$ 6,593
Fees of office	383,050	383,050	368,689	( 14,361)
Investment earnings	14	14	41	27
Miscellaneous	-	-	2,339	2,339
Total Revenues	<u>424,224</u>	<u>449,567</u>	<u>444,165</u>	<u>( 5,402)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>480,081</u>	<u>505,424</u>	<u>585,184</u>	<u>( 79,760)</u>
Total Expenditures	<u>480,081</u>	<u>505,424</u>	<u>585,184</u>	<u>( 79,760)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>( 55,857)</u>	<u>( 55,857)</u>	<u>( 141,019)</u>	<u>( 85,162)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>60,000</u>	<u>60,000</u>	<u>127,000</u>	<u>67,000</u>
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>127,000</u>	<u>67,000</u>
Net Change in Fund Balances	4,143	4,143	( 14,019)	( 18,162)
Fund Balances - Beginning	<u>( 41,455)</u>	<u>( 41,455)</u>	<u>( 41,455)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ ( 37,312)</u>	<u>\$ ( 37,312)</u>	<u>\$ ( 55,474)</u>	<u>\$ ( 18,162)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 23,000	\$ 23,000	\$ 26,667	\$ 3,667
Investment earnings	50	50	219	169
Total Revenues	<u>23,050</u>	<u>23,050</u>	<u>26,886</u>	<u>3,836</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net Change in Fund Balances	5,050	5,050	8,886	3,836
Fund Balances - Beginning	<u>27,932</u>	<u>27,932</u>	<u>27,932</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 32,982</u>	<u>\$ 32,982</u>	<u>\$ 36,818</u>	<u>\$ 3,836</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 29,302	\$ 38,328	\$ 9,026
Investment earnings	-	-	1,133	1,133
Total Revenues	<u>-</u>	<u>29,302</u>	<u>39,461</u>	<u>10,159</u>
<b>EXPENDITURES</b>				
Current				
Judicial	<u>37,366</u>	<u>66,668</u>	<u>43,015</u>	<u>23,653</u>
Total Expenditures	<u>37,366</u>	<u>66,668</u>	<u>43,015</u>	<u>23,653</u>
Net Change in Fund Balances	( 37,366)	( 37,366)	( 3,554)	33,812
Fund Balances - Beginning	<u>194,667</u>	<u>194,667</u>	<u>194,667</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 157,301</u>	<u>\$ 157,301</u>	<u>\$ 191,113</u>	<u>\$ 33,812</u>

**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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 580,738	\$ 580,738	\$ 631,364	\$ 50,626
Investment earnings	980	980	1,369	389
Total Revenues	<u>581,718</u>	<u>581,718</u>	<u>632,733</u>	<u>51,015</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	430,000	430,000	430,000	-
Interest and fiscal agent charges	176,719	176,719	176,719	-
Total Expenditures	<u>606,719</u>	<u>606,719</u>	<u>606,719</u>	<u>-</u>
Net Change in Fund Balances	( 25,001)	( 25,001)	26,014	51,015
Fund Balances - Beginning	<u>100,745</u>	<u>100,745</u>	<u>100,745</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 75,744</u>	<u>\$ 75,744</u>	<u>\$ 126,759</u>	<u>\$ 51,015</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 78,700	\$ 78,700	\$ 127,304	\$ 48,604
Investment earnings	414	414	978	564
Total Revenues	<u>79,114</u>	<u>79,114</u>	<u>128,282</u>	<u>49,168</u>
<b>EXPENDITURES</b>				
Current				
General administration	<u>58,028</u>	<u>58,028</u>	<u>58,026</u>	<u>2</u>
Total Expenditures	<u>58,028</u>	<u>58,028</u>	<u>58,026</u>	<u>2</u>
Net Change in Fund Balances	21,086	21,086	70,256	49,170
Fund Balances - Beginning	<u>143,491</u>	<u>143,491</u>	<u>143,491</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 164,577</u>	<u>\$ 164,577</u>	<u>\$ 213,747</u>	<u>\$ 49,170</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Other	\$ 50,000	\$ 50,000	\$ 27,068	\$( 22,932)
Investment earnings	-	-	640	640
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>27,708</u>	<u>( 22,292)</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	<u>52,002</u>	<u>52,002</u>	<u>18,418</u>	<u>33,584</u>
Total Expenditures	<u>52,002</u>	<u>52,002</u>	<u>18,418</u>	<u>33,584</u>
Net Change in Fund Balances	( 2,002)	( 2,002)	9,290	11,292
Fund Balances - Beginning	<u>96,018</u>	<u>96,018</u>	<u>96,018</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 94,016</u>	<u>\$ 94,016</u>	<u>\$ 105,308</u>	<u>\$ 11,292</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 26,020	\$ 26,020	\$ 22,267	\$ ( 3,753)
Investment earnings	200	200	193	( 7)
Total Revenues	<u>26,220</u>	<u>26,220</u>	<u>22,460</u>	<u>( 3,760)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,220</u>	<u>26,220</u>	<u>22,460</u>	<u>( 3,760)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 30,000)	( 30,000)	( 30,000)	-
Total Other Financing Sources (Uses)	<u>( 30,000)</u>	<u>( 30,000)</u>	<u>( 30,000)</u>	<u>-</u>
Net Change in Fund Balances	( 3,780)	( 3,780)	( 7,540)	( 3,760)
Fund Balances - Beginning	<u>25,131</u>	<u>25,131</u>	<u>25,131</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 21,351</u>	<u>\$ 21,351</u>	<u>\$ 17,591</u>	<u>\$ ( 3,760)</u>

HILL COUNTY, TEXAS

COURTHOUSE SECURITY

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 28,900	\$ 28,900	\$ 27,005	\$ ( 1,895)
Investment earnings	150	150	303	153
Total Revenues	<u>29,050</u>	<u>29,050</u>	<u>27,308</u>	<u>( 1,742)</u>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,050</u>	<u>29,050</u>	<u>27,308</u>	<u>( 1,742)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	( 46,000)	( 46,000)	( 46,000)	-
Total Other Financing Sources (Uses)	<u>( 46,000)</u>	<u>( 46,000)</u>	<u>( 46,000)</u>	<u>-</u>
Net Change in Fund Balances	( 16,950)	( 16,950)	( 18,692)	( 1,742)
Fund Balances - Beginning	<u>38,650</u>	<u>38,650</u>	<u>38,650</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 21,700</u>	<u>\$ 21,700</u>	<u>\$ 19,958</u>	<u>\$ ( 1,742)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 30	\$ 30	\$ 178	\$ 148
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>6,100</u>	<u>1,100</u>
Total Revenues	<u>5,030</u>	<u>5,030</u>	<u>6,278</u>	<u>1,248</u>
<b>EXPENDITURES</b>				
Current				
General administration	<u>15,000</u>	<u>15,000</u>	<u>14,977</u>	<u>23</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,977</u>	<u>23</u>
Net Change in Fund Balances	( 9,970)	( 9,970)	( 8,699)	1,271
Fund Balances - Beginning	<u>35,399</u>	<u>35,399</u>	<u>35,399</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 25,429</u>	<u>\$ 25,429</u>	<u>\$ 26,700</u>	<u>\$ 1,271</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees of office	\$ 3,150	\$ 3,150	\$ 2,978	\$ ( 172)
Total Revenues	<u>3,150</u>	<u>3,150</u>	<u>2,978</u>	<u>( 172)</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	978	( 172)
Fund Balances - Beginning	<u>4,057</u>	<u>4,057</u>	<u>4,057</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,207</u>	<u>\$ 5,207</u>	<u>\$ 5,035</u>	<u>\$ ( 172)</u>

HILL COUNTY, TEXAS

INVESTIGATIVE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 53	\$ 53
Total Revenues	-	-	53	53
<b>EXPENDITURES</b>				
Current				
Public safety	25,000	25,000	11,479	13,521
Total Expenditures	25,000	25,000	11,479	13,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	( 25,000)	( 25,000)	( 11,426)	13,574
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	15,440	15,440
Total Other Financing Sources (Uses)	-	-	15,440	-
Net Change in Fund Balances	( 25,000)	( 25,000)	4,014	29,014
Fund Balances - Beginning	26,719	26,719	26,719	-
Fund Balances - Ending	\$ 1,719	\$ 1,719	\$ 30,733	\$ 29,014

# HILL COUNTY, TEXAS

## COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	Treasurer J.P. Cash	District Clerk - Criminal	Agency Funds D.A Seizure Account
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,942	\$ -	\$ 188,709
Receivables (net allowance for uncollectibles)	-	-	46
Due from Other Funds	-	-	23,166
Due from Others	336	-	-
Total Assets	\$ 125,278	\$ -	\$ 211,921
<b>LIABILITIES</b>			
Accounts Payable	\$ 125,278	\$ -	\$ 27
Due to Other Funds	-	-	-
Due to Others	-	-	211,894
Total Liabilities	\$ 125,278	\$ -	\$ 211,921

<u>Criminal Justice</u>	<u>County Officer Accounts</u>	<u>Total</u>
\$ 96,347	\$ 1,650,021	\$ 2,060,019
-	-	46
-	-	23,166
<u>13,166</u>	<u>-</u>	<u>13,502</u>
<u>\$ 109,513</u>	<u>\$ 1,650,021</u>	<u>\$ 2,096,733</u>
\$ 109,513	\$ -	\$ 234,818
-	322	322
<u>-</u>	<u>1,649,699</u>	<u>1,861,593</u>
<u>\$ 109,513</u>	<u>\$ 1,650,021</u>	<u>\$ 2,096,733</u>

## HILL COUNTY, TEXAS

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

SEPTEMBER 30, 2014

<u>TREASURER - J. P. CASH</u>	<b>Balance 10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 66,680	\$ 778,929	\$ 720,667	\$ 124,942
Due from Others	8,371	336	8,371	336
Total Assets	<u>\$ 75,051</u>	<u>\$ 779,265</u>	<u>\$ 729,038</u>	<u>\$ 125,278</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 72,510	\$ 125,278	\$ 72,510	\$ 125,278
Due to Other Funds	2,541	-	2,541	-
Due to Others	-	653,987	653,987	-
Total Liabilities	<u>\$ 75,051</u>	<u>\$ 779,265</u>	<u>\$ 729,038</u>	<u>\$ 125,278</u>
<u>DISTRICT CLERK - CRIMINAL</u>	<b>Balance 10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 743,510	\$ 743,510	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 743,510</u>	<u>\$ 743,510</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to Others	\$ -	\$ 743,510	\$ 743,510	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 743,510</u>	<u>\$ 743,510</u>	<u>\$ -</u>
<u>D.A SEIZURE ACCOUNT</u>	<b>Balance 10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,467	\$ 212,597	\$ 38,355	\$ 188,709
Receivables (net allowance for uncollectibles)	-	46	-	46
Due from Other Funds	-	23,166	-	23,166
Total Assets	<u>\$ 14,467</u>	<u>\$ 235,809</u>	<u>\$ 38,355</u>	<u>\$ 211,921</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 27	\$ -	\$ 27
Due to Others	14,467	235,782	38,355	211,894
Total Liabilities	<u>\$ 14,467</u>	<u>\$ 235,809</u>	<u>\$ 38,355</u>	<u>\$ 211,921</u>

<u>CRIMINAL JUSTICE</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 49,857	\$ 650,771	\$ 604,281	\$ 96,347
Receivables (net allowance for uncollectibles)	39,752	-	39,752	-
Due from Others	<u>14,223</u>	<u>-</u>	<u>1,057</u>	<u>13,166</u>
Total Assets	<u>\$ 103,832</u>	<u>\$ 650,771</u>	<u>\$ 645,090</u>	<u>\$ 109,513</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 103,832	\$ 109,513	\$ 103,832	\$ 109,513
Due to Others	<u>-</u>	<u>541,258</u>	<u>541,258</u>	<u>-</u>
Total Liabilities	<u>\$ 103,832</u>	<u>\$ 650,771</u>	<u>\$ 645,090</u>	<u>\$ 109,513</u>

<u>COUNTY OFFICER ACCOUNTS</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,223,190	\$ 426,831	\$ -	\$ 1,650,021
Total Assets	<u>\$ 1,223,190</u>	<u>\$ 426,831</u>	<u>\$ -</u>	<u>\$ 1,650,021</u>

<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 322	\$ -	\$ 322
Due to Others	<u>1,223,190</u>	<u>426,509</u>	<u>-</u>	<u>1,649,699</u>
Total Liabilities	<u>\$ 1,223,190</u>	<u>\$ 426,831</u>	<u>\$ -</u>	<u>\$ 1,650,021</u>

<u>TOTAL</u>	<b>Balance</b>			<b>Balance</b>
	<b>10/1/2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>9/30/2014</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,354,194	\$ 2,812,638	\$ 2,106,813	\$ 2,060,019
Receivables (net allowance for uncollectibles)	39,752	46	39,752	46
Due from Other Funds	-	23,166	-	23,166
Due from Others	<u>22,594</u>	<u>336</u>	<u>9,428</u>	<u>13,502</u>
Total Assets	<u>\$ 1,416,540</u>	<u>\$ 2,836,186</u>	<u>\$ 2,155,993</u>	<u>\$ 2,096,733</u>

<b>LIABILITIES</b>				
Accounts Payable	\$ 176,342	\$ 234,818	\$ 176,342	\$ 234,818
Due to Other Funds	2,541	322	2,541	322
Due to Others	<u>1,237,657</u>	<u>2,601,046</u>	<u>1,977,110</u>	<u>1,861,593</u>
Total Liabilities	<u>\$ 1,416,540</u>	<u>\$ 2,836,186</u>	<u>\$ 2,155,993</u>	<u>\$ 2,096,733</u>

# **COMPLIANCE SECTION**



**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, 2014 the related notes to the financial statements, which collectively comprise Hill County, Texas' basic financial statements and have issued our report thereon dated April 23, 2015.

**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  
April 23, 2015