

STATE OF TEXAS
BAILEY COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTORY SECTION

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STATE OF TEXAS
Bailey County
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September 30, 2013

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STATE OF TEXAS
Bailey County
Official Roster
September 30, 2013

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Jackie R. Claborn II		County Attorney
Robin Dickerson		County Clerk
Sherri Harrison		County Judge
Shonda L. Black		County Treasurer
Kathryn Gurley		District Attorney
Elaine Parker		District Clerk
Gordon H. Green		District Judge
Debra Redwine		Justice of the Peace
Richard Wills		Sheriff
Floyd (Butch) Vandiver		Precinct 1- Commissioner
C.E. Grant		Precinct 2- Commissioner
Joey Kindle		Precinct 3- Commissioner
Juan Chavez		Precinct 4- Commissioner

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FINANCIAL SECTION



Pratas, Smith & Moore, LLC

A member of Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court of Bailey County
Bailey County
Muleshoe, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bailey County, Texas (the County), as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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 Bailey County, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13 through 19 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 inquires 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 County's basic financial statements. The Supporting Schedules I through V are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supporting Schedules I through V 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 the auditing standards generally accepted in the United States of America. In our opinion, the Supporting Schedules I through V are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Pratas, Smith & Moore, LLC
A member of Accounting & Consulting Group, LLP
Lubbock, Texas
January 24, 2014

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STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2013

As management of Bailey County (the County), we offer readers of Bailey County financial statements this narrative overview and analysis of the financial activities of Bailey County for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of Bailey County and additional information provided.

Financial Highlights

- The assets of Bailey County exceeded its liabilities at the close of the most recent fiscal year by \$1,340,325 (*net position*). Of this amount, \$1,016,929 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. This is a decrease of net position of \$148,228 from the prior year. \$790,016 of the County's equity is restricted for special revenue funds.
- Change in net position for the year was a decrease of \$148,228 from the prior year. The decrease is primarily due to the change in estimate noted in note 4 of the notes to the financial statements.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$719,684, or 28 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Bailey County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Bailey County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Bailey County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Bailey County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Bailey County include general government, judicial, legal, public facilities, public safety, health and welfare, and roads and bridges.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bailey County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bailey County can be divided into two categories: governmental funds and fiduciary funds.

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2013

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

Because the focus of governmental funds is narrower than that of 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Bailey County has three governmental fund types which are the general fund, special revenue funds, and the debt service fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for the general fund and the EMS special revenue fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Bailey County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund and the EMS special revenue fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found at Exhibits B-1 and B-2 of this report.

Fiduciary funds. 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 statement because the resources of those funds are *not* available to support Bailey County's own programs.

Bailey County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit D-1 of this report.

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 33-51 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 56-81 of this report.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2013

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bailey County, assets exceeded liabilities by \$1,340,325 and \$1,488,553 at the close of the fiscal years ended September 30, 2013 and September 30, 2012, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$250,076 which decreased net position in the current year.

Bailey County's net position reflects its investment in capital assets (e.g., land, buildings, other improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net position category of (\$835,762) reflects that Bailey County has more debt related to its capital assets than the net cost value of those capital assets. 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.

**Bailey County's Net Position
 September 30,**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 2,664,558	\$ 2,886,499
Capital assets	<u>2,591,110</u>	<u>2,602,065</u>
Total assets	<u><u>\$ 5,255,668</u></u>	<u><u>\$ 5,488,564</u></u>
Current liabilities	598,352	506,902
Non-current liabilities	<u>3,316,991</u>	<u>3,493,109</u>
Total liabilities	<u><u>\$ 3,915,343</u></u>	<u><u>\$ 4,000,011</u></u>
Net position:		
Net investment in capital assets	(835,762)	(956,916)
Restricted for:		
Other purposes - special revenue	790,016	861,453
Jail Maintenance	369,142	365,450
Unrestricted	<u>1,016,929</u>	<u>1,218,566</u>
Total net position	<u><u>\$ 1,340,325</u></u>	<u><u>\$ 1,488,553</u></u>

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2013

Changes in Net Position

The County's total revenues of \$4,406,714 and program expenses of \$4,554,942 resulted in a change in net position of (\$148,228).

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended September 30, 2013 and September 30, 2012.

Bailey County's Change in Net Position
 September 30,

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for service	\$ 1,036,243	\$ 1,667,016
Operating grants and contributions	150,621	246,958
General revenues:		
Property taxes	2,648,081	2,716,043
Sales and other taxes	182,942	189,207
Interest income	25,655	39,482
Miscellaneous income	118,403	13,902
Gain (loss) on disposal of capital assets	144,769	-
Miscellaneous income	100,000	-
	<u>4,406,714</u>	<u>4,872,608</u>
Program expenses:		
General government	794,237	825,046
Judicial	321,559	274,334
Legal	249,497	255,429
Public facilities	89,235	100,006
Public safety	1,243,853	1,384,810
Health and welfare	682,171	449,681
Road and bridge	1,070,121	1,036,588
Interest on long-term debt	104,269	351,803
	<u>4,554,942</u>	<u>4,677,697</u>
Total Expenses	<u>4,554,942</u>	<u>4,677,697</u>
Change in net position	<u>\$ (148,228)</u>	<u>\$ 194,911</u>

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2013

Financial Analysis of the Government's Funds

As noted earlier, Bailey County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Bailey County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Bailey County's financing requirements. In particular, *unreserved 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, Bailey County's governmental funds reported combined ending fund balances of \$2,138,426, a decrease of \$263,751 in comparison with the prior year. Approximately 34 percent of this total amount, \$718,541, constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Bailey County. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$719,684, while total fund balance was \$1,088,826. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount. Fund balance of Bailey County's general fund decreased by \$318,033 during the current fiscal year.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. To enhance the process of developing a budget at the county level, Bailey County utilizes goals and objectives defined by the Commissioners' Court, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget expenditure performance of the major and aggregate non-major funds for the fiscal year ending September 30, 2013. Detail budget performance is reported in the budgetary comparison statements for each major fund and specific non-major funds.

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2013

Fund Expenditure Budget Performance

	<u>Final Budget</u>	<u>Actual on Cash (Budgetary) Basis</u>	<u>Favorable (Unfavorable) Variance</u>
General Fund	\$ 3,231,975	\$ 2,822,066	\$ 409,909
EMS Special Revenue Fund	397,858	399,337	(1,479)
Road and Bridge 1 Special Revenue Fund	323,764	248,878	74,886
Road and Bridge 2 Special Revenue Fund	268,680	232,512	36,168
Road and Bridge 3 Special Revenue Fund	286,746	319,875	(33,129)
Road and Bridge 4 Special Revenue Fund	220,427	220,977	(550)
Total	<u><u>\$ 4,729,450</u></u>	<u><u>\$ 4,243,645</u></u>	<u><u>\$ 485,805</u></u>

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements for each major fund and specific non-major funds. After adjusting entries were made some of the funds had unfavorable variances due to reclassification of expenditures and capital asset expenditures.

Capital Asset and Debt Administration

Capital Assets

Bailey County's investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$2,591,110 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The table below shows the summarized capital assets of Bailey County as of September 30, 2013 and September 30, 2012.

**Bailey County's Capital Assets, Net of Depreciation
September 30,**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Property, plant and equipment		
Land	\$ 243,100	\$ 243,100
Buildings and improvements	4,002,714	4,002,714
Machinery and equipment	2,340,378	2,211,848
Vehicles	1,002,695	959,634
	<u>7,588,887</u>	<u>7,417,296</u>
Less: accumulated depreciation	<u>(4,997,777)</u>	<u>(4,815,231)</u>
Total property, plant and equipment, net of accumulated depreciation	<u><u>\$ 2,591,110</u></u>	<u><u>\$ 2,602,065</u></u>

The County recognized \$358,459 in depreciation expense during the year. Additional information on Bailey County's capital assets can be found in the notes to the financial statements.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2013

Long-term debt

At September 30, 2013, Bailey County had total bonds outstanding of \$3,245,000, capital leases outstanding of \$113,931, and notes payable outstanding of \$67,941.

Bailey County's Outstanding Debt
 September 30,

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Bonds	\$ 3,245,000	\$ 3,475,000
Capital Leases	113,931	71,002
Note Payable	67,941	12,979
Compensated Absences	<u>55,729</u>	<u>56,653</u>
Total outstanding debt	<u>\$ 3,482,601</u>	<u>\$ 3,615,634</u>

The County made principal payments towards bonds payable in the amount of \$230,000, capital leases in the amount of \$36,921, and notes payable in the amount of \$32,945. Additional information on Bailey County's long-term debt can be found in the notes to the financial statements.

Economic Factor and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.
- The property tax rate was set at .8995 for maintenance and operations and for debt service.

These factors were considered in preparing Bailey County's budget for the 2014 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Bailey County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Treasurer, Bailey County, 300 S. 1st, Muleshoe, Texas 79347.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF TEXAS
Bailey County
Statement of Net Position
September 30, 2013

Exhibit A-1

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,347,237
Investments	37,168
Receivables:	
Property taxes	203,668
Other receivables, net	546,215
Inventory	34,740
Prepaid expenses	12,401
Total current assets	2,181,429
Noncurrent assets	
Restricted cash and cash equivalents	369,142
Bond issuance costs, net of accumulated amortization of \$3,454	113,987
Capital assets	7,588,887
Less: accumulated depreciation	(4,997,777)
Total noncurrent assets	3,074,239
Total assets	\$ 5,255,668
Liabilities	
Current liabilities	
Accounts payable	\$ 171,386
Accrued payroll	54,334
Accrued interest	23,404
Current portion of accrued compensated absences	55,729
Current portion of notes and capital leases payable	58,499
Current portion of bonds payable	235,000
Total current liabilities	598,352
Noncurrent liabilities	
Notes and capital leases	123,373
Bonds payable	3,010,000
Bond premium, net of accumulated amortization of \$235	183,618
Total noncurrent liabilities	3,316,991
Total liabilities	3,915,343
Net position	
Net investment in capital assets	(835,762)
Restricted for:	
Other purposes - special revenue	790,016
Jail maintenance	369,142
Unrestricted	1,016,929
Total net position	1,340,325
Total liabilities and net position	\$ 5,255,668

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
Bailey County
Statement of Activities
For the Year Ended September 30, 2013

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
General government	\$ 794,237	\$ 13,157	\$ 53,747	\$ (727,333)
Judicial	321,559	5,825	10,278	(305,456)
Legal	249,497	5,329	62,944	(181,224)
Public facilities	89,235	16,031	-	(73,204)
Public safety	1,243,853	349,132	-	(894,721)
Health and welfare	682,171	119,409	23,652	(539,110)
Road and bridge	1,070,121	527,360	-	(542,761)
Interest on long-term debt	104,269	-	-	(104,269)
<i>Total governmental activities</i>	<u>\$ 4,554,942</u>	<u>\$ 1,036,243</u>	<u>\$ 150,621</u>	(3,368,078)

General revenues and special item:

Taxes:

Property	2,648,081
Sales and other	182,942
Interest income	25,655
Miscellaneous income	118,403
Gain (loss) on disposal of capital assets	144,769
Special item - donated cash	100,000
Total general revenues and special item	<u>3,219,850</u>
Change in net position	(148,228)
Net position - beginning	<u>1,488,553</u>
Net position - ending	<u>\$ 1,340,325</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Bailey County
 Balance Sheet
 Governmental Funds
 September 30, 2013

Exhibit B-1
 Page 1 of 2

	General Fund	EMS Special Revenue Fund	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 796,589	\$ -	\$ 919,790	\$ 1,716,379
Investments	26,156	-	11,012	37,168
Receivables:				
Property taxes, net	151,320	-	52,348	203,668
Other receivables, net	396,846	96,481	52,888	546,215
Inventory	-	7,475	27,265	34,740
Prepaid expenses	-	-	12,401	12,401
<i>Total assets</i>	<u>\$ 1,370,911</u>	<u>\$ 103,956</u>	<u>\$ 1,075,704</u>	<u>\$ 2,550,571</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 107,518	\$ 9,664	\$ 54,204	\$ 171,386
Accrued payroll	36,226	6,592	11,516	54,334
Deferred revenue	138,341	-	48,084	186,425
<i>Total liabilities</i>	<u>282,085</u>	<u>16,256</u>	<u>113,804</u>	<u>412,145</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	7,475	27,265	34,740
Prepaid expenses	-	-	12,401	12,401
Spendable				
Restricted for:				
General county operations	-	-	198,517	198,517
Maintenance of roads	-	-	671,004	671,004
Court	-	-	4,569	4,569
Public safety	-	-	10,760	10,760
Healthcare	-	80,225	20,600	100,825
Debt service expenditures	-	-	17,927	17,927
Jail maintenance	369,142	-	-	369,142
Unassigned	719,684	-	(1,143)	718,541
<i>Total fund balances</i>	<u>1,088,826</u>	<u>87,700</u>	<u>961,900</u>	<u>2,138,426</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,370,911</u>	<u>\$ 103,956</u>	<u>\$ 1,075,704</u>	<u>\$ 2,550,571</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Bailey County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2013

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Fund balances - total governmental funds	\$ 2,138,426
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,591,110
Other noncurrent assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Bond issuance costs, net	113,987
Property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	186,425
Other liabilities are not due and payable in the current period and therefore, not reported in the funds:	
Bond premium, net	(183,618)
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(23,404)
Accrued compensated absences not due and payable	(55,729)
Bonds, note, and capital leases payable	<u>(3,426,872)</u>
Net position - governmental activities	<u><u>\$ 1,340,325</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Bailey County
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2013

Exhibit B-2
 Page 1 of 1

	General Fund	EMS Special Revenue Fund	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes:				
Property	\$ 1,773,022	\$ -	\$ 872,746	\$ 2,645,768
Sales and other	182,942	-	-	182,942
Intergovernmental:				
State operating grants	134,806	-	15,815	150,621
Fines, forfeitures and settlements (Note 4)	(107,091)	-	-	(107,091)
Licenses and permits	-	-	375,634	375,634
Charges for services (Note 4)	464,945	119,409	183,346	767,700
Investment income	14,708	-	10,947	25,655
Miscellaneous	109,571	232	108,600	218,403
<i>Total revenue</i>	<u>2,572,903</u>	<u>119,641</u>	<u>1,567,088</u>	<u>4,259,632</u>
<i>Expenditures:</i>				
Current:				
General government	774,069	-	5,828	779,897
Judicial	308,760	-	13,017	321,777
Legal	233,611	-	15,457	249,068
Public facilities	89,235	-	-	89,235
Public safety	1,228,093	-	6,493	1,234,586
Health and welfare	86,808	400,764	10,765	498,337
Road and bridge	-	-	920,238	920,238
Capital outlay	122,885	-	89,350	212,235
Debt service:				
Principal	32,945	-	266,921	299,866
Interest	1,544	-	93,857	95,401
<i>Total expenditures</i>	<u>2,877,950</u>	<u>400,764</u>	<u>1,421,926</u>	<u>4,700,640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(305,047)</u>	<u>(281,123)</u>	<u>145,162</u>	<u>(441,008)</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	87,907	-	79,850	167,757
Proceeds from sale of assets	9,500	-	-	9,500
Transfers in	-	101,220	9,173	110,393
Transfers (out)	(110,393)	-	-	(110,393)
<i>Total other financing sources (uses)</i>	<u>(12,986)</u>	<u>101,220</u>	<u>89,023</u>	<u>177,257</u>
<i>Net change in fund balances</i>	(318,033)	(179,903)	234,185	(263,751)
<i>Fund balances - beginning of year</i>	<u>1,406,859</u>	<u>267,603</u>	<u>727,715</u>	<u>2,402,177</u>
<i>Fund balances - end of year</i>	<u>\$ 1,088,826</u>	<u>\$ 87,700</u>	<u>\$ 961,900</u>	<u>\$ 2,138,426</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Bailey County

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, 2013

Exhibit B-2

Page 2 of 2

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	(263,751)
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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:

Capital expenditures		212,235
Depreciation expense		(358,459)
Gain on book value of trade in of capital assets		135,269

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in deferred revenue related to property taxes		2,313
--	--	-------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Current year amortization of bond premium		676
Current year amortization of bond issuance cost		(10,362)
Proceeds from capital lease		(79,850)
Proceeds from notes payable		(87,907)
Decrease in accrued compensated absences		924
Decrease in accrued interest payable		818
Principal payments on bonds		230,000
Principal payments on notes and leases payable		69,866

Change in net position of governmental activities	\$	<u>(148,228)</u>
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The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Exhibit C-1

Bailey County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 1,881,430	\$ 1,880,359	\$ 1,772,226	\$ (108,133)
Sales and other	180,250	180,250	207,179	26,929
Intergovernmental income:				
State operating grants	189,698	189,698	137,000	(52,698)
Fines, forfeitures and settlements	145,150	145,150	126,895	(18,255)
Charges for services	540,000	540,000	479,708	(60,292)
Investment income	6,700	6,700	14,708	8,008
Miscellaneous	24,700	24,700	105,478	80,778
<i>Total revenues</i>	<u>2,967,928</u>	<u>2,966,857</u>	<u>2,843,194</u>	<u>(123,663)</u>
<i>Expenditures:</i>				
Current:				
General government	933,712	933,703	759,508	174,195
Judicial	337,076	346,882	310,729	36,153
Legal	266,885	266,885	232,729	34,156
Public facilities	91,637	91,637	86,154	5,483
Public safety	1,349,332	1,329,332	1,188,574	140,758
Health and welfare	118,536	118,536	86,998	31,538
Capital outlay	145,000	145,000	122,885	22,115
Debt Service:				
Principal	-	-	32,945	(32,945)
Interest	-	-	1,544	(1,544)
<i>Total expenditures</i>	<u>3,242,178</u>	<u>3,231,975</u>	<u>2,822,066</u>	<u>409,909</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(274,250)</u>	<u>(265,118)</u>	<u>21,128</u>	<u>286,246</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	479,108	469,976	-	(469,976)
Loan proceeds	-	-	87,907	87,907
Proceeds from sale of equipment	-	-	9,500	9,500
Transfers (out)	(204,858)	(204,858)	(110,393)	94,465
<i>Total other financing sources (uses)</i>	<u>274,250</u>	<u>265,118</u>	<u>(12,986)</u>	<u>(278,104)</u>
<i>Net change in fund balance</i>	-	-	8,142	8,142
<i>Fund balance - beginning of year</i>	-	-	814,603	814,603
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,745</u>	<u>\$ 822,745</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 8,142
Adjustments to revenues for property tax and state grants				(270,291)
Adjustments to expenditures for insurance, materials, other charges, and payroll expenditures				(55,884)
Net change in fund balance (GAAP)				<u>\$ (318,033)</u>

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS

Exhibit C-2

Bailey County

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Sales and other	-	-	-	-
Intergovernmental income:				
State operating grants	-	-	-	-
Fines, forfeitures and settlements	-	-	-	-
Charges for services	200,000	200,000	298,976	98,976
Investment income	-	-	-	-
Miscellaneous	-	-	232	232
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>299,208</u>	<u>99,208</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	397,858	397,858	399,337	(1,479)
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>397,858</u>	<u>397,858</u>	<u>399,337</u>	<u>(1,479)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(197,858)</u>	<u>(197,858)</u>	<u>(100,129)</u>	<u>97,729</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	197,858	197,858	101,220	(96,638)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>197,858</u>	<u>197,858</u>	<u>101,220</u>	<u>(96,638)</u>
<i>Net change in fund balance</i>	-	-	1,091	1,091
<i>Fund balance - beginning of year</i>	-	-	(1,091)	(1,091)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,091
Adjustments to revenues for accounts receivable related to charges for services				(179,567)
Adjustments to expenditures for insurance, materials, other charges, and payroll expenditures				(1,427)
Net change in fund balance (GAAP)				<u>\$ (179,903)</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
Bailey County
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2013

Exhibit D-1

<i>Assets</i>	
Cash	\$ 329,967
Accounts receivable	<u>21</u>
<i>Total assets</i>	<u><u>\$ 329,988</u></u>
<i>Liabilities</i>	
Deposits held in trust	<u>\$ 329,988</u>
<i>Total liabilities</i>	<u><u>\$ 329,988</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. Bailey County, Texas (County) was established in January of 1918 and operates under a county judge/commissioners' court type government as provided by state statute. The Commissioners' Court has governance responsibilities over all activities related to the County. The County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, recreation facilities, judicial and legal, and general administrative services.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended September 30, 2013, the County adopted Governmental Accounting Standards Board (GASB) Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The County does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, No. 39, and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported 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 County does not have any *business-type activities*.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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*, as are the fiduciary fund financial statements. 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 of time, reimbursement and contingencies imposed by the provider are met.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the requirements of GASB Statement No. 34, the County is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

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

The *EMS Special Revenue Fund* is a special revenue fund of the County. It is used to account for the operation of the County's EMS.

Additionally, the government reports the following agency fund:

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. The agency fund is used to account for collection and disbursement of inmate funds for the Bailey County Detention Center.

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 and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 to invest in obligations of the U.S. Treasury or the State of Texas, Certificates of Deposit, certain Municipal Securities, Money Market Savings Accounts, repurchase agreements, banker's acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address 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 Certificate of Deposit.

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on the United States obligation, agency, or instrumentality is limited to twenty-four (24) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

D. Assets, Liabilities and Net Position or Equity

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 receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Property taxes are levied on October 1st in conformity with Subtitle E, Texas Property Code. Property taxes uncollected after February 1st are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st to secure the payment of all taxes, penalties, and interest ultimately imposed. The Bailey County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2013 was .8263 per \$100 valuation.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-22
Machinery and equipment	5-12
Vehicles	3-7

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through September 30, 2013, along with applicable Texas County and District Retirement System (TCDRS), FICA, and Medicare payable.

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate annual leave of ten working days per year. No more than fifteen (15) working days, or one hundred twenty (120) hours of annual leave, may be carried forward at any one time during the year. All excess annual leave shall be forfeited, if not used, unless extenuating circumstances warrant approval of an extension by the Commissioners’ Court of Bailey County.

Qualified employees are entitled to accumulate official holidays if the employees working shifts require them to work on an official holiday. Depending on employee’s department no more than thirty (30) hours to one hundred (100) hours of holiday hours, may be carried forward at any one time during the year.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year up to 240 hours (30 days). Upon termination employees receive no pay for sick time.

Vested or accumulated vacation leave and holiday that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County's highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At September 30, 2013, the nonspendable fund balance in the funds is made up of inventory and prepaid expenses in the amount of \$34,740 and \$12,401, respectively, which are not in spendable form.

Restricted and Committed Fund Balance: At September 30, 2013, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,372,744 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet on page 24.

Minimum Fund Balance Policy: The County does not have a policy for maintaining a minimum amount of fund balance for operation.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to October 1 and must be approved by resolution of the County Commissioners. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended September 30, 2013 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 3. Deposits and Investments

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. All invested funds of the County properly followed State investment requirements as of September 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 100% of the deposit amount in excess of the deposit insurance.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At September 30, 2013, \$1,951,648 of the County's bank balance of \$2,201,648 was exposed to custodial credit risk. Although the \$1,951,648 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the County's name. None of the County's deposits were uninsured and uncollateralized at September 30, 2013.

	Muleshoe State Bank
Amount of deposits	\$ 2,201,648
FDIC coverage	(250,000)
Total uninsured public funds	1,951,648
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	
	1,951,648
Uninsured and uncollateralized	\$ -
Collateral requirement (100%)	
	\$ 1,951,648
Pledged securities	4,900,192
Over (under) collateralized	\$ 2,948,544

The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of Texas.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 3. Deposits and Investments (continued)

Investments

Interest rate risk – For short term liquidity investment requirements, the County utilizes a local government investment pool. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts. TexPool was created to invest funds on behalf of Texas political subdivisions. The pool operates on a \$1 net position value basis and allows same day or next day redemptions and deposits.

TexPool investment policies limit the weighted average maturity to ninety (90) days. The maximum maturity on a United States obligation, agency, or instrumentality is limited to thirteen (13) months. The pool does not invest in derivatives. In order to maintain a stable \$1 price of the funds, the pool will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .995 or greater than 1.005. The \$1 price is not guaranteed or insured by the State of Texas, the Comptroller of Public Accounts, the pools or their administrators.

Credit Risk – State law and County policy limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2013, the County’s investments in TexPool were rated AAAM by Standard and Poor’s.

As of September 30, 2013, the County had the following investments and maturities:

	Cost Basis	Fair Value
TexPool	\$ 37,168	\$ 37,168

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the TexPool are 100% of the investment portfolio. Since the Pool only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

The County utilizes pooled accounts for some of their funds. The General, Special Revenue, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff’s Office confiscation related funds.

Reconciliation of Cash and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$1,347,237
Restricted cash and cash equivalents per Exhibit A-1	369,142
Cash and cash equivalents per Exhibit D-1	329,967
Total cash and cash equivalents, and investments	2,046,346
Add: outstanding checks	163,560
Less: deposits in transit and other items	(7,208)
Less: petty cash	(1,050)
Bank balance of deposits	\$2,201,648

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 4. Receivables

Receivables as of September 30, 2013, are as follows:

	General Fund	EMS Special Revenue Fund	Other Governmental Funds	Total
Property taxes	\$ 151,320	\$ -	\$ 52,348	\$ 203,668
Other receivables:				
Gross receipts taxes	10,480	-	-	10,480
Other taxes	-	-	48,109	48,109
Miscellaneous receivables	2,672	-	750	3,422
Charges for services	1,166,792	734,679	4,029	1,905,500
Less: allowance for doubtful accounts (charges for services)	(783,098)	(638,198)	-	(1,421,296)
Total other receivables	396,846	96,481	52,888	546,215
Total net receivables	<u>\$ 548,166</u>	<u>\$ 96,481</u>	<u>\$ 105,236</u>	<u>\$ 749,883</u>

During the current year, the County revised the estimation to account for allowance for doubtful accounts. In the current year, the County has estimated that fewer outstanding charges for services are deemed collectable. Due to this change in estimate the District Clerk Criminal Cases (which is accounted for in the General fund) and EMS allowance for doubtful accounts have increased from \$109,826 to \$266,659 and \$396,727 to \$638,198, respectively, in the current year. This increase in the allowance for doubtful accounts in the current year has caused a decrease in revenue overall presented on the Statement of Activities and the fines, forfeitures and settlements in the General fund and charges for services in the EMS special revenue fund presented on the Statement of Revenues, Expenditures and Changes in Fund Balances on pages 23 and 26, respectively.

The County has an allowance for doubtful accounts in the General fund and the EMS special revenue fund for charges for services in the amount of \$783,098 and \$638,198, respectively.

In accordance with GASB No. 33, property tax revenues in the amount of \$186,425 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

Transfers In	Transfers Out	Amount
EMS Fund	General Fund	\$ 101,220
Law Library Fund	General Fund	9,173
		<u>\$ 110,393</u>

The County transferred money from the General Fund to the EMS fund and Law Library Fund to pay for shortfalls in the money collected by each fund compared to the expenditures each fund had during the year.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended September 30, 2013. Land is not subject to depreciation.

	Balance September 30, 2012	Additions	Deletions	Balance September 30, 2013
Capital assets not being depreciated:				
Land	\$ 243,100	\$ -	\$ -	\$ 243,100
Total capital assets not being depreciated	<u>243,100</u>	<u>-</u>	<u>-</u>	<u>243,100</u>
Capital assets being depreciated:				
Buildings and improvements	4,002,714	-	-	4,002,714
Machinery and equipment.	2,211,848	236,850	108,320	2,340,378
Vehicles	959,634	139,686	96,625	1,002,695
Total capital assets being depreciated	<u>7,174,196</u>	<u>376,536</u>	<u>204,945</u>	<u>7,345,787</u>
Less accumulated depreciation:				
Buildings and improvements	1,994,765	147,004	-	2,141,769
Machinery and equipment.	1,995,236	154,723	79,288	2,070,671
Vehicles	825,230	56,732	96,625	785,337
Total accumulated depreciation	<u>4,815,231</u>	<u>358,459</u>	<u>175,913</u>	<u>4,997,777</u>
Total capital assets, net of depreciation	<u>\$ 2,602,065</u>	<u>\$ 18,077</u>	<u>\$ 29,032</u>	<u>\$ 2,591,110</u>

During the current year, the County traded in a 2007 Motor Grader for a new Motor Grader. The trade in value of the 2007 Motor Grader was \$157,000 and the book value was \$29,032. The County recorded a capitalized cost on the government wide financial statements in the amount of \$236,850 which was the actual cost of this new Motor Grader, while only recording \$79,850 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain of \$127,968 as noted in Exhibit A-2 and a reconciling item of \$127,968 for capital outlay expenditures as noted Exhibit B-2.

Also, during the current year, the County traded in 3 vehicles for 3 new Chevrolet Tahoe Sport Utility Vehicles (SUV's). The trade in value for the 3 Ford Crown Victorias was \$7,301 and the book value was \$0. The County recorded a capitalized cost on the government wide financial statements in the amount of \$95,208 which was the actual cost of these vehicles, while only recording \$87,907 in the fund financial statements as the expenditure, which included the trade in values. This resulted in a gain of \$7,301 as noted in Exhibit A-2 and a reconciling item of \$7,301 for capital outlay expenditures as noted Exhibit B-2.

Capital outlay reconciliation:

\$ 376,536	Capital outlay listed above
(157,000)	Trade in for new Motor Grader
(7,301)	Trade in for new Tahoes SUV's
<u>\$ 212,235</u>	Capital outlay per Exhibit B-2

Gain on disposal of capital assets reconciliation:

\$ 127,968	Gain on trade in of 2007 Motor Grader
7,301	Gain on trade in of 3 Ford Crown Victorias
9,500	Gain on sale of 2002 Ford Truck
<u>\$ 144,769</u>	Gain on disposal of capital assets per Exhibit A-2

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended September 30, 2013 was charged to the functions of the governmental activities as follows:

General government	\$ 13,355
Health and welfare	10,804
Public safety	179,744
Road and bridge	154,556
	<u>\$ 358,459</u>

NOTE 7. Long-term Debt

During the year ended September 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Due Within One Year
Tax and revenue bonds	\$ 3,475,000	\$ -	\$ 230,000	\$ 3,245,000	\$ 235,000
Capital leases	71,002	79,850	36,921	113,931	26,841
Note payable	12,979	87,907	32,945	67,941	31,658
Compensated absences	56,653	51,533	52,457	55,729	55,729
Total long-term debt	<u>\$ 3,615,634</u>	<u>\$ 219,290</u>	<u>\$ 352,323</u>	<u>\$ 3,482,601</u>	<u>\$ 349,228</u>

Bonds

Bonds outstanding at September 30, 2013 consisted of the following:

In March 2012, the County entered into a limited tax refunding bond series 2012 in the amount of \$3,330,000 due in annual installments on July 1st, with interest rates 2.0% to 3.0% paid semiannually through July 2024. The balance at September 30, 2013 is \$3,245,000.

The annual requirements to amortize the Bonds Payable as of September 30, 2013, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2014	\$ 235,000	\$ 82,500	\$ 317,500
2015	240,000	77,800	317,800
2016	245,000	73,000	318,000
2017	250,000	68,100	318,100
2018	255,000	63,100	318,100
2019-2023	1,365,000	220,750	1,585,750
2024	655,000	19,650	674,650
	<u>\$ 3,245,000</u>	<u>\$ 604,900</u>	<u>\$ 3,849,900</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 7. Long-term Debt (continued)

Note Payable

In August 1997, the Comptroller of the Public Accounts presented a claim for overpayments of sales tax paid to the County in the amount of \$64,897. \$270 is withheld monthly from sales tax payment through October 2016. The balance at September 30, 2013 is \$9,734.

In February 2013, the County signed a Note Payable in the amount of \$87,907 due in annual installments in February 15, through February 2015. The balance at September 30, 2013 is \$58,207.

The annual requirements to amortize the Note Payable as of September 30, 2013, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2014	\$ 31,658	\$ 2,831	\$ 34,489
2015	33,039	1,449	34,488
2016	3,244	-	3,244
	<u>\$ 67,941</u>	<u>\$ 4,280</u>	<u>\$ 72,221</u>

Capital Leases

During 2012, the County refinanced the balloon payment due on the February 2007, Road and Bridge Precinct #2 140H motor grader. The original financed amount was \$178,880 with annual installments of \$24,492 due each February 26 through 2012, interest rate at 5.55%. The refinanced capital lease is for \$90,195 with annual installments of \$19,193 due each February 17 through 2016, interest rate at 3.20%. The balance at September 30, 2013 is \$54,081.

In October 2012, Road and Bridge Precinct #3 purchased a 140H motor grader, financing \$79,850 with annual installments of \$13,335 due each October 25 through 2017, interest rate at 3.55%. The balance at September 30, 2013 is \$59,850.

The annual requirements to amortize the Capital Leases Payable as of September 30, 2013, including interest payments are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2014	\$ 26,841	\$ 5,687	\$ 32,528
2015	29,976	2,553	32,529
2016	30,984	1,544	32,528
2017	12,833	502	13,335
2018	13,297	40	13,337
	<u>\$ 113,931</u>	<u>\$ 10,326</u>	<u>\$ 124,257</u>

STATE OF TEXAS
 Bailey County
 Notes to the Financial Statements
 September 30, 2013

NOTE 7. Long-term Debt (continued)

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year ended September 30, 2013, compensated absences decreased \$924 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

NOTE 8. 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; injuries and natural disasters.

During the fiscal year September 30, 2013, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of September 30, 2013:

7th Court of Appeals Special Revenue Fund	\$ 25
Law Library Special Revenue Fund	1,118
Total	\$ 1,143

The County incurred more expenditures than revenue received in these funds in the current year. The County anticipates these fund balances will not be in a deficit state in subsequent years.

- B. Funds that exceeded approved budgetary authority for the year ended September 30, 2013:

EMS Special Revenue Fund	\$ 1,479
Road & Bridge Precinct 3 Special Revenue Fund	33,129
Road & Bridge Precinct 4 Special Revenue Fund	550
	\$ 35,158

It should be noted that the funds listed above have expenditures in excess of budget due to adjusting entries made during the audit. The EMS Special Revenue Fund expenditures were over budget due to an adjusting entry to re-categorize the fees charged by the Management & Solutions Billing Company. This amount was originally netted against the patient revenue, however was removed to record revenue and expenditures more accurately. The Road & Bridge Precinct 3 Special Revenue Fund expenditures were over budget due to an adjusting entry to record capital asset expenditures paid by debt proceeds. And the Road & Bridge Precinct 4 Special Revenue Fund expenditures were over budget due to adjusting entries to remove liabilities recorded by the accounting software.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 10. TCDRS Retirement Plan

Plan Description: Substantially all of Bailey County's full-time employees participate in a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contribution 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 employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.21% for the months of the accounting year in 2013, and 6.11% for the months in the accounting year in 2012. The contribution rate payable by the employee members for calendar years 2013 and 2012 was the rate of 7.0% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost – The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period.

Funded Status and Funding Progress- As of December 31, 2012, the most recent actuarial valuation date, the plan was 86.51% funded. The actuarial accrued liability for benefits was \$4,057,753, and the actuarial value of assets was \$3,510,464 resulting in an unfunded actuarial accrued liability (UAAL) of \$547,289. The covered payroll (annual payroll of active employees covered by the plan) was \$1,965,167 and the ratio of the UAAL to the covered payroll was 27.85%.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 10. TCDRS Retirement Plan (continued)

<u>GASB 27 Calculation Information</u>	<u>2012*</u>	<u>2013*</u>
GASB 27 compliant contribution rate	6.11%	6.21%
Assumed return on employer funds***	9.00%	9.00%
Actuarial amortization factor	12.4298	12.4298
Contribution rate	6.11%	6.21%

<u>Actuarial Information</u>			
Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
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 in years	20.0	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Assumptions:			
Investment return**	8.0%	8.0%	8.0%
Projected salary increases**	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
** includes inflation at the stated rate			

<u>Schedule of Funding Information</u>			
Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial value of assets	3,240,868	3,492,011	3,510,464
Actuarial accrued liability (AAL)	3,754,781	4,033,568	4,057,753
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	513,913	541,557	547,289
Funded ratio	86.31%	86.57%	86.51%
Annual covered payroll (actuarial)	1,866,950	1,980,681	1,965,167
UAAL or (OAAL) as percentage of covered payro	27.53%	27.34%	27.85%

Note Disclosure Variables

<u>Plan Description</u>	<u>2012*</u>	<u>2013*</u>
Number of participating employers	624	641
Years required for vesting and retirement at ag	8	8
Rule of ___ for retirement eligibility	80	80
Service years for retirement at any age	30	30
Partial lump-sum payment option	No	No
<u>Funding Policy</u>		
Contribution rate for employer	6.11%	6.21%
Deposit rate for employees	7.00%	7.00%
<u>Other</u>		
Elected rate in effect	No	No

* Relates to the calendar year

***TCDRS return assumption is 8%

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 11. Joint Powers Agreements

Housing of Prisoners Bailey County and Hockley County

Participants	Bailey County Hockley County
Responsible party	Bailey County Hockley County
Description	The Bailey County Detention Center will house prisoners from Hockley County at its facility in Muleshoe, Texas on a space available basis.
Term of agreement	November 1, 2010 through November 1, 2013
Amount of project	Hockley County will pay \$38 per day
County contributions	Unknown
Audit responsibility	Bailey County

Housing of Prisoners Bailey County and Curry County

Participants	Bailey County Curry County
Responsible party	Bailey County Curry County
Description	The Bailey County Detention Center will house prisoners from Curry County at its facility in Muleshoe, Texas on a space available basis.
Term of agreement	January 1, 2011 through January 1, 2014
Amount of project	Curry County will pay \$35 per day
County contributions	Unknown
Audit responsibility	Bailey County

Housing of Prisoners Bailey County and Lubbock County

Participants	Bailey County Lubbock County
Responsible party	Bailey County Lubbock County
Description	The Lubbock County Detention Center will house prisoners from Bailey County at its facility in Lubbock, Texas on a space available basis.
Term of agreement	July 7, 2012 through July 7, 2014
Amount of project	Bailey County will pay \$50 per day
County contributions	Unknown
Audit responsibility	Lubbock County

NOTE 12. Contingent Liabilities

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the Texas Association of Counties Risk Management Pool. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 13. Commitments

The County does not have any significant construction or other significant commitments as of September 30, 2013.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2013

NOTE 14. Restricted Net Position

The government-wide statement of net position reports \$1,159,158 of restricted assets, all of which is restricted by enabling legislation.

NOTE 15. Subsequent Events

In October 2014, the County purchased 2 Motor Graders (Precinct #1 and Precinct #4) incurring debt of \$98,350 and \$158,000 after trade-ins.

The date to which events occurring after September 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is January 24, 2014, which is the date on which the financial statements were issued.

NOTE 16. Concentrations

The County depends on financial resources flowing from, or associated with, both the constituents of the County and the State of Texas. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 17. Subsequent Pronouncements

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The County will implement this standard during fiscal year September 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The County will implement this standard during fiscal year September 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the County in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The County will implement this standard during the fiscal year September 30, 2015.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations* was issued. Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The County is still evaluating how this standard will affect the County.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued. Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The County is still evaluating how this reporting standard will affect the County.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF TEXAS
Bailey County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

Special Revenue

	County Clerk Records Archive	District Court Records Archive	7th Court of Appeals	County Health Incentive
<i>Assets</i>				
Cash and cash equivalents	\$ 26,119	\$ 1,596	\$ 70	\$ 973
Investments	-	-	-	-
Receivables:				
Property taxes, net	-	-	-	-
Other receivables, net	-	-	-	750
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 26,119</u>	<u>\$ 1,596</u>	<u>\$ 70</u>	<u>\$ 1,723</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 95	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	26,119	-	-	1,723
Maintenance of roads	-	-	-	-
Court	-	1,596	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	(25)	-
<i>Total fund balances</i>	<u>26,119</u>	<u>1,596</u>	<u>(25)</u>	<u>1,723</u>
<i>Total liabilities and fund balances</i>	<u>\$ 26,119</u>	<u>\$ 1,596</u>	<u>\$ 70</u>	<u>\$ 1,723</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Donations to County	Road & Bridge Precinct 1	Road & Bridge Precinct 2	Road & Bridge Precinct 3	Road & Bridge Precinct 4
\$ 100,000	\$ 120,237	\$ 202,472	\$ 193,550	\$ 158,521
-	68	2,661	1,805	1,590
-	6,950	6,950	6,950	6,950
-	13,172	12,847	12,910	13,209
-	10,991	9,383	3,013	3,878
-	-	-	12,401	-
<u>\$ 100,000</u>	<u>\$ 151,418</u>	<u>\$ 234,313</u>	<u>\$ 230,629</u>	<u>\$ 184,148</u>
\$ -	\$ 11,783	\$ 11,876	\$ 13,376	\$ 15,683
-	2,673	3,113	3,316	2,382
-	6,409	6,409	6,409	6,409
-	20,865	21,398	23,101	24,474
-	10,991	9,383	3,013	3,878
-	-	-	12,401	-
100,000	-	-	-	-
-	119,562	203,532	192,114	155,796
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>100,000</u>	<u>130,553</u>	<u>212,915</u>	<u>207,528</u>	<u>159,674</u>
<u>\$ 100,000</u>	<u>\$ 151,418</u>	<u>\$ 234,313</u>	<u>\$ 230,629</u>	<u>\$ 184,148</u>

STATE OF TEXAS
 Bailey County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

Special Revenue

	Attorney Check Fee	Juvenile Probation Fee	Court Reporter	DWI Video
<i>Assets</i>				
Cash and cash equivalents	\$ 770	\$ 436	\$ 7,068	\$ 612
Investments	-	-	-	-
Receivables:				
Property taxes, net	-	-	-	-
Other receivables, net	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 770</u>	<u>\$ 436</u>	<u>\$ 7,068</u>	<u>\$ 612</u>
<i>Liabilities</i>				
Accounts payable	\$ 242	\$ 31	\$ -	\$ -
Accrued payroll	32	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>274</u>	<u>31</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	-	7,068	-
Maintenance of roads	-	-	-	-
Court	496	-	-	-
Public safety	-	405	-	612
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>496</u>	<u>405</u>	<u>7,068</u>	<u>612</u>
<i>Total liabilities and fund balances</i>	<u>\$ 770</u>	<u>\$ 436</u>	<u>\$ 7,068</u>	<u>\$ 612</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Justice Court Security	Justice Court Technology	Judiciary Support	Law Library	Tobacco Settlement
\$ 1,951	\$ -	\$ 135	\$ -	\$ 15,847
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,951</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 15,847</u>
\$ -	\$ -	\$ -	\$ 1,118	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	1,118	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	15,847
1,951	-	135	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,118)	-
<u>1,951</u>	<u>-</u>	<u>135</u>	<u>(1,118)</u>	<u>15,847</u>
<u>\$ 1,951</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 15,847</u>

STATE OF TEXAS
 Bailey County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

Special Revenue

	Child Welfare	District Clerk Records Management	Drug Seizure	Probate Judicial Education
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 3,106	\$ 2,149	\$ 391
Investments	-	-	-	-
Receivables:				
Property taxes, net	-	-	-	-
Other receivables, net	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 2,149</u>	<u>\$ 391</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Spendable				
Restricted for:				
General county operations	-	3,106	-	-
Maintenance of roads	-	-	-	-
Court	-	-	-	391
Public safety	-	-	2,149	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>3,106</u>	<u>2,149</u>	<u>391</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 2,149</u>	<u>\$ 391</u>

The accompanying notes are an integral part of these financial statements

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STATE OF TEXAS
 Bailey County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

Schedule A-1
 Page 4 of 4

	Special Revenue		Debt Service	Total Nonmajor Governmental Funds
	Economic Development	Indigent Defense	Debt Service	
<i>Assets</i>				
Cash and cash equivalents	\$ 10,059	\$ 20,600	\$ 10,939	\$ 919,790
Investments	-	-	4,888	11,012
Receivables:				
Property taxes, net	-	-	24,548	52,348
Other receivables, net	-	-	-	52,888
Inventory	-	-	-	27,265
Prepaid expenses	-	-	-	12,401
<i>Total assets</i>	\$ 10,059	\$ 20,600	\$ 40,375	\$ 1,075,704
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 54,204
Accrued payroll	-	-	-	11,516
Deferred revenue	-	-	22,448	48,084
<i>Total liabilities</i>	-	-	22,448	113,804
<i>Fund balances</i>				
Nonspendable				
Inventory	-	-	-	27,265
Prepaid expenses	-	-	-	12,401
Spendable				
Restricted for:				
General county operations	10,059	-	-	198,517
Maintenance of roads	-	-	-	671,004
Court	-	-	-	4,569
Public safety	-	-	-	10,760
Healthcare	-	20,600	-	20,600
Debt service expenditures	-	-	17,927	17,927
Unassigned	-	-	-	(1,143)
<i>Total fund balances</i>	10,059	20,600	17,927	961,900
<i>Total liabilities and fund balances</i>	\$ 10,059	\$ 20,600	\$ 40,375	\$ 1,075,704

The accompanying notes are an integral part of these financial statements

STATE OF TEXAS
 Bailey County
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2013

Special Revenue

	<u>County Clerk Records Archive</u>	<u>District Court Records Archive</u>	<u>7th Court of Appeals</u>	<u>County Health Incentive</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	4,622	483	465	-
Investment income	272	15	-	-
Miscellaneous	-	-	-	1,850
<i>Total revenues</i>	<u>4,894</u>	<u>498</u>	<u>465</u>	<u>1,850</u>
<i>Expenditures:</i>				
Current:				
General government	325	-	-	-
Judicial	-	-	470	-
Legal	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	127
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>325</u>	<u>-</u>	<u>470</u>	<u>127</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,569</u>	<u>498</u>	<u>(5)</u>	<u>1,723</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	4,569	498	(5)	1,723
<i>Fund balances - beginning of year</i>	<u>21,550</u>	<u>1,098</u>	<u>(20)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 26,119</u>	<u>\$ 1,596</u>	<u>\$ (25)</u>	<u>\$ 1,723</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Donations to County	Road & Bridge Precinct 1	Road & Bridge Precinct 2	Road & Bridge Precinct 3	Road & Bridge Precinct 4
\$ -	\$ 137,857	\$ 137,857	\$ 137,857	\$ 138,016
-	-	-	-	-
-	99,696	92,584	97,219	86,135
-	29,901	29,705	48,224	43,896
-	1,794	2,569	2,347	1,917
100,000	12	-	98	103
<u>100,000</u>	<u>269,260</u>	<u>262,715</u>	<u>285,745</u>	<u>270,067</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	252,261	210,180	224,462	233,335
-	-	9,500	79,850	-
-	-	16,921	20,000	-
-	-	2,272	-	-
<u>-</u>	<u>252,261</u>	<u>238,873</u>	<u>324,312</u>	<u>233,335</u>
<u>100,000</u>	<u>16,999</u>	<u>23,842</u>	<u>(38,567)</u>	<u>36,732</u>
-	-	-	79,850	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>79,850</u>	<u>-</u>
100,000	16,999	23,842	41,283	36,732
<u>-</u>	<u>113,554</u>	<u>189,073</u>	<u>166,245</u>	<u>122,942</u>
<u>\$ 100,000</u>	<u>\$ 130,553</u>	<u>\$ 212,915</u>	<u>\$ 207,528</u>	<u>\$ 159,674</u>

STATE OF TEXAS
 Bailey County
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2013

Special Revenue

	<u>Attorney Check Fee</u>	<u>Juvenile Probation Fee</u>	<u>Court Reporter</u>	<u>DWI Video</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	1,864	855	1,170	163
Investment income	178	4	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,042</u>	<u>859</u>	<u>1,170</u>	<u>163</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	2,256	-
Judicial	-	-	-	-
Legal	2,696	-	-	-
Public safety	-	621	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,696</u>	<u>621</u>	<u>2,256</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(654)</u>	<u>238</u>	<u>(1,086)</u>	<u>163</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(654)	238	(1,086)	163
<i>Fund balances - beginning of year</i>	<u>1,150</u>	<u>167</u>	<u>8,154</u>	<u>449</u>
<i>Fund balances - end of year</i>	<u>\$ 496</u>	<u>\$ 405</u>	<u>\$ 7,068</u>	<u>\$ 612</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Justice Court Security	Justice Court Technology	Judiciary Support	Law Library	Tobacco Settlement
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,650
-	-	-	-	-
420	4,230	132	3,465	-
-	-	-	-	-
-	-	-	-	-
<u>420</u>	<u>4,230</u>	<u>132</u>	<u>3,465</u>	<u>8,650</u>
-	-	-	-	-
5,675	6,348	-	-	-
-	-	-	12,761	-
-	-	-	-	7,954
-	-	-	-	-
-	-	-	-	-
<u>5,675</u>	<u>6,348</u>	<u>-</u>	<u>12,761</u>	<u>7,954</u>
<u>(5,255)</u>	<u>(2,118)</u>	<u>132</u>	<u>(9,296)</u>	<u>696</u>
-	-	-	-	-
-	-	-	9,173	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,173</u>	<u>-</u>
(5,255)	(2,118)	132	(123)	696
<u>7,206</u>	<u>2,118</u>	<u>3</u>	<u>(995)</u>	<u>15,151</u>
<u>\$ 1,951</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ (1,118)</u>	<u>\$ 15,847</u>

STATE OF TEXAS
Bailey County
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue			
	Child Welfare	District Clerk Records Management	Drug Seizure	Probate Judicial Education
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	502	-	95
Investment income	-	32	23	8
Miscellaneous	218	-	2,078	-
<i>Total revenues</i>	<u>218</u>	<u>534</u>	<u>2,101</u>	<u>103</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	524
Legal	-	-	-	-
Public safety	-	-	1,000	-
Health and welfare	364	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>364</u>	<u>-</u>	<u>1,000</u>	<u>524</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(146)</u>	<u>534</u>	<u>1,101</u>	<u>(421)</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(146)	534	1,101	(421)
<i>Fund balances - beginning of year</i>	<u>146</u>	<u>2,572</u>	<u>1,048</u>	<u>812</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 2,149</u>	<u>\$ 391</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
Records Management	Courthouse Security	County Clerk Records Management	LEOSE Sheriff	LEOSE Constable
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
2,312	5,951	4,891	-	-
157	-	37	-	-
-	-	-	-	-
<u>2,469</u>	<u>5,951</u>	<u>4,928</u>	<u>-</u>	<u>-</u>
-	610	2,637	-	-
-	-	-	-	-
-	-	-	1,736	3,136
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>610</u>	<u>2,637</u>	<u>1,736</u>	<u>3,136</u>
<u>2,469</u>	<u>5,341</u>	<u>2,291</u>	<u>(1,736)</u>	<u>(3,136)</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,469</u>	<u>5,341</u>	<u>2,291</u>	<u>(1,736)</u>	<u>(3,136)</u>
<u>12,606</u>	<u>9,932</u>	<u>1,956</u>	<u>2,816</u>	<u>9,650</u>
<u>\$ 15,075</u>	<u>\$ 15,273</u>	<u>\$ 4,247</u>	<u>\$ 1,080</u>	<u>\$ 6,514</u>

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STATE OF TEXAS

Bailey County

Statement A-2

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2013

	Special Revenue		Debt Service	Total Nonmajor Governmental Funds
	Economic Development	Indigent Defense	Debt Service	
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ 321,159	\$ 872,746
Intergovernmental:				
State operating grants	-	7,165	-	15,815
Licenses and permits	-	-	-	375,634
Charges for services	-	-	-	183,346
Investment income	-	-	1,594	10,947
Miscellaneous	-	-	4,241	108,600
<i>Total revenues</i>	<u>-</u>	<u>7,165</u>	<u>326,994</u>	<u>1,567,088</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	5,828
Judicial	-	-	-	13,017
Legal	-	-	-	15,457
Public safety	-	-	-	6,493
Health and welfare	-	2,320	-	10,765
Road and bridge	-	-	-	920,238
Capital outlay	-	-	-	89,350
Debt service:				
Principal	-	-	230,000	266,921
Interest	-	-	91,585	93,857
<i>Total expenditures</i>	<u>-</u>	<u>2,320</u>	<u>321,585</u>	<u>1,421,926</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,845</u>	<u>5,409</u>	<u>145,162</u>
<i>Other financing sources (uses)</i>				
Proceeds from long term debt	-	-	-	79,850
Transfers in	-	-	-	9,173
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,023</u>
<i>Net change in fund balances</i>	-	4,845	5,409	234,185
<i>Fund balances - beginning of year</i>	<u>10,059</u>	<u>15,755</u>	<u>12,518</u>	<u>727,715</u>
<i>Fund balances - end of year</i>	<u>\$ 10,059</u>	<u>\$ 20,600</u>	<u>\$ 17,927</u>	<u>\$ 961,900</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF TEXAS

Schedule I

Bailey County

Road & Bridge Precinct 1 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 111,432	\$ 111,432	\$ 137,868	\$ 26,436
Licenses and permits	95,000	95,000	99,772	4,772
Charges for services	10,800	10,800	28,224	17,424
Investment income	500	500	1,794	1,294
Miscellaneous	-	-	12	12
<i>Total revenues</i>	<u>217,732</u>	<u>217,732</u>	<u>267,670</u>	<u>49,938</u>
<i>Expenditures:</i>				
Current:				
Road and bridge	287,586	287,586	248,878	38,708
Capital outlay	19,000	19,000	-	19,000
Debt service:				
Principal	17,178	17,178	-	17,178
Interest	-	-	-	-
<i>Total expenditures</i>	<u>323,764</u>	<u>323,764</u>	<u>248,878</u>	<u>74,886</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(106,032)</u>	<u>(106,032)</u>	<u>18,792</u>	<u>124,824</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	<u>106,032</u>	<u>106,032</u>	<u>-</u>	<u>(106,032)</u>
<i>Total other financing sources (uses)</i>	<u>106,032</u>	<u>106,032</u>	<u>-</u>	<u>(106,032)</u>
<i>Net change in fund balance</i>	-	-	18,792	18,792
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>101,513</u>	<u>101,513</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,305</u>	<u>\$ 120,305</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 18,792
Adjustments to revenues for property taxes and licenses and fees revenue accruals				1,590
Adjustments to expenditures for road and bridge costs				<u>(3,383)</u>
Net change in fund balance (GAAP)				<u>\$ 16,999</u>

See independent auditors' report

STATE OF TEXAS

Schedule II

Bailey County

Road & Bridge Precinct 2 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 111,432	\$ 81,432	\$ 137,868	\$ 56,436
Licenses and permits	85,500	85,500	92,830	7,330
Charges for services	10,500	10,500	28,049	17,549
Investment income	300	300	2,569	2,269
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>207,732</u>	<u>177,732</u>	<u>261,316</u>	<u>83,584</u>
<i>Expenditures:</i>				
Current:				
Road and bridge	228,730	231,680	203,819	27,861
Capital outlay	12,000	12,000	9,500	2,500
Debt service:				
Principal	25,000	25,000	16,921	8,079
Interest	-	-	2,272	(2,272)
<i>Total expenditures</i>	<u>265,730</u>	<u>268,680</u>	<u>232,512</u>	<u>36,168</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(57,998)</u>	<u>(90,948)</u>	<u>28,804</u>	<u>119,752</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	57,998	90,948	-	(90,948)
<i>Total other financing sources (uses)</i>	<u>57,998</u>	<u>90,948</u>	<u>-</u>	<u>(90,948)</u>
<i>Net change in fund balance</i>	-	-	28,804	28,804
<i>Fund balance - beginning of year</i>	-	-	176,329	176,329
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,133</u>	<u>\$ 205,133</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 28,804
Adjustments to revenues for property taxes, licenses, fees, and refinancing proceeds revenue accruals				1,399
Adjustments to expenditures for road and bridge costs				<u>(6,361)</u>
Net change in fund balance (GAAP)				<u>\$ 23,842</u>

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STATE OF TEXAS

Schedule III

Bailey County

Road & Bridge Precinct 3 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 111,432	\$ 111,432	\$ 137,868	\$ 26,436
Licenses and permits	85,500	85,500	97,287	11,787
Charges for services	12,000	12,000	46,757	34,757
Investment income	500	500	2,347	1,847
Miscellaneous	-	-	98	98
<i>Total revenues</i>	<u>209,432</u>	<u>209,432</u>	<u>284,357</u>	<u>74,925</u>
<i>Expenditures:</i>				
Current:				
Road and bridge	241,246	241,246	207,624	33,622
Capital outlay	40,000	40,000	79,850	(39,850)
Debt service:				
Principal	5,500	5,500	32,401	(26,901)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>286,746</u>	<u>286,746</u>	<u>319,875</u>	<u>(33,129)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(77,314)</u>	<u>(77,314)</u>	<u>(35,518)</u>	<u>41,796</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	77,314	77,314	-	(77,314)
Proceeds from long term debt	-	-	79,850	79,850
<i>Total other financing sources (uses)</i>	<u>77,314</u>	<u>77,314</u>	<u>79,850</u>	<u>2,536</u>
<i>Net change in fund balance</i>	-	-	44,332	44,332
<i>Fund balance - beginning of year</i>	-	-	151,023	151,023
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,355</u>	<u>\$ 195,355</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 44,332
Adjustments to revenues for property taxes and licenses and fees revenue accruals				1,388
Adjustments to expenditures for road and bridge costs				(4,437)
Net change in fund balance (GAAP)				<u>\$ 41,283</u>

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STATE OF TEXAS

Schedule IV

Bailey County

Road & Bridge Precinct 4 Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 111,732	\$ 111,432	\$ 138,100	\$ 26,668
Licenses and permits	79,500	79,500	86,179	6,679
Charges for services	13,000	13,000	41,984	28,984
Investment income	250	250	1,917	1,667
Miscellaneous	-	-	103	103
<i>Total revenues</i>	<u>204,482</u>	<u>204,182</u>	<u>268,283</u>	<u>64,101</u>
<i>Expenditures:</i>				
Current:				
Road and bridge	220,427	220,427	220,977	(550)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>220,427</u>	<u>220,427</u>	<u>220,977</u>	<u>(550)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,945)</u>	<u>(16,245)</u>	<u>47,306</u>	<u>63,551</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	15,945	16,245	-	(16,245)
<i>Total other financing sources (uses)</i>	<u>15,945</u>	<u>16,245</u>	<u>-</u>	<u>(16,245)</u>
<i>Net change in fund balance</i>	-	-	47,306	47,306
<i>Fund balance - beginning of year</i>	-	-	112,805	112,805
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,111</u>	<u>\$ 160,111</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 47,306
Adjustments to revenues for property taxes and licenses and fees revenue accruals				1,784
Adjustments to expenditures for road and bridge costs				(12,358)
Net change in fund balance (GAAP)				<u>\$ 36,732</u>

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STATE OF TEXAS
Bailey County
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2013

Schedule V
Page 1 of 3

	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
JUSTICE OF THE PEACE				
<i>Assets</i>				
Cash and cash investments	\$ 44,499	\$ 235,902	\$ 278,399	\$ 2,002
<i>Total assets</i>	<u>\$ 44,499</u>	<u>\$ 235,902</u>	<u>\$ 278,399</u>	<u>\$ 2,002</u>
<i>Liabilities</i>				
Due to others	\$ 44,499	\$ 235,902	\$ 278,399	\$ 2,002
<i>Total liabilities</i>	<u>\$ 44,499</u>	<u>\$ 235,902</u>	<u>\$ 278,399</u>	<u>\$ 2,002</u>
DISTRICT CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 45,541	\$ 202,013	\$ 181,896	\$ 65,658
<i>Total assets</i>	<u>\$ 45,541</u>	<u>\$ 202,013</u>	<u>\$ 181,896</u>	<u>\$ 65,658</u>
<i>Liabilities</i>				
Due to others	\$ 45,541	\$ 202,013	\$ 181,896	\$ 65,658
<i>Total liabilities</i>	<u>\$ 45,541</u>	<u>\$ 202,013</u>	<u>\$ 181,896</u>	<u>\$ 65,658</u>
DISTRICT CLERK TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 50,611	\$ 74,988	\$ 23,505	\$ 102,094
<i>Total assets</i>	<u>\$ 50,611</u>	<u>\$ 74,988</u>	<u>\$ 23,505</u>	<u>\$ 102,094</u>
<i>Liabilities</i>				
Due to others	\$ 50,611	\$ 74,988	\$ 23,505	\$ 102,094
<i>Total liabilities</i>	<u>\$ 50,611</u>	<u>\$ 74,988</u>	<u>\$ 23,505</u>	<u>\$ 102,094</u>
COUNTY CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 32,042	\$ 135,439	\$ 125,444	\$ 42,037
<i>Total assets</i>	<u>\$ 32,042</u>	<u>\$ 135,439</u>	<u>\$ 125,444</u>	<u>\$ 42,037</u>
<i>Liabilities</i>				
Due to others	\$ 32,042	\$ 135,439	\$ 125,444	\$ 42,037
<i>Total liabilities</i>	<u>\$ 32,042</u>	<u>\$ 135,439</u>	<u>\$ 125,444</u>	<u>\$ 42,037</u>
TAX ASSESSOR/COLLECTOR				
<i>Assets</i>				
Cash and cash investments	\$ 57,171	\$ 887,865	\$ 896,259	\$ 48,777
<i>Total assets</i>	<u>\$ 57,171</u>	<u>\$ 887,865</u>	<u>\$ 896,259</u>	<u>\$ 48,777</u>
<i>Liabilities</i>				
Due to others	\$ 57,171	\$ 887,865	\$ 896,259	\$ 48,777
<i>Total liabilities</i>	<u>\$ 57,171</u>	<u>\$ 887,865</u>	<u>\$ 896,259</u>	<u>\$ 48,777</u>
COUNTY ATTORNEY TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 19,871	\$ 3,071	\$ 3,425	\$ 19,517
<i>Total assets</i>	<u>\$ 19,871</u>	<u>\$ 3,071</u>	<u>\$ 3,425</u>	<u>\$ 19,517</u>
<i>Liabilities</i>				
Due to others	\$ 19,871	\$ 3,071	\$ 3,425	\$ 19,517
<i>Total liabilities</i>	<u>\$ 19,871</u>	<u>\$ 3,071</u>	<u>\$ 3,425</u>	<u>\$ 19,517</u>

See independent auditors' report

STATE OF TEXAS

Bailey County

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2013

Schedule V

Page 2 of 3

	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
SHERIFF'S BENEFIT				
<i>Assets</i>				
Cash and cash investments	\$ 799	160	\$ 325	\$ 634
Accounts receivable	-	21	-	21
<i>Total assets</i>	<u>\$ 799</u>	<u>\$ 181</u>	<u>\$ 325</u>	<u>\$ 655</u>
<i>Liabilities</i>				
Due to others	\$ 799	\$ 160	\$ 325	\$ 634
<i>Total liabilities</i>	<u>\$ 799</u>	<u>\$ 160</u>	<u>\$ 325</u>	<u>\$ 634</u>
JUVENILE PROBATION				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 210	\$ 210	\$ -
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ -</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 210	\$ 210	\$ -
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ -</u>
SHERIFF'S INMATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 7,844	\$ 55,968	\$ 56,429	\$ 7,383
<i>Total assets</i>	<u>\$ 7,844</u>	<u>\$ 55,968</u>	<u>\$ 56,429</u>	<u>\$ 7,383</u>
<i>Liabilities</i>				
Due to others	\$ 7,844	\$ 55,968	\$ 56,429	\$ 7,383
<i>Total liabilities</i>	<u>\$ 7,844</u>	<u>\$ 55,968</u>	<u>\$ 56,429</u>	<u>\$ 7,383</u>
UNCLAIMED PROPERTY				
<i>Assets</i>				
Cash and cash investments	\$ 11,279	\$ 1,167	\$ -	\$ 12,446
<i>Total assets</i>	<u>\$ 11,279</u>	<u>\$ 1,167</u>	<u>\$ -</u>	<u>\$ 12,446</u>
<i>Liabilities</i>				
Due to others	\$ 11,279	\$ 1,167	\$ -	\$ 12,446
<i>Total liabilities</i>	<u>\$ 11,279</u>	<u>\$ 1,167</u>	<u>\$ -</u>	<u>\$ 12,446</u>
COMMISSARY				
<i>Assets</i>				
Cash and cash investments	\$ 10,128	\$ 24,368	\$ 25,741	\$ 8,755
<i>Total assets</i>	<u>\$ 10,128</u>	<u>\$ 24,368</u>	<u>\$ 25,741</u>	<u>\$ 8,755</u>
<i>Liabilities</i>				
Due to others	\$ 10,128	\$ 24,368	\$ 25,741	\$ 8,755
<i>Total liabilities</i>	<u>\$ 10,128</u>	<u>\$ 24,368</u>	<u>\$ 25,741</u>	<u>\$ 8,755</u>
COLISEUM DEPOSIT				
<i>Assets</i>				
Cash and cash investments	\$ 900	\$ 976	\$ 500	\$ 1,376
<i>Total assets</i>	<u>\$ 900</u>	<u>\$ 976</u>	<u>\$ 500</u>	<u>\$ 1,376</u>
<i>Liabilities</i>				
Due to others	\$ 900	\$ 976	\$ 500	\$ 1,376
<i>Total liabilities</i>	<u>\$ 900</u>	<u>\$ 976</u>	<u>\$ 500</u>	<u>\$ 1,376</u>

See independent auditors' report

STATE OF TEXAS
Bailey County
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2013

	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
STATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 158	\$ -	\$ -	\$ 158
<i>Total assets</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
<i>Liabilities</i>				
Due to others	\$ 158	\$ -	\$ -	\$ 158
<i>Total liabilities</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
MEALS ON WHEELS				
<i>Assets</i>				
Cash and cash investments	\$ 2,228	\$ -	\$ -	\$ 2,228
<i>Total assets</i>	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>
<i>Liabilities</i>				
Due to others	\$ 2,228	\$ -	\$ -	\$ 2,228
<i>Total liabilities</i>	<u>\$ 2,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>
CAPITAL PROJECT - MAPLE WATER GRANT PROJECT				
<i>Assets</i>				
Cash and cash investments	\$ 5,121	\$ 6,874	\$ 5,121	\$ 6,874
<i>Total assets</i>	<u>\$ 5,121</u>	<u>\$ 6,874</u>	<u>\$ 5,121</u>	<u>\$ 6,874</u>
<i>Liabilities</i>				
Due to others	\$ 5,121	\$ 6,874	\$ 5,121	\$ 6,874
<i>Total liabilities</i>	<u>\$ 5,121</u>	<u>\$ 6,874</u>	<u>\$ 5,121</u>	<u>\$ 6,874</u>
COUNTY ATTORNEY HOT CHECKS FUND				
<i>Assets</i>				
Cash and cash investments	\$ -	\$ 16,155	\$ 6,127	\$ 10,028
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 16,155</u>	<u>\$ 6,127</u>	<u>\$ 10,028</u>
<i>Liabilities</i>				
Due to others	\$ -	\$ 16,155	\$ 6,127	\$ 10,028
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 16,155</u>	<u>\$ 6,127</u>	<u>\$ 10,028</u>
TOTAL ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash investments	\$ 288,192	1,645,156	\$ 1,603,381	\$ 329,967
Accounts receivable	-	21	-	21
<i>Total assets</i>	<u>\$ 288,192</u>	<u>\$ 1,645,177</u>	<u>\$ 1,603,381</u>	<u>\$ 329,988</u>
<i>Liabilities</i>				
Due to others	\$ 288,192	\$ 1,645,177	\$ 1,603,381	\$ 329,988
<i>Total liabilities</i>	<u>\$ 288,192</u>	<u>\$ 1,645,177</u>	<u>\$ 1,603,381</u>	<u>\$ 329,988</u>

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