

**CASTRO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED**  
**SEPTEMBER 30, 2014**

**CASTRO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2014**

**TABLE OF CONTENTS**

	Page
<b>PART I – INTRODUCTORY SECTION</b>	
LIST OF PRINCIPAL COUNTY OFFICIALS.....	i
<b>PART II – FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS’ REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3
BASIC FINANCIAL STATEMENTS	
<u>Government-wide Financial Statements</u>	
Statement of Net Position .....	8
Statement of Activities .....	9
<u>Governmental Fund Financial Statements</u>	
Balance Sheet – Governmental Funds .....	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	11
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds .....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road and Bridge Precinct #1 Fund .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road and Bridge Precinct #2 Fund .....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road and Bridge Precinct #3 Fund .....	17

**CASTRO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2014**

**TABLE OF CONTENTS**

	Page
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Road and Bridge Precinct #4 Fund .....	18
Statement of Fiduciary Net Position – Agency Funds .....	19
<u>Notes to Basic Financial Statements</u> .....	20
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress for the Retirement Plan for the Employees of Castro County, Texas .....	33
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Non-major Governmental Funds .....	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds .....	37
Combining Balance Sheet – Road and Bridge Funds .....	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Road and Bridge Funds .....	41
Combining Statement of Fiduciary Net Position – Agency Funds .....	42
 <b>PART III – COMPLIANCE</b>	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	43

**PART I**

**INTRODUCTORY SECTION**

**CASTRO COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**SEPTEMBER 30, 2014**

Carroll Gerber	County Judge
Tom McLain	Commissioner, Precinct #1
Tim Elliott	Commissioner, Precinct #2
Steve Smith	Commissioner, Precinct #3
Dan Schmucker	Commissioner, Precinct #4
Rob Kincaid, Jr.	Judge, 64 <sup>th</sup> Judicial District
Edward Lee Self	Judge, 242 <sup>nd</sup> Judicial District
Shalyn Hamlin	County and District Attorney
JoAnna Blanco	County and District Clerk
Pamala Rickert	County Tax Assessor/Collector
Kristen Yorton	County Treasurer
Salvador Rivera	County Sheriff
Oreda Campbell	Justice of the Peace
Ray Aleman	Constable
Pauline George	County Auditor

**PART II**  
**FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund with its respective budgetary comparison schedule, and the aggregate remaining fund information of Castro County, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund with its respective budgetary comparison schedule, and the aggregate remaining fund information of Castro County, Texas, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the schedule of funding progress for the retirement plan for the employees of Castro County, Texas on pages 3 – 7 and page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Castro County, Texas' financial statements as a whole. The combining non-major and agency fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major and agency fund financial statements listed under other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of Castro County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Castro County, Texas' internal control over financial reporting and compliance.

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

DOSHIER, PICKENS & FRANCIS, LLC

December 5, 2014



# CASTRO COUNTY DIMMITT, TEXAS

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COUNTY AUDITOR

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114 S. BROADWAY

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Castro County, we offer readers of Castro County's financial statements this narrative overview and analysis of the financial activities of Castro County for the fiscal year ended September 30, 2014.

### **Financial Highlights**

#### **Government-Wide Financial Statements**

- The assets of Castro County exceed its liabilities at September 30, 2014 by \$5,693,526 (net position). Of this amount \$4,137,461 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, \$441,826 (restricted net position) legally must be used for expenditures for specified purposes, such as library, juvenile probation, etc., and \$1,114,239 of the County's equity is invested in capital assets, net of related debt.
- The County's total long-term debt outstanding at September 30, 2014 was zero.
- The net position (equity) of the County decreased by \$93,760 during the 2014 fiscal year.

#### **Fund Financial Statements**

- As of September 30, 2014, Castro County's governmental funds reported combined ending fund balances of \$4,417,921. This fund balance reflects a decrease of \$31,378 for the current year. Approximately 59% of fund balance \$2,601,681 is available for spending at the government's discretion.
- As of September 30, 2014 nonspendable fund balance consisted of \$38,281 for prepaid expenditures and restricted fund balance and committed special fund was \$1,777,959.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Castro County's basic financial statements. Castro County's basic financial statements comprise 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.

#### **Government-Wide Financial Statements**

The statement of net position presents information on all of Castro 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 Castro 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).

The government-wide financial statements reflect functions of Castro County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Castro County include administrative, judicial, public facilities, public safety, public services and road and bridge.

The government-wide financial statements can be found on pages 8 – 9 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. Castro 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 Castro County can be divided into two categories: governmental funds and fiduciary funds.

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

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

Castro County maintains two governmental fund types, which are the general fund and special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, and combined road and bridge funds for each of the County's four precincts (special revenue funds), which are both considered to be major funds. Data from the other non-major governmental funds (special revenue funds) are combined into the aggregated presentation. Individual fund data for each of the non-major governmental funds (special revenue funds), as well as the individual road bridge precincts, is provided in the form of combined statements elsewhere in this report.

The governmental fund financial statements can be found on pages 10 – 13 of this report.

Castro County adopts an annual appropriated budget for its general fund, road and bridge fund (special revenue fund), and various other special revenue funds. Budgetary comparison statements have been provided for the general fund and the County's various road and bridge funds to demonstrate the County's compliance with the budget on pages 14 – 18.

**Fiduciary funds.** Fiduciary funds are used to account for assets held by Castro County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are all reported as Agency Funds. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The basic agency fund financial statement can be found on page 19 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 following the basic financial statements in this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds (special revenue funds), individual road and bridge precincts, and agency funds are presented immediately following the required supplementary information. Combining statements can be found on pages 34 – 42 of this report.

## GOVERNMENT-WIDE FINACIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Castro County, assets exceeded liabilities by \$5,693,526 at September 30, 2014 as detailed below:

### Statement of Net Position

Governmental activities:	<u>9/30/14</u>	<u>9/30/13</u>
Current and other assets	\$ 4,821,213	\$ 4,776,718
Capital assets (net accumulated depreciation)	<u>1,114,239</u>	<u>1,197,282</u>
Total assets	<u>5,935,452</u>	<u>5,974,000</u>
Current and other liabilities	187,575	116,384
Long-term liabilities	<u>54,351</u>	<u>70,330</u>
Total liabilities	<u>241,926</u>	<u>186,714</u>
Net Position:		
Net investment in capital assets	1,114,239	1,197,282
Restricted net position	441,826	405,430
Unrestricted net position	<u>4,137,461</u>	<u>4,184,574</u>
Total net position	<u>\$ 5,693,526</u>	<u>\$ 5,787,286</u>

\$1,114,239 of Castro County's net position (19.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is outstanding. Castro County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Castro 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. The government's net position decreased by \$93,760 during the year ended September 30, 2014 as noted below:

Statement of Activities

	<u>Net Change</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
<b>Governmental Activities</b>			
<b>Revenues</b>			
Program Revenues			
Charges for service	(32,859)	847,889	880,748
Operating grants and contributions	20,141	353,453	333,312
Capital grants and contributions	-	-	-
General Revenue			
Property taxes	122,035	2,743,267	2,621,232
Other taxes	(24,704)	246,409	271,113
Sale of assets	14,704	14,704	-
Investment earnings	(20,683)	20,753	41,436
Miscellaneous revenues	9,332	147,902	138,570
Total revenues	<u>87,966</u>	<u>4,374,377</u>	<u>4,286,411</u>
<b>Expenses</b>			
General government	51,880	819,190	767,310
Judicial	5,707	348,267	342,560
Public facilities	24,011	429,428	405,417
Public safety	(14,021)	1,434,159	1,448,180
Public Services	22,671	99,030	76,359
Road and bridge	(18,825)	1,338,063	1,356,888
Total expenses	<u>71,423</u>	<u>4,468,137</u>	<u>4,396,714</u>
Change in net assets before transfers	16,543	(93,760)	(110,303)
Transfers	-	-	-
Change in net assets	<u>16,543</u>	(93,760)	(110,303)
Net assets - beginning of year		<u>5,787,286</u>	<u>5,897,589</u>
Net assets - ending of year		<u>5,693,526</u>	<u>5,787,286</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

As of September 30, 2014, Castro County's governmental funds reported combined ending fund balances of \$4,417,921. Approximately 59 percent of this total amount or \$2,601,681 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either restricted for special revenue purposes or committed to special projects, \$1,777,959 or in a nonspendable form (prepaid insurance) in the amount of \$38,281.

The general fund is the chief operating fund of the County. The unassigned fund balance at September 30, 2014 represents 97.7 percent of the total general fund expenditures.

**FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund reflected a deficit of \$286,279, which drew upon fund balance. The final amended budget resulted in a deficit of \$223,721. The actual expenditures were \$156,226 less than the final budgeted amounts, and the actual revenues and net transfers in were \$29,668 more than was budgeted resulting in a favorable variance of \$185,894.

In the Road and Bridge Funds (special revenue funds), the combined original budgets reflect a deficit of \$224,837 which drew upon fund balance. The final amended budgets resulted in a deficit of \$224,837. The combined actual expenditures were \$133,232 less than the final budgeted amounts, and combined actual revenues and net transfers were \$71,729 more than was budgeted resulting in a favorable variance of \$204,961.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets. Castro County’s investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$1,114,239 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment. The County follows guidance from the Governmental Accounting Standards Board (“GASB”) for accounting for and reporting of infrastructure assets (roads and bridges). Consequently, the County does not currently have any infrastructure assets that are required to be included on the government wide financial statements.

Governmental activities capital assets were as follows:

**GOVERNMENTAL ACTIVITIES (NET OF DEPRECIATION)**

	<u>9/30/2014</u>	<u>9/30/2014</u>
Land	\$ 14,388	\$ 14,388
Buildings and Improvements	284,178	235,814
Equipment	<u>815,673</u>	<u>947,080</u>
Total	<u>1,114,239</u>	<u>1,197,282</u>

Additional information on Castro County’s capital assets can be found in Note 6 of this report.

**CAPITAL LEASES PAYABLE**

Capital Leases Payable. During the year ended September 30, 2014 Castro County had no capital lease payables.

**ECONOMIC FACTORS AND NET YEAR’S BUDGET AND RATES**

- The agriculture economy in the region is stable.
- The County promotes and encourages economic development to improve the economy.
- Castro County’s goal is to improve the quality of life of all its citizens.

All of these factors were considered in preparing Castro County’s budget for the 2014 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of Castro County’s finances for those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor, Castro County Courthouse, 100 E. Bedford, Dimmitt, TX 79027.

## **BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,170,635
Investments	1,288,978
Delinquent taxes receivable, net	136,518
Accounts receivable, net	114,312
Due from other governmental entities	72,487
Prepaid expenses	38,281
Capital assets, net of accumulated depreciation	<u>1,114,240</u>
Total assets	<u>5,935,451</u>
<b>LIABILITIES</b>	
Accounts payable	65,210
Accrued payroll and benefits	104,256
Due to other governmental entities	18,108
Noncurrent liabilities:	
Due within one year	5,434
Due in more than one year	<u>48,917</u>
Total liabilities	<u>241,925</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,114,239
Restricted:	
By enabling legislation for special projects	300,099
Special projects	141,727
Unrestricted	<u>4,137,461</u>
Total net position	<u><u>\$ 5,693,526</u></u>

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

**CASTRO COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED SEPTEMBER 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Primary government</b>					
Governmental Activities:					
Administrative	\$ 819,188	\$ 226,409	\$ 20,000	\$ -	\$ (572,779)
Judicial	348,267	39,470	27,500	-	(281,297)
Public facilities	429,428	27,160	42,612	-	(359,656)
Public safety	1,434,157	36,432	237,082	-	(1,160,643)
Road and bridge	1,338,062	518,417	26,259	-	(793,386)
Public services	99,030	-	-	-	(99,030)
<b>Total</b>	<b>\$ 4,468,132</b>	<b>\$ 847,888</b>	<b>\$ 353,453</b>	<b>\$ -</b>	<b>(3,266,791)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes					2,062,406
Property taxes, levied for road and bridge					680,858
Sales and miscellaneous taxes					246,409
Interest earnings					20,752
Miscellaneous					147,902
Gain on sale of capital assets					14,704
<b>Total general revenues</b>					<b>3,173,031</b>
<b>Change in net position</b>					<b>(93,760)</b>
<b>Net position - beginning</b>					<b>5,787,286</b>
<b>Net position - ending</b>					<b>\$ 5,693,526</b>

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



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

	<u>General</u>	<u>Combined Road and Bridge</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,380,463	\$ 1,330,431	\$ 459,741	\$ 3,170,635
Investments	1,255,546	33,432	-	1,288,978
Delinquent taxes receivable, net	101,658	34,860	-	136,518
Accounts receivable, net	113,927	347	38	114,312
Due from other funds	3,600	-	-	3,600
Due from other governmental entities	72,487	-	-	72,487
Prepaid expenses	24,113	14,106	62	38,281
	<u>\$ 2,951,794</u>	<u>\$ 1,413,176</u>	<u>\$ 459,841</u>	<u>\$ 4,824,811</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29,606	\$ 32,636	\$ 2,968	\$ 65,210
Due to other funds	-	-	3,600	3,600
Accrued payroll and benefits	60,001	38,460	5,795	104,256
Due to other governmental entities	18,108	-	-	18,108
	<u>107,715</u>	<u>71,096</u>	<u>12,363</u>	<u>191,174</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	94,920	32,375	-	127,295
Unavailable revenue - other receivables	88,421	-	-	88,421
	<u>183,341</u>	<u>32,375</u>	<u>-</u>	<u>215,716</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenditures	24,113	14,106	62	38,281
Restricted:				
By enabling legislation for special projects	-	-	300,099	300,099
Special projects	-	-	141,727	141,727
Committed:				
Special projects	34,944	1,295,599	5,590	1,336,133
Unassigned	2,601,681	-	-	2,601,681
	<u>2,660,738</u>	<u>1,309,705</u>	<u>447,478</u>	<u>4,417,921</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,951,794</u>	<u>\$ 1,413,176</u>	<u>\$ 459,841</u>	<u>\$ 4,824,811</u>

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

**CASTRO COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

Total fund balance - governmental funds	\$	4,417,921
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		1,114,240
<p>Long-term assets are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements</p>		215,716
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Compensated absences		(54,351)
Net position - governmental activities	\$	5,693,526

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

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

	<u>General</u>	<u>Combined Road and Bridge</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 2,055,304	\$ 680,860	\$ -	\$ 2,736,164
Sales and miscellaneous taxes	246,409	-	-	246,409
Licenses and fees	169,310	518,418	62,454	750,182
Fines and forfeitures	100,125	-	-	100,125
Intergovernmental	70,952	26,260	256,241	353,453
Interest earnings	14,846	5,089	817	20,752
Miscellaneous	118,772	18,679	10,451	147,902
Total revenues	<u>2,775,718</u>	<u>1,249,306</u>	<u>329,963</u>	<u>4,354,987</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	780,625	-	18,651	799,276
Judicial	323,548	-	24,396	347,944
Public facilities	302,784	-	119,219	422,003
Public safety	1,124,763	-	7,979	1,132,742
Road and bridge	1,401	1,092,075	645	1,094,121
Public services	99,030	-	247,149	346,179
Capital outlay	66,993	182,457	-	249,450
Total expenditures	<u>2,699,144</u>	<u>1,274,532</u>	<u>418,039</u>	<u>4,391,715</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>76,574</u>	<u>(25,226)</u>	<u>(88,076)</u>	<u>(36,728)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	5,350	-	5,350
Transfers in	-	-	124,401	124,401
Transfers out	(124,401)	-	-	(124,401)
Total other financing sources (uses)	<u>(124,401)</u>	<u>5,350</u>	<u>124,401</u>	<u>5,350</u>
<b>NET CHANGE IN FUND BALANCES</b>	(47,827)	(19,876)	36,325	(31,378)
<b>FUND BALANCES - BEGINNING</b>	<u>2,708,565</u>	<u>1,329,581</u>	<u>411,153</u>	<u>4,449,299</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,660,738</u>	<u>\$ 1,309,705</u>	<u>\$ 447,478</u>	<u>\$ 4,417,921</u>

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

**CASTRO COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - total governmental funds: \$ (31,378)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays, \$249,450, were exceeded by depreciation, \$341,846, in the current period. (92,396)

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental fund, the proceeds from the sale increase financial resources. Thus, the change in net assets differed from the change in fund balance by the net book value of the capital assets sold. (3,896)

The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. 13,250

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue. 4,681

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences, net change 15,979

Change in net position of governmental activities \$ (93,760)

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

**CASTRO COUNTY, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 2,041,363	\$ 2,041,363	\$ 2,055,304	\$ 13,941
Sales and miscellaneous taxes	176,100	176,100	246,409	70,309
Licenses and fees	113,350	113,350	169,310	55,960
Fines and forfeitures	178,320	178,320	100,125	(78,195)
Intergovernmental	63,800	63,800	70,952	7,152
Investment earnings	26,300	26,300	14,846	(11,454)
Miscellaneous	69,600	152,416	118,772	(33,644)
Total revenues	<u>2,668,833</u>	<u>2,751,649</u>	<u>2,775,718</u>	<u>24,069</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	803,949	787,752	780,625	7,127
Judicial	333,024	343,298	323,548	19,750
Public facilities	298,404	305,488	302,784	2,704
Public safety	1,201,480	1,212,168	1,124,763	87,405
Road and bridge	2,000	2,000	1,401	599
Public services	97,445	106,945	99,030	7,915
Capital outlay	98,810	97,719	66,993	30,726
Total expenditures	<u>2,835,112</u>	<u>2,855,370</u>	<u>2,699,144</u>	<u>156,226</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(166,279)</u>	<u>(103,721)</u>	<u>76,574</u>	<u>180,295</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(120,000)</u>	<u>(130,000)</u>	<u>(124,401)</u>	<u>5,599</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>(130,000)</u>	<u>(124,401)</u>	<u>5,599</u>
<b>NET CHANGE IN FUND BALANCE</b>	(286,279)	(233,721)	(47,827)	185,894
<b>FUND BALANCE - BEGINNING</b>	<u>2,708,565</u>	<u>2,708,565</u>	<u>2,708,565</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,422,286</u>	<u>\$ 2,474,844</u>	<u>\$ 2,660,738</u>	<u>\$ 185,894</u>

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

**CASTRO COUNTY, TEXAS  
PRECINCT #1 ROAD AND BRIDGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 178,994	\$ 178,994	\$ 180,428	\$ 1,434
Licenses and fees	133,000	133,000	142,018	9,018
Intergovernmental	6,300	6,300	6,565	265
Investment earnings	1,900	1,900	1,176	(724)
Miscellaneous	-	-	10,549	10,549
	<u>320,194</u>	<u>320,194</u>	<u>340,736</u>	<u>20,542</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Road and bridge	332,748	338,739	311,489	27,250
Capital outlay	40,000	34,009	30,099	3,910
	<u>372,748</u>	<u>372,748</u>	<u>341,588</u>	<u>31,160</u>
Total expenditures				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52,554)</u>	<u>(52,554)</u>	<u>(852)</u>	<u>51,702</u>
<b>FUND BALANCE - BEGINNING</b>	<u>307,627</u>	<u>307,627</u>	<u>307,627</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 255,073</u>	<u>\$ 255,073</u>	<u>\$ 306,775</u>	<u>\$ 51,702</u>

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

**CASTRO COUNTY, TEXAS  
PRECINCT #2 ROAD AND BRIDGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 172,239	\$ 172,239	\$ 173,619	\$ 1,380
Licenses and fees	120,000	120,000	132,217	12,217
Intergovernmental	6,300	6,300	6,565	265
Investment earnings	1,500	1,500	1,168	(332)
Miscellaneous	-	-	2,058	2,058
	<u>300,039</u>	<u>300,039</u>	<u>315,627</u>	<u>15,588</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	305,899	305,899	281,940	23,959
Capital outlay	61,000	61,000	58,075	2,925
	<u>366,899</u>	<u>366,899</u>	<u>340,015</u>	<u>26,884</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(66,860)</u>	<u>(66,860)</u>	<u>(24,388)</u>	<u>42,472</u>
<b>FUND BALANCE - BEGINNING</b>	<u>282,218</u>	<u>282,218</u>	<u>282,218</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 215,358</u>	<u>\$ 215,358</u>	<u>\$ 257,830</u>	<u>\$ 42,472</u>

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

**CASTRO COUNTY, TEXAS**  
**PRECINCT #3 ROAD AND BRIDGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 162,107	\$ 162,107	\$ 163,407	\$ 1,300
Licenses and fees	114,000	114,000	126,667	12,667
Intergovernmental	6,300	6,300	6,565	265
Investment earnings	1,700	1,700	1,299	(401)
Miscellaneous	-	-	3,087	3,087
	<u>284,107</u>	<u>284,107</u>	<u>301,025</u>	<u>16,918</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Road and bridge	272,884	272,884	235,533	37,351
Capital outlay	94,000	94,000	73,396	20,604
	<u>366,884</u>	<u>366,884</u>	<u>308,929</u>	<u>57,955</u>
Total expenditures				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(82,777)</u>	<u>(82,777)</u>	<u>(7,904)</u>	<u>74,873</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of assets	-	-	2,350	2,350
	<u>-</u>	<u>-</u>	<u>2,350</u>	<u>2,350</u>
Total other financing sources				
<b>NET CHANGE IN FUND BALANCE</b>	(82,777)	(82,777)	(5,554)	77,223
<b>FUND BALANCE - BEGINNING</b>	<u>340,728</u>	<u>340,728</u>	<u>340,728</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 257,951</u>	<u>\$ 257,951</u>	<u>\$ 335,174</u>	<u>\$ 77,223</u>

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



**CASTRO COUNTY, TEXAS**  
**PRECINCT #4 ROAD AND BRIDGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 162,107	\$ 162,107	\$ 163,406	\$ 1,299
Licenses and fees	108,500	108,500	117,516	9,016
Intergovernmental	6,300	6,300	6,565	265
Investment earnings	1,680	1,680	1,446	(234)
Miscellaneous	-	-	2,985	2,985
	<u>278,587</u>	<u>278,587</u>	<u>291,918</u>	<u>13,331</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	271,233	271,233	263,113	8,120
Capital outlay	30,000	30,000	20,887	9,113
	<u>301,233</u>	<u>301,233</u>	<u>284,000</u>	<u>17,233</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(22,646)</u>	<u>(22,646)</u>	<u>7,918</u>	<u>30,564</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	3,000	3,000
	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(22,646)	(22,646)	10,918	33,564
<b>FUND BALANCE - BEGINNING</b>	<u>399,008</u>	<u>399,008</u>	<u>399,008</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 376,362</u>	<u>\$ 376,362</u>	<u>\$ 409,926</u>	<u>\$ 33,564</u>

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

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

<b>ASSETS</b>		
Cash and cash equivalents		\$ <u>100,761</u>
Total assets		\$ <u><u>100,761</u></u>
<b>LIABILITIES</b>		
Accounts payable		\$ 6,005
Due to other governments		44,153
Deposits		<u>50,603</u>
Total liabilities		\$ <u><u>100,761</u></u>

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

**CASTRO COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Castro County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

**A. Financial Reporting Entity**

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the county judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: administrative (e.g., tax collection), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, etc.), road and bridge, public facilities, and public services (e.g. juvenile services and assistance to indigents).

**B. Government-Wide and Fund Financial Statements**

Government-Wide Statements

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of inter-fund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes, licenses and intergovernmental revenues.

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

Fund-Level Statements

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, and the Combined Road and Bridge Funds meet criteria as **major governmental funds**. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include the other Special Revenue funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Continued

CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types which have been accrued are district clerk and county clerk fees, justice of the peace fines and fees, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, investment earnings, and other miscellaneous revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

Revenues susceptible to accrual include property taxes, fines, forfeitures, licenses, interest income, and charges for service and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Interfund eliminations have not been made in the fund financial statements.

Expenditures generally are recorded when a fund liability is incurred; however, expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, public services, and capital acquisition.

The **Combined Road and Bridge Fund** is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

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

Continued

**CASTRO COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**D. Use of Restricted Assets**

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

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

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

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

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

**2. Receivables and Payables**

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

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

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$1,652,445.

Continued

**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation**

**2. Receivables and Payables – Continuation**

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

**3. Property Tax Calendar and Revenues**

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections between October and December are considered early and are entitled to discounts. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levies are shown net of an allowance for uncollectible accounts of \$76,792.

**4. Assets Limited as to Use or Restricted**

Certain funds are set aside and classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is restricted by third parties or state laws and regulations.

**5. Capital Assets**

Capital assets, which include buildings and improvements, and vehicles and equipment, are reported in the government-wide financial statements. The County has opted to not retroactively report infrastructure assets. According to the County's capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	5 - 40 years
Vehicles and equipment	5 - 20 years

**6. Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Continued

CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

6. **Compensated Absences** – Continuation

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to vacation of one to three weeks (depending upon years of service and employee classification) per year as earned. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond what would be earned in one year plus one week. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week. After it is accrued, it is treated like vacation time earned and is paid upon termination. Sick leave accrues at 6.66 hours per month; however, unused sick leave is not paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide financial statements in the amount of \$54,351 at September 30, 2014.

7. **Deferred Inflows of Resources**

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

8. **Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable Fund Balance** – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

**Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Continued

**CASTRO COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation**

**8. Fund Balances – Continuation**

**Assigned Fund Balance** – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

**Unassigned Fund Balance** – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**9. Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

**Net Investment in Capital Assets** – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

**Unrestricted Net Position** – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

**10. Use of Estimates**

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund, and the Road and Bridge Funds.

Continued



**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation**

**A. Budgetary Information – Continuation**

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund and the Road and Bridge Funds.
5. Budgets for the General and the Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Funds.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

Cash and deposit balances consist of:

Cash on hand	\$ 1,100
Bank deposits	3,270,298
	3,270,298
Total	\$ 3,271,398

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

Government-wide Statement of Net Position:	
Unrestricted	\$ 2,717,129
Restricted	453,508
Fiduciary Funds Statement of Net Position	100,761
	100,761
Total	\$ 3,271,398

Continued

**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation**

As of September 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental activities		
Certificates of deposit (interest rates .50% - 1.15%)	\$ 1,288,979	
Total fair value	<u>\$ 1,288,979</u>	
Portfolio weighted average maturity		<u>136</u>

**Custodial credit risk – deposits.** As of September 30, 2014, the carrying amount of the County's deposits with financial institutions was \$4,559,277 and the bank's balance was \$4,702,837. Of the bank balance, \$372,290 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$4,330,547 was collateralized with securities held by the pledging institution's agent in the County's name.

**Interest rate risk** is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

**Credit risk** is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

**Concentration of credit risk** is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2014, 100% of the County's carrying value of cash was deposited with the County's depository banks and was adequately secured as described above.

**NOTE 4 – PROPERTY TAX**

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2013 tax roll was \$.43 per \$100, which means that the County has a tax margin of \$.37 per \$100 and could raise up to \$1,810,847 additional revenue from the 2013 assessed valuation of \$489,418,190 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$.30 on each \$100 of assessed valuation. The tax rate on the 2013 tax roll was \$.143 per \$100, which means that the County has a tax margin of \$.157 per \$100 and could raise up to \$764,511 additional revenue from the 2013 assessed valuation of \$486,949,610 before the limit is reached.

**CASTRO COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5 – SALES TAX**

The County is entitled by provision of the State of Texas to a one-cent sales tax on all sales that occur within the County. The tax is assessed as a property tax reduction, for the County to use as general revenues. This sales tax is remitted monthly by the Comptroller of the State of Texas.

**NOTE 6 – CAPITAL ASSETS**

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has not opted to report its infrastructure retroactively.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,388	\$ -	\$ -	\$ 14,388
Total capital assets, not being depreciated	<u>14,388</u>	<u>-</u>	<u>-</u>	<u>14,388</u>
Capital assets, being depreciated				
Buildings and improvements	899,507	61,010	-	960,517
Vehicles and equipment	3,620,142	201,690	(61,073)	3,760,759
Total capital assets, being depreciated	<u>4,519,649</u>	<u>262,700</u>	<u>(61,073)</u>	<u>4,721,276</u>
Less accumulated depreciation for:				
Buildings and improvements	(663,693)	(12,646)	-	(676,339)
Vehicles and equipment	(2,673,062)	(329,200)	57,177	(2,945,085)
Total accumulated depreciation	<u>(3,336,755)</u>	<u>(341,846)</u>	<u>57,177</u>	<u>(3,621,424)</u>
Total capital assets, being depreciated, net	<u>1,182,894</u>	<u>(79,146)</u>	<u>(3,896)</u>	<u>1,099,852</u>
Governmental activities capital assets, net	<u>\$ 1,197,282</u>	<u>\$ (79,146)</u>	<u>\$ (3,896)</u>	<u>\$ 1,114,240</u>

Continued

**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6 – CAPITAL ASSETS – Continuation**

Depreciation expense for the year ended September 30, 2014 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 19,802
Public facilities	10,384
Public safety	63,933
Road and bridge	<u>247,728</u>
Total Depreciation Expense	<u><u>\$ 341,847</u></u>

**NOTE 7 – RETIREMENT PLAN**

*Plan Description*

Castro County provides retirement, disability, and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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

*Funding Policy*

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

The County contributed using the actuarially determined rate of 10.47% for the months of the accounting year in 2013 and 11.18% for the months of the accounting year in 2014. The contribution rate payable by the employee members is 7.0% for fiscal year 2014 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Continued

**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 7 – RETIREMENT PLAN – Continuation**

*Annual Pension Cost*

For 2014, the County’s annual pension cost of \$196,583 was equal to the County’s required and actual contributions.

**TREND INFORMATION FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF  
CASTRO COUNTY, TEXAS**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2012	\$ 154,246	100%	\$ -
September 30, 2013	179,529	100	-
September 30, 2014	196,583	100	-

The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9%. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized over a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 20 years.

*Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the plan was 88.95% funded. The actuarial accrued liability for benefits was \$6,269,611, and the actuarial value of assets was \$5,576,742, resulting in an unfunded actuarial accrued liability (UAAL) of \$692,869. The covered payroll (annual payroll of active employees covered by the plan) was \$1,777,734, and the ratio of UAAL to the covered payroll was 38.97%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**CASTRO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Individual Fund Interfund Receivables and Payables**

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 3,600	\$ -
Special Revenue Funds:		
Castro/Swisher Juvenile Probation	-	3,600
	<u>\$ 3,600</u>	<u>\$ 3,600</u>

The primary purpose of interfund receivables and payables is the reimbursement of the General Fund for expenditures paid on behalf of the special revenue funds.

**Interfund Transfers**

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ -	\$ 124,401
Special Revenue Funds:		
Castro/Swisher Juvenile Probation	62,401	-
Rhoads Memorial Library	42,000	-
County Law Library	20,000	-
	<u>\$ 124,401</u>	<u>\$ 124,401</u>

The primary purpose for interfund transfers is to move revenues from various funds to finance various programs and operations in other funds that the County must account for separately in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CASTRO COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 9 – LONG-TERM LIABILITIES**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 70,330	\$ 43,480	\$ (59,459)	\$ 54,351	\$ 5,434
Governmental activity long-term liabilities	<u>\$ 70,330</u>	<u>\$ 43,480</u>	<u>\$ (59,459)</u>	<u>\$ 54,351</u>	<u>\$ 5,434</u>

**NOTE 10 – OPERATING LEASES**

The County leases various pieces of equipment under noncancelable operating leases. Total costs for such leases were \$12,322 for the year ended September 30, 2014. The future minimum lease payments for these are as follows:

For Year Ended:	
2015	\$ 12,322
2016	6,241
2017	5,688
2018	<u>4,740</u>
Total Future Lease Payments	<u>\$ 28,991</u>

**NOTE 11 – RISK MANAGEMENT**

The County's major areas of risk management are: public officials', law enforcement, and automobile liability, general comprehensive liability and property damage, workers' compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**



**CASTRO COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN**  
**FOR THE EMPLOYEES OF CASTRO COUNTY, TEXAS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 5,202,703	\$ 5,769,477	\$ 566,774	90.18 %	\$ 1,634,282	34.68 %
12/31/12	5,081,769	5,785,984	704,215	87.83	1,684,701	41.80
12/31/13	5,576,742	6,269,611	692,869	88.95	1,777,734	38.97

**OTHER SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted or committed by the County to expenditures for specified purposes.

**Castro/Swisher Juvenile Probation Department** – The Castro/Swisher Juvenile Probation Department accounts for grants received from the Texas Juvenile Justice Department as well as local funds used for providing juvenile probation services.

**Centennial Plaza** – The Centennial Plaza Fund accounts for funds donated by the residents of Castro County. The funds are restricted by the donors for improvements made to the plaza.

**Hazel Merritt Bequest** – The Hazel Merritt Bequest Fund accounts for funds that were left to Castro County, Texas by Hazel Merritt. The funds are restricted by the terms of the will for the benefit of the library.

**Rhoads Memorial Library Donations & Memorials** – The Rhoads Memorial Library Donations & Memorials Fund accounts for funds that are donated to the County. The funds are restricted by the donors for the benefit of the library.

**Rhoads Memorial Library** – The Rhoads Memorial Library Fund accounts for funds received from the City of Dimmitt to supplement expenditures incurred by the operation of the library. The funds are restricted by the City for the use of the library.

**Chapter 19 – Voter Registration** – The Chapter 19- Voter Registration Fund accounts for funds issued by the Texas Secretary of State to voter registrars in Texas to help defray the County's voter registration expenses. The funds are restricted by law to be spent on any item or services designed to increase the number of registered voters, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office.

**County Judge Excess Salary Supplement** – The County Judge Excess Salary Supplement Fund accounts for additional received from the State of Texas to supplement the salary of the County Judge. The funds are restricted by law to be used to supplement the County Judge's office.

**Sheriff's Petty Cash** – The Sheriff's Petty Cash Fund accounts for funds committed by the Commissioners' Court to cover the costs associated with prisoner transportation.

**Sheriff's Special Account** – The Sheriff's Special Account Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the use and betterment of the county residents.

**Unclaimed Property** – The Unclaimed Property Fund accounts for outstanding checks from offices that are older than one year.

**Check & Sight** – The Check and Sight Fund accounts for fees collected by the County Attorney for every hot check processed through the office. The fees are dedicated by law to be used at the sole discretion of the County Attorney to defray the salaries and expenses of the prosecutor's office.

**Courthouse Security** – The Courthouse Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the courthouse.

**County Clerk Records Management** – The County Clerk Records Management Fund accounts for revenue from fees collected by the County Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

**County Law Library** – The County Law Library Fund accounts for statutory fees collected in civil cases filed in County and District Courts. The fees are restricted by law to provide and maintain a County Law Library.

**Constable Law Enforcement Education** – The Constable Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Constable. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

**Sheriff's Forfeited Funds** – The Sheriff's Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the Sheriff's office.

**County/District Attorney Forfeited Funds** – The County/District Attorney Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the County/District Attorney's office.

**Sheriff Law Enforcement Education** – The Sheriff Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Sheriff. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

**Justice Court Technology** – The Justice Court Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

**District Clerk Records Archive** – The District Clerk Records Archive Fund accounts for fees collected by the District Clerk for the filing of a suit. The fees are dedicated by law to be expended only for the preservation and restoration of the District Clerk's record archive.

**County Clerk Records Archive** – The County Clerk Records Archive Fund accounts for fees collected by the County Clerk for the filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's record archive.

**County/District Clerk Technology** – The County/District Clerk Technology Fund accounts for fees collected from all defendants convicted in the County or District Courts. The fees are dedicated by law to be expended only for the costs of continuing education for county and district judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

**Courthouse Records Management** – The Courthouse Records Management Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

**Expo Building** – The Expo Building Fund accounts for the rental income and deposits received in the use of the Expo Building by the residents of Castro County. The Commissioner's Court has committed these funds to be used to supplement the costs of maintaining the Expo Building.

**Crime Line** – The Crime Line Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the maintenance and upkeep of the tip based hotline maintained by the Sheriff's Department.

**Pretrial Diversion** – The Pretrial Diversion Fund accounts for fees charged to any defendant willing to participate in a pretrial intervention program. The fees are dedicated by law to be used to administer and maintain the pretrial diversion programs.

**CASTRO COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<b>Castro/Swisher Juvenile Probation Department</b>	<b>Centennial Plaza</b>	<b>Hazel Merritt Bequest</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 86,268	\$ 11,935	\$ 42,450
Accounts receivable	-	3	9
Prepaid expenses	-	-	-
	<b>\$ 86,268</b>	<b>\$ 11,938</b>	<b>\$ 42,459</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	3,600	-	-
Accrued payroll and benefits	3,431	-	-
	<b>7,031</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	-	-	-
Restricted:			
By enabling legislation for special projects	79,237	-	-
Special projects	-	11,938	42,459
Committed:			
Special projects	-	-	-
	<b>79,237</b>	<b>11,938</b>	<b>42,459</b>
Total fund balances	<b>\$ 86,268</b>	<b>\$ 11,938</b>	<b>\$ 42,459</b>
Total liabilities and fund balances	<b>\$ 86,268</b>	<b>\$ 11,938</b>	<b>\$ 42,459</b>

<b>Rhoads Memorial Library Donations &amp; Memorials</b>	<b>Rhoads Memorial Library</b>	<b>Chapter 19 - Voter Registration</b>	<b>County Judge Excess Salary Supplement</b>	<b>Sheriff's Petty Cash</b>	<b>Sheriff's Special Account</b>
\$ 6,048 1 -	\$ 74,723 19 62	\$ 90 - -	\$ 182 - -	\$ 2,951 - -	\$ 1,580 1 -
<u>\$ 6,049</u>	<u>\$ 74,804</u>	<u>\$ 90</u>	<u>\$ 182</u>	<u>\$ 2,951</u>	<u>\$ 1,581</u>
\$ - - -	\$ 964 - 2,364	\$ - - -	\$ - - -	\$ 46 - -	\$ - - -
-	3,328	-	-	46	-
-	62	-	-	-	-
-	-	90	182	-	-
6,049	71,414	-	-	-	1,581
-	-	-	-	2,905	-
<u>6,049</u>	<u>71,476</u>	<u>90</u>	<u>182</u>	<u>2,905</u>	<u>1,581</u>
<u>\$ 6,049</u>	<u>\$ 74,804</u>	<u>\$ 90</u>	<u>\$ 182</u>	<u>\$ 2,951</u>	<u>\$ 1,581</u>

Continued

**CASTRO COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

Continuation

<b>ASSETS</b>	<b>Unclaimed Property</b>	<b>Check &amp; Sight</b>	<b>Courthouse Security</b>
Cash and cash equivalents	\$ 10,356	\$ 14,597	\$ 64,703
Accounts receivable	-	-	1
Prepaid expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,356</u>	<u>\$ 14,597</u>	<u>\$ 64,704</u>
 <b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 163	\$ -	\$ -
Due to other funds	-	-	-
Accrued payroll and benefits	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>163</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	-	-	-
Restricted:			
By enabling legislation for special projects	10,193	14,597	64,704
Special projects	-	-	-
Committed:			
Special projects	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>10,193</u>	<u>14,597</u>	<u>64,704</u>
Total liabilities and fund balances	<u>\$ 10,356</u>	<u>\$ 14,597</u>	<u>\$ 64,704</u>

<u>County Clerk Records Management</u>	<u>County Law Library</u>	<u>Constable Law Enforcement Education</u>	<u>Sheriff's Forfeited Funds</u>	<u>County/District Attorney Forfeited Funds</u>	<u>Sheriff Law Enforcement Education</u>
\$ 3,507	\$ 2,296	\$ 4,334	\$ 1,939	\$ 997	\$ 1,473
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,507</u>	<u>\$ 2,296</u>	<u>\$ 4,334</u>	<u>\$ 1,939</u>	<u>\$ 997</u>	<u>\$ 1,473</u>
\$ 1,195	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
2,312	2,296	4,334	1,939	997	1,473
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,312</u>	<u>2,296</u>	<u>4,334</u>	<u>1,939</u>	<u>997</u>	<u>1,473</u>
<u>\$ 3,507</u>	<u>\$ 2,296</u>	<u>\$ 4,334</u>	<u>\$ 1,939</u>	<u>\$ 997</u>	<u>\$ 1,473</u>

Continued



**CASTRO COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

Continuation

	<b>Justice Court Technology</b>	<b>District Clerk Records Archive</b>	<b>County Clerk Records Archive</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,275	\$ 975	\$ 69,949
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
	-	-	-
Total assets	\$ 36,275	\$ 975	\$ 69,949
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued payroll and benefits	-	-	-
	-	-	-
Total liabilities	-	-	-
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	-	-	-
Restricted:			
By enabling legislation for special projects	36,275	975	69,949
Special projects	-	-	-
Committed:			
Special projects	-	-	-
	-	-	-
Total fund balances	36,275	975	69,949
Total liabilities and fund balances	\$ 36,275	\$ 975	\$ 69,949

<u>County/District Clerk Technology</u>	<u>Courthouse Records Management</u>	<u>Expo Building</u>	<u>Crime Line</u>	<u>Pretrial Diversion</u>	<u>Total Non- Major Governmental Funds</u>
\$ 5,992	\$ 1,581	\$ 3,284	\$ 8,284	\$ 2,972	\$ 459,741
-	-	1	2	1	38
-	-	-	-	-	62
<u>\$ 5,992</u>	<u>\$ 1,581</u>	<u>\$ 3,285</u>	<u>\$ 8,286</u>	<u>\$ 2,973</u>	<u>\$ 459,841</u>
\$ -	\$ -	\$ 600	\$ -	\$ -	\$ 2,968
-	-	-	-	-	3,600
-	-	-	-	-	5,795
-	-	600	-	-	12,363
-	-	-	-	-	62
5,992	1,581	-	-	2,973	300,099
-	-	-	8,286	-	141,727
-	-	2,685	-	-	5,590
<u>5,992</u>	<u>1,581</u>	<u>2,685</u>	<u>8,286</u>	<u>2,973</u>	<u>447,478</u>
<u>\$ 5,992</u>	<u>\$ 1,581</u>	<u>\$ 3,285</u>	<u>\$ 8,286</u>	<u>\$ 2,973</u>	<u>\$ 459,841</u>

**CASTRO COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Castro/Swisher Juvenile Probation Department</b>	<b>Centennial Plaza</b>	<b>Hazel Merritt Bequest</b>
<b>REVENUES</b>			
Licenses and fees	\$ 1,907	\$ -	\$ -
Intergovernmental	213,629	-	-
Interest	359	39	117
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	215,895	39	117
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	-	-
Judicial	-	-	-
Public facilities	-	2,280	-
Public safety	-	-	-
Road and bridge	-	-	-
Public services	247,149	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	247,149	2,280	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(31,254)	(2,241)	117
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	62,401	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	62,401	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	31,147	(2,241)	117
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	48,090	14,179	42,342
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	\$ 79,237	\$ 11,938	\$ 42,459
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Rhoads Memorial Library Donations &amp; Memorials</u>	<u>Rhoads Memorial Library</u>	<u>Chapter 19 - Voter Registration</u>	<u>County Judge Excess Salary Supplement</u>	<u>Sheriff's Petty Cash</u>	<u>Sheriff's Special Account</u>
\$ -	\$ 5,569	\$ -	\$ -	\$ -	\$ -
164	42,448	-	-	-	-
17	238	-	-	6	4
-	-	-	176	2,099	1,500
<u>181</u>	<u>48,255</u>	<u>-</u>	<u>176</u>	<u>2,105</u>	<u>1,504</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	100,639	-	-	-	-
-	-	-	-	2,088	1,488
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>100,639</u>	<u>-</u>	<u>-</u>	<u>2,088</u>	<u>1,488</u>
<u>181</u>	<u>(52,384)</u>	<u>-</u>	<u>176</u>	<u>17</u>	<u>16</u>
<u>-</u>	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>181</u>	<u>(10,384)</u>	<u>-</u>	<u>176</u>	<u>17</u>	<u>16</u>
<u>5,868</u>	<u>81,860</u>	<u>90</u>	<u>6</u>	<u>2,888</u>	<u>1,565</u>
<u>\$ 6,049</u>	<u>\$ 71,476</u>	<u>\$ 90</u>	<u>\$ 182</u>	<u>\$ 2,905</u>	<u>\$ 1,581</u>

Continued

**CASTRO COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Continuation

	<u>Unclaimed Property</u>	<u>Check &amp; Sight</u>	<u>Courthouse Security</u>
<b>REVENUES</b>			
Licenses and fees	\$ -	\$ 1,248	\$ 4,191
Intergovernmental	-	-	-
Interest	-	-	-
Miscellaneous	6,676	-	-
	<u>6,676</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6,676</u>	<u>1,248</u>	<u>4,191</u>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	-	-
Judicial	-	2,130	-
Public facilities	-	-	5,000
Public safety	-	-	-
Road and bridge	645	-	-
Public services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>645</u>	<u>2,130</u>	<u>5,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,031</u>	<u>(882)</u>	<u>(809)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,031	(882)	(809)
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<u>4,162</u>	<u>15,479</u>	<u>65,513</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 10,193</u>	<u>\$ 14,597</u>	<u>\$ 64,704</u>

<u>County Clerk Records Management</u>	<u>County Law Library</u>	<u>Constable Law Enforcement Education</u>	<u>Sheriff's Forfeited Funds</u>	<u>County/District Attorney Forfeited Funds</u>	<u>Sheriff Law Enforcement Education</u>
\$ 11,394	\$ 3,429	\$ 650	\$ -	\$ -	\$ 1,679
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,394</u>	<u>3,429</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>1,679</u>
16,513	-	-	-	-	-
-	21,800	-	-	-	-
-	-	-	-	-	-
-	-	1,852	-	-	980
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,513</u>	<u>21,800</u>	<u>1,852</u>	<u>-</u>	<u>-</u>	<u>980</u>
<u>(5,119)</u>	<u>(18,371)</u>	<u>(1,202)</u>	<u>-</u>	<u>-</u>	<u>699</u>
-	20,000	-	-	-	-
-	20,000	-	-	-	-
(5,119)	1,629	(1,202)	-	-	699
<u>7,431</u>	<u>667</u>	<u>5,536</u>	<u>1,939</u>	<u>997</u>	<u>774</u>
<u>\$ 2,312</u>	<u>\$ 2,296</u>	<u>\$ 4,334</u>	<u>\$ 1,939</u>	<u>\$ 997</u>	<u>\$ 1,473</u>

Continued

**CASTRO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Continuation

	<u>Justice Court Technology</u>	<u>District Clerk Records Archive</u>	<u>County Clerk Records Archive</u>
<b>REVENUES</b>			
Licenses and fees	\$ 2,084	\$ 579	\$ 10,195
Intergovernmental	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	2,084	579	10,195
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	-	-
Judicial	466	-	-
Public facilities	-	-	-
Public safety	-	-	-
Road and bridge	-	-	-
Public services	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	466	-	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,618	579	10,195
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	1,618	579	10,195
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	34,657	396	59,754
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	\$ 36,275	\$ 975	\$ 69,949
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>County/District Clerk Technology</u>	<u>Courthouse Records Management</u>	<u>Expo Building</u>	<u>Crime Line</u>	<u>Pretrial Diversion</u>	<u>Total Non- Major Governmental Funds</u>
\$ 1,317	\$ 2,562	\$ 11,200	\$ 1,480	\$ 2,970	\$ 62,454
-	-	-	-	-	256,241
-	-	12	22	3	817
-	-	-	-	-	10,451
<u>1,317</u>	<u>2,562</u>	<u>11,212</u>	<u>1,502</u>	<u>2,973</u>	<u>329,963</u>
-	2,138	-	-	-	18,651
-	-	-	-	-	24,396
-	-	11,300	-	-	119,219
-	-	-	1,571	-	7,979
-	-	-	-	-	645
-	-	-	-	-	247,149
<u>-</u>	<u>2,138</u>	<u>11,300</u>	<u>1,571</u>	<u>-</u>	<u>418,039</u>
<u>1,317</u>	<u>424</u>	<u>(88)</u>	<u>(69)</u>	<u>2,973</u>	<u>(88,076)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,401</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,401</u>
1,317	424	(88)	(69)	2,973	36,325
<u>4,675</u>	<u>1,157</u>	<u>2,773</u>	<u>8,355</u>	<u>-</u>	<u>411,153</u>
<u>\$ 5,992</u>	<u>\$ 1,581</u>	<u>\$ 2,685</u>	<u>\$ 8,286</u>	<u>\$ 2,973</u>	<u>\$ 447,478</u>



**CASTRO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**ROAD AND BRIDGE GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Precinct #1 Road and Bridge Fund	Precinct #2 Road and Bridge Fund	Precinct #3 Road and Bridge Fund	Precinct #4 Road and Bridge Fund	Total Road and Bridge Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 311,075	\$ 267,997	\$ 337,248	\$ 414,111	\$ 1,330,431
Investments	9,196	8,534	8,182	7,520	33,432
Taxes receivable, net	9,238	8,889	8,541	8,192	34,860
Accounts receivable	81	70	88	108	347
Prepaid expenses	3,564	3,593	3,459	3,490	14,106
Total assets	\$ 333,154	\$ 289,083	\$ 357,518	\$ 433,421	\$ 1,413,176
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 8,279	\$ 12,988	\$ 5,259	\$ 6,110	\$ 32,636
Accrued payroll and benefits	9,521	10,009	9,153	9,777	38,460
Total liabilities	17,800	22,997	14,412	15,887	71,096
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	8,579	8,256	7,932	7,608	32,375
Total deferred inflows of resources	8,579	8,256	7,932	7,608	32,375
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenditures	3,564	3,593	3,459	3,490	14,106
Committed:					
Special projects	303,211	254,237	331,715	406,436	1,295,599
Total fund balances	306,775	257,830	335,174	409,926	1,309,705
Total liabilities, deferred inflows of resources and fund balances	\$ 333,154	\$ 289,083	\$ 357,518	\$ 433,421	\$ 1,413,176

**CASTRO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ROAD AND BRIDGE GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Precinct #1 Road and Bridge Fund	Precinct #2 Road and Bridge Fund	Precinct #3 Road and Bridge Fund	Precinct #4 Road and Bridge Fund	Total Road and Bridge Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 180,428	\$ 173,619	\$ 163,407	\$ 163,406	\$ 680,860
Licenses and fees	142,018	132,217	126,667	117,516	518,418
Intergovernmental	6,565	6,565	6,565	6,565	26,260
Interest	1,176	1,168	1,299	1,446	5,089
Miscellaneous	10,549	2,058	3,087	2,985	18,679
Total revenues	<u>340,736</u>	<u>315,627</u>	<u>301,025</u>	<u>291,918</u>	<u>1,249,306</u>
<b>EXPENDITURES</b>					
Current:					
Road and bridge	311,489	281,940	235,533	263,113	1,092,075
Capital Outlay	30,099	58,075	73,396	20,887	182,457
Total expenditures	<u>341,588</u>	<u>340,015</u>	<u>308,929</u>	<u>284,000</u>	<u>1,274,532</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(852)</u>	<u>(24,388)</u>	<u>(7,904)</u>	<u>7,918</u>	<u>(25,226)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets	-	-	2,350	3,000	5,350
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,350</u>	<u>3,000</u>	<u>5,350</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(852)</u>	<u>(24,388)</u>	<u>(5,554)</u>	<u>10,918</u>	<u>(19,876)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>307,627</u>	<u>282,218</u>	<u>340,728</u>	<u>399,008</u>	<u>1,329,581</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 306,775</u>	<u>\$ 257,830</u>	<u>\$ 335,174</u>	<u>\$ 409,926</u>	<u>\$ 1,309,705</u>

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

The Agency Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

**County Attorney** – The County Attorney Fund accounts for the partial payments of restitution and fees associated with the collection of hot checks within the County limits.

**County/ District Clerk** – The County/District Clerk’s Fund accounts for registry funds held by the County and District Clerk.

**Inmate Trust** – The Inmate Trust Fund accounts for inmate funds being held for the benefit of the inmate.

**Tax Assessor Collector** – The Tax Assessor Collector’s Fund accounts for money collected by the Tax Assessor Collector and remitted to The State of Texas.

**CASTRO COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2014**

	<u>County Attorney</u>	<u>County/District Clerk</u>	<u>Inmate Trust</u>	<u>Tax Assessor Collector</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 5,994	\$ 50,491	\$ 112	\$ 44,164	\$ 100,761
Total assets	<u>\$ 5,994</u>	<u>\$ 50,491</u>	<u>\$ 112</u>	<u>\$ 44,164</u>	<u>\$ 100,761</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,994	\$ -	\$ -	\$ 11	\$ 6,005
Due to other governments	-	-	-	44,153	44,153
Deposits	-	50,491	112	-	50,603
Total liabilities	<u>\$ 5,994</u>	<u>\$ 50,491</u>	<u>\$ 112</u>	<u>\$ 44,164</u>	<u>\$ 100,761</u>

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**PART III**  
**COMPLIANCE**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and its respective budgetary comparison schedules, and the aggregate remaining fund information of Castro County, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Castro County, Texas' basic financial statements and have issued our report thereon dated December 5, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Castro County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

DOSHIER, PICKENS & FRANCIS, LLC  
December 5, 2014