

**MEDINA COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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



**MEDINA COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report of the Financial Statements*

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

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

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress for the post-retirement health care benefit plan and the Texas County and District Retirement System 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 Medina County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2014, on our consideration of Medina 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 Medina County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
April 25, 2014

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

As management of Medina County, we offer readers of Medina County's financial statements this narrative overview and analysis of the financial activities of Medina County for the fiscal year ended September 30, 2013.

### Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$27,649,334.
- The County's total net position increased by \$3,100,943.
- Unrestricted net position of \$12,452,575 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$3,148,576 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2013, Medina County's governmental funds reported combined ending fund balances of \$12,851,743, an increase of \$1,660,760 from the prior year.
- Unassigned fund balance for the General Fund was \$8,002,374.

### Overview of the Financial Statements

This discussion and analysis is an introduction to Medina County's basic financial statements. The County's basic financial statements encompass three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the 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 as to the direction of the financial position of Medina County.

The statement of activities presents information showing how the County'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, debt payments, and earned but unused vacation leave).

**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. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary 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 available resources, as well as on balances of available resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Medina County maintains 53 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 52 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Medina County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with these budgets.

**Proprietary funds.** Medina County maintains proprietary funds in the form of Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Medina County uses Internal Service Funds to account for its Employee Health Insurance Fund and Claims Escrow Fund. Because both of these services predominantly benefit governmental activities, they have been included within governmental activities in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties which are not a component of the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Medina County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.



## Financial Analysis of Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Medina County, assets exceeded liabilities by \$27,649,334 at the close of the most recent fiscal year.

### MEDINA COUNTY'S NET POSITION

	Governmental Activities	
	2013	2012
Current assets	\$ 17,864,649	\$ 16,242,799
Capital assets	<u>14,292,338</u>	<u>13,601,668</u>
Total assets	<u>32,156,987</u>	<u>29,844,467</u>
Current liabilities	1,372,721	1,708,882
Noncurrent liabilities	<u>3,134,932</u>	<u>3,587,194</u>
Total liabilities	<u>4,507,653</u>	<u>5,296,076</u>
Net position:		
Net investment		
in capital assets	12,048,183	10,758,531
Restricted	3,148,576	2,673,752
Unrestricted	<u>12,452,575</u>	<u>11,116,108</u>
Total net position	<u>\$ 27,649,334</u>	<u>\$ 24,548,391</u>

A portion of the County's net position (\$12,048,183) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Medina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

	2013	2012
Non-depreciable:		
CIP	\$ -	\$ 1,163,298
Land	<u>1,344,740</u>	<u>1,344,740</u>
Capital assets, non-depreciable	<u>\$ 1,344,740</u>	<u>\$ 2,508,038</u>
Capital assets, net of depreciation:		
Buildings and improvements	\$ 5,629,914	\$ 4,678,284
Equipment	2,435,898	2,581,937
Infrastructure	<u>4,881,786</u>	<u>3,833,409</u>
	<u>\$ 12,947,598</u>	<u>\$ 11,093,630</u>

An additional portion of the County’s net position (\$3,148,576) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (\$12,452,575) may be used to meet the County’s ongoing obligations to citizens and creditors.

**MEDINA COUNTY’S CHANGES IN NET POSITION**

	Governmental Activities	
	2013	2012
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 3,742,467	\$ 4,233,092
Operating grants and contributions	1,794,919	1,572,419
Capital grants and contributions	45,230	45,195
General revenues:		
Property taxes	11,913,803	11,580,644
Sales taxes	1,614,737	1,459,506
Other	11,058	18,910
Investment earnings	109,187	112,996
Miscellaneous	365,502	352,105
Total revenues	19,596,903	19,374,867
<b>EXPENSES</b>		
General government	4,262,900	4,306,262
Legal	2,481,125	2,383,856
Public safety	5,711,432	4,950,207
Public transportation	2,591,036	2,884,915
Health and welfare	1,368,743	1,584,383
Interest on long-term debt	80,724	112,076
Total expenses	16,495,960	16,221,699
<b>CHANGE IN NET POSITION</b>	3,100,943	3,153,168
<b>NET POSITION, BEGINNING</b>	24,548,391	21,395,223
<b>NET POSITION, ENDING</b>	\$ 27,649,334	\$ 24,548,391

Property taxes are collected to support government activity through the General Fund, special road and bridge funds, and Debt Service Fund. Although the county tax rate remained the same as the prior year, property tax revenues increased by \$333,159 (2.88% percent) to \$11,913,803 for the year because of increased values and new developments added to the rolls.

**Financial Analysis of the Governmental Funds**

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

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

As of the end of the current fiscal year, Medina County's governmental funds reported combined ending fund balances of \$12,851,743, an increase of \$1,660,760 in comparison with the prior year. Approximately 60% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$0 is restricted or assigned and is not available for new spending because it has been restricted or assigned for other purposes.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$10,177,330. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 88% percent of total General Fund expenditures. Maintaining a significant fund balance is essential for sound financial management because a great majority of the grant funding for the County is in the form of reimbursements requiring the use of County funding upfront.

**Proprietary funds.** Proprietary funds are made up of two Internal Service Funds, which include the Employee Health Insurance and Claims Escrow Funds.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2013, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$385,097.
- Actual revenue exceeded expenditures by \$1,494,779.
- Actual expenditures were under the final budgeted expenditure amount by \$879,193.

## **Capital Asset and Debt Administration**

**Capital assets.** Medina County's investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$14,292,338 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Disposal of road machinery;
- Acquisition of autos for various departments;
- Acquisition of additional machinery (road);
- Major reconstruction/improvements to roads;

Additional information about Medina County's capital assets can be found in note 4 of the notes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$1,765,000. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$320,000 during the current fiscal year.

Medina County is not currently rated because there is no outstanding public bond issues.

Additional information on Medina County's long-term debt can be found in note 4 of the notes to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

- Educated budget management for the past six years contributed to the significantly improved financial results;
- Residential development within the County has pressured an increase of property values; although recently the rate of increase which had slowed due to general economic conditions appears to be rebounding.
- Overall expansion of economic development in neighboring metro-Bexar County continues its spillover effect throughout the County.
- Healthy local economies and growth are bringing increasing expectations of expanded and new government services;
- Enhancement of technology infrastructure continues as a priority in order to meet growth expectations and improve efficiency.

Because of the evolving nature of state and federally funded projects from up-front grants to post expenditure reimbursements, the increasing demands for services, and the continuing stream of unfunded mandates from the state, it is imperative for the County to maintain and improve its unassigned fund balances. In addition, a healthy fund balance enables the County to make modest capital expenditures in the form of facilities investments without adding to its outstanding debt.

Maintaining a current level of health care benefits for employees will be a challenge because of medical claims experience and increasing medical care and administrative costs. The current uncertainty in the healthcare industry and the direction of federal regulation will add to the challenge of maintaining an acceptable healthcare benefit level.

An increasing population in the County coupled with a growing demand for government services has placed a strain on existing facilities, especially the Courthouse and County Jail. Both are overcrowded and a number of jail inmates are being housed in nearby counties. In addition, the County must address the need to increase security at our public buildings and incorporate modern technologies for courtrooms and related facilities. The County has established three priority capital projects for the upcoming year. The first is a courthouse foundation protection and drainage project. A second project is the building of facilities to house the Adult Probation, Juvenile Probation, and Pre-Trial Services departments, most of which are currently in leased facilities. The third such project is the relocation of the County annex facility, located in Castroville, which has outgrown its current location.

## **Requests for Information**

This financial report provides an overview of Medina County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to James E. Barden, Medina County Judge.

**BASIC  
FINANCIAL STATEMENTS**

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**MEDINA COUNTY, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2013**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 13,350,800
Receivables:	
Ad valorem taxes	938,704
Sales tax	231,753
Intergovernmental	315,089
Fines	2,713,676
Other	275,692
Prepaid items	15,000
Deferred charges	23,935
Capital assets:	
Nondepreciable	1,344,740
Depreciable, net of accumulated depreciation	<u>12,947,598</u>
Total assets	<u>32,156,987</u>
<b>LIABILITIES</b>	
Accounts payable	881,891
Accrued liabilities	326,034
Interest payable	5,903
Unearned revenue	85,769
Other liabilities	73,124
Noncurrent liabilities:	
Due within one year	638,591
Due in more than one year	<u>2,496,341</u>
Total liabilities	<u>4,507,653</u>
<b>NET POSITION</b>	
Net investment in capital assets	12,048,183
Restricted for:	
Road and bridge	2,284,692
Debt service	52,692
Records management and technology	543,997
Law enforcement and security	79,508
Grant requirements	152,325
Other purposes	35,362
Unrestricted	<u>12,452,575</u>
Total net position	<u>\$ 27,649,334</u>

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

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**MEDINA COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government
					Governmental Activities
<b>Primary Government:</b>					
Governmental activities:					
General administration	\$ 4,262,900	\$ 1,096,951	\$ 370,055	\$ 45,230	\$( 2,750,664)
Legal	2,481,125	278,916	132,703	-	( 2,069,506)
Public safety	5,711,432	1,185,694	18,878	-	( 4,506,860)
Public transportation	2,591,036	1,178,578	68,636	-	( 1,343,822)
Health and welfare	1,368,743	2,328	1,204,647	-	( 161,768)
Interest on long-term debt	80,724	-	-	-	( 80,724)
Total governmental activities	16,495,960	3,742,467	1,794,919	45,230	( 10,913,344)
General revenues:					
Taxes:					
Property					11,913,803
Sales					1,614,737
Other					11,058
Investment earnings					109,187
Miscellaneous					365,502
Total general revenues					14,014,287
Change in net position					3,100,943
Net position, beginning					24,548,391
Net position, ending					\$ 27,649,334

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

**MEDINA COUNTY, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 9,909,895	\$ 3,173,448	\$ 13,083,343
Receivables:			
Ad valorem taxes	750,702	188,002	938,704
Sales tax	231,753	-	231,753
Intergovernmental	23,702	291,387	315,089
Other	86,420	189,272	275,692
Prepaid items	15,000	-	15,000
Due from other funds	<u>522,740</u>	<u>-</u>	<u>522,740</u>
 Total assets	 <u>\$ 11,540,212</u>	 <u>\$ 3,842,109</u>	 <u>\$ 15,382,321</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	402,131	276,625	678,756
Payroll liabilities	234,720	91,314	326,034
Other liabilities	50,891	22,233	73,124
Due to other funds	-	522,740	522,740
Deferred revenue	<u>675,140</u>	<u>254,784</u>	<u>929,924</u>
Total liabilities	<u>1,362,882</u>	<u>1,167,696</u>	<u>2,530,578</u>
 Fund balances:			
Nonspendable - prepaid items	15,000	-	15,000
Restricted for:			
Road and bridge	-	2,158,446	2,158,446
Debt service	-	15,826	15,826
Records management and technology	-	543,997	543,997
Law enforcement and security	-	79,508	79,508
Grant requirements	-	152,325	152,325
Other purposes	-	35,362	35,362
Assigned for:			
Utilization of fund balance in subsequent year's budget	2,159,956	-	2,159,956
Unassigned	<u>8,002,374</u>	<u>( 311,051)</u>	<u>7,691,323</u>
Total fund balances	<u>10,177,330</u>	<u>2,674,413</u>	<u>12,851,743</u>
 Total liabilities and fund balances	 <u>\$ 11,540,212</u>	 <u>\$ 3,842,109</u>	 <u>\$ 15,382,321</u>

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

**MEDINA COUNTY, TEXAS**

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

**SEPTEMBER 30, 2013**

Total fund balance, governmental funds	\$ 12,851,743
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	14,292,338
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,557,831
An internal service fund is used by management to charge the costs County health insurance costs to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities of the Statement of Net Position.	64,322
Some liabilities, (such as bonds payable, capital leases, long-term compensated absences, time warrants and net OPEB obligations ), are not due and payable in the current period and are not included in the funds	<u>( 3,116,900)</u>
Net position of governmental activities in the Statement of Net Position	\$ <u>27,649,334</u>

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

**MEDINA COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**

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

	General	Other Governmental	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 9,518,400	\$ 2,377,113	\$ 11,895,513
Sales tax	1,614,737	-	1,614,737
Other taxes	11,058	-	11,058
Licenses and permits	-	937,258	937,258
Intergovernmental	159,678	1,614,525	1,774,203
Charges for services	1,296,311	53,371	1,349,682
Fines and forfeitures	279,507	984,378	1,263,885
Interest	92,781	17,779	110,560
Miscellaneous	135,176	305,307	440,483
Total revenues	13,107,648	6,289,731	19,397,379
<b>EXPENDITURES</b>			
Current:			
General administration	3,721,632	359,667	4,081,299
Legal	2,401,149	68,284	2,469,433
Public safety	4,979,113	382,721	5,361,834
Public transportation	-	3,106,542	3,106,542
Health and welfare	248,936	1,090,709	1,339,645
Capital outlay	262,039	496,151	758,190
Debt service:			
Principal	-	603,485	603,485
Interest and other charges	-	78,986	78,986
Total expenditures	11,612,869	6,186,545	17,799,414
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	1,494,779	103,186	1,597,965
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	9,135	9,180	18,315
Insurance proceeds	44,480	-	44,480
Transfers in	-	541,552	541,552
Transfers out	( 273,861)	( 267,691)	( 541,552)
Total other financing sources and uses	( 220,246)	283,041	62,795
<b>NET CHANGE IN FUND BALANCES</b>	1,274,533	386,227	1,660,760
<b>FUND BALANCES, BEGINNING</b>	8,902,797	2,288,186	11,190,983
<b>FUND BALANCES, ENDING</b>	\$ 10,177,330	\$ 2,674,413	\$ 12,851,743

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

**MEDINA 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, 2013**

Net change in fund balances - total governmental funds:	\$ 1,660,760
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	690,670
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	200,840
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	594,195
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	( 139,168)
Internal service funds are used by management to charge the cost of County health insurance to individual funds. The net expense of certain activities of the internal service fund is reported as governmental activities.	<u>93,646</u>
Change in net position of governmental activities	<u>\$ 3,100,943</u>

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

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**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 9,242,513	\$ 9,242,513	\$ 9,518,400	\$ 275,887
Sales	1,400,000	1,400,000	1,614,737	214,737
Beer and wine	17,000	17,000	11,058	( 5,942)
Total taxes	10,659,513	10,659,513	11,144,195	484,682
Intergovernmental				
State allocation - HB66	75,000	75,000	75,000	-
State allocation - grants	66,150	66,150	84,678	18,528
Total intergovernmental	141,150	141,150	159,678	18,528
Charges for services				
County clerk	270,000	270,000	314,841	44,841
District clerk	105,000	105,000	90,206	( 14,794)
Tax assessor-collector	185,000	185,000	210,077	25,077
Sheriff	120,000	120,000	117,859	( 2,141)
County attorney	90,000	90,000	124,937	34,937
County treasurer	170,000	170,000	171,819	1,819
Constable fees	21,000	21,000	22,672	1,672
County Judge	1,800	1,800	1,923	123
Other taxing entities	150,000	150,000	118,949	( 31,051)
Other fees	91,500	91,500	123,028	31,528
Total charges for services	1,204,300	1,204,300	1,296,311	92,011
Fines and forfeitures				
Justice of the peace	467,100	467,100	279,507	( 187,593)
Total fines and forfeitures	467,100	467,100	279,507	( 187,593)
Interest	100,000	100,000	92,781	( 7,219)

**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Miscellaneous				
Other	\$ 150,488	\$ 150,488	\$ 135,176	\$ ( 15,312)
Total miscellaneous	<u>150,488</u>	<u>150,488</u>	<u>135,176</u>	<u>( 15,312)</u>
Total revenues	<u>12,722,551</u>	<u>12,722,551</u>	<u>13,107,648</u>	<u>385,097</u>
<b>EXPENDITURES</b>				
General administration				
Commissioners' court				
Personnel services	173,653	173,653	147,607	26,046
Supplies	2,000	2,000	1,386	614
Other services and charges	<u>21,650</u>	<u>21,650</u>	<u>13,434</u>	<u>8,216</u>
Total commissioners' court	<u>197,303</u>	<u>197,303</u>	<u>162,427</u>	<u>34,876</u>
Loss control				
Personnel services	11,509	11,509	10,670	839
Supplies	250	250	-	250
Other services and charges	<u>350</u>	<u>350</u>	<u>26</u>	<u>324</u>
Total loss control	<u>12,109</u>	<u>12,109</u>	<u>10,696</u>	<u>1,413</u>
County clerk				
Personnel services	380,988	376,495	364,554	11,941
Supplies	15,000	15,382	15,382	-
Other services and charges	<u>37,400</u>	<u>39,700</u>	<u>37,707</u>	<u>1,993</u>
Total County clerk	<u>433,388</u>	<u>431,577</u>	<u>417,643</u>	<u>13,934</u>
Veteran service officer				
Personnel services	31,588	31,588	27,888	3,700
Supplies	800	800	430	370
Other services and charges	<u>3,900</u>	<u>3,900</u>	<u>2,204</u>	<u>1,696</u>
Total veteran service officer	<u>36,288</u>	<u>36,288</u>	<u>30,522</u>	<u>5,766</u>



**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General administration				
Elections				
Personnel services	\$ 173,531	\$ 166,434	\$ 150,158	\$ 16,276
Supplies	20,000	6,700	6,680	20
Other services and charges	64,099	79,066	64,096	14,970
Total elections	<u>257,630</u>	<u>252,200</u>	<u>220,934</u>	<u>31,266</u>
County auditor				
Personnel services	305,829	300,229	281,407	18,822
Supplies	4,000	4,000	3,540	460
Other services and charges	19,450	20,777	16,755	4,022
Total County auditor	<u>329,279</u>	<u>325,006</u>	<u>301,702</u>	<u>23,304</u>
County treasurer				
Personnel services	234,333	234,333	216,617	17,716
Supplies	4,500	4,819	4,819	-
Other services and charges	21,500	21,181	16,386	4,795
Total County treasurer	<u>260,333</u>	<u>260,333</u>	<u>237,822</u>	<u>22,511</u>
Human resources/grants				
Personnel services	103,481	103,481	102,700	781
Other services and charges	7,850	7,850	6,728	1,122
Total human resources/grants	<u>114,831</u>	<u>116,652</u>	<u>114,749</u>	<u>1,903</u>
Tax assessor-collector				
Personnel services	586,241	586,241	554,953	31,288
Supplies	16,500	16,500	10,509	5,991
Other services and charges	66,000	66,000	56,107	9,893
Total tax assessor-collector	<u>668,741</u>	<u>668,741</u>	<u>621,569</u>	<u>47,172</u>
Nondepartmental				
Personnel services	140,092	140,092	91,924	48,168
Other services and charges	1,391,000	1,208,183	941,774	266,409
Total nondepartmental	<u>1,531,092</u>	<u>1,348,275</u>	<u>1,033,698</u>	<u>314,577</u>
County agent				
Personnel services	107,253	107,253	91,003	16,250
Supplies	2,750	2,911	2,911	-
Other services and charges	24,100	24,089	23,263	826
Total County agent	<u>134,103</u>	<u>134,253</u>	<u>117,177</u>	<u>17,076</u>

**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
General administration				
Courthouse and buildings				
Personnel services	\$ 185,283	\$ 185,315	\$ 145,062	\$ 40,253
Supplies	33,500	36,954	35,570	1,384
Other services and charges	<u>296,250</u>	<u>292,764</u>	<u>242,145</u>	<u>50,619</u>
Total courthouse and buildings	<u>515,033</u>	<u>515,033</u>	<u>422,777</u>	<u>92,256</u>
Subdivision administration department				
Personnel services	12,112	12,112	5,698	6,414
Supplies	500	500	22	478
Other services and charges	<u>50,000</u>	<u>50,000</u>	<u>24,196</u>	<u>25,804</u>
Total subdivision administration department	<u>62,612</u>	<u>62,612</u>	<u>29,916</u>	<u>32,696</u>
Total general administration	<u>4,552,742</u>	<u>4,360,382</u>	<u>3,721,632</u>	<u>638,750</u>
Legal				
District and County court				
Personnel services	255,839	255,839	247,823	8,016
Supplies	5,000	5,068	4,410	658
Other services and charges	<u>495,959</u>	<u>626,863</u>	<u>537,115</u>	<u>89,748</u>
Total district and County court	<u>756,798</u>	<u>887,770</u>	<u>789,348</u>	<u>98,422</u>
District clerk				
Personnel services	343,861	343,861	329,135	14,726
Supplies	7,500	7,933	5,999	1,934
Other services and charges	<u>40,750</u>	<u>40,317</u>	<u>24,430</u>	<u>15,887</u>
Total district clerk	<u>392,111</u>	<u>392,111</u>	<u>359,564</u>	<u>32,547</u>

# MEDINA COUNTY, TEXAS

## GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Legal				
Justices of the peace				
Personnel services	\$ 572,436	\$ 572,553	\$ 547,903	\$ 24,650
Supplies	7,100	7,100	5,337	1,763
Other services and charges	38,325	38,686	28,670	10,016
Total justices of the peace	<u>617,861</u>	<u>618,339</u>	<u>581,910</u>	<u>36,429</u>
County attorney				
Personnel services	264,735	264,735	237,694	27,041
Supplies	4,500	4,500	3,475	1,025
Other services and charges	27,350	27,350	13,863	13,487
Total County attorney	<u>296,585</u>	<u>296,585</u>	<u>255,032</u>	<u>41,553</u>
District attorney				
Personnel services	4,612	4,612	4,591	21
Other services and charges	390,714	423,292	410,704	12,588
Total district attorney	<u>399,824</u>	<u>432,402</u>	<u>415,295</u>	<u>17,107</u>
Total legal	<u>2,463,179</u>	<u>2,627,207</u>	<u>2,401,149</u>	<u>226,058</u>
Public safety				
County jail				
Personnel services	1,219,987	1,142,534	1,033,132	109,402
Supplies	183,200	240,399	240,230	169
Other services and charges	623,300	640,554	569,208	71,346
Total County jail	<u>2,026,487</u>	<u>2,023,487</u>	<u>1,842,570</u>	<u>180,917</u>

**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Public safety				
Constables				
Personnel services	\$ 146,808	\$ 135,914	\$ 135,336	\$ 578
Supplies	3,000	9,439	9,069	370
Other services and charges	<u>56,930</u>	<u>61,112</u>	<u>57,900</u>	<u>3,212</u>
Total constables	<u>206,738</u>	<u>206,465</u>	<u>202,305</u>	<u>4,160</u>
Sheriff				
Personnel services	2,282,272	2,310,895	2,289,307	21,588
Supplies	195,100	224,241	228,071	( 3,830)
Other services and charges	<u>207,998</u>	<u>204,181</u>	<u>178,222</u>	<u>25,959</u>
Total sheriff	<u>2,685,370</u>	<u>2,739,317</u>	<u>2,695,600</u>	<u>43,717</u>
Juvenile board				
Personnel services	<u>14,126</u>	<u>14,126</u>	<u>12,820</u>	<u>1,306</u>
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>12,820</u>	<u>1,306</u>
DPS/license and weight				
Personnel services	66,755	66,919	66,675	244
Supplies	1,800	2,000	1,892	108
Other services and charges	<u>12,000</u>	<u>11,817</u>	<u>10,260</u>	<u>1,557</u>
Total DPS/license and weight	<u>80,555</u>	<u>80,736</u>	<u>78,827</u>	<u>1,909</u>
Highway patrol				
Personnel services	66,755	66,755	66,274	481
Supplies	1,200	1,200	1,190	10
Other services and charges	<u>7,550</u>	<u>7,550</u>	<u>6,579</u>	<u>971</u>
Total highway patrol	<u>75,505</u>	<u>75,505</u>	<u>74,043</u>	<u>1,462</u>
Emergency management				
Personnel services	59,528	59,528	54,743	4,785
Supplies	6,750	8,823	7,317	1,506
Other services and charges	<u>23,500</u>	<u>20,303</u>	<u>10,888</u>	<u>9,415</u>
Total emergency management	<u>89,778</u>	<u>88,654</u>	<u>72,948</u>	<u>15,706</u>
Total public safety	<u>5,178,559</u>	<u>5,228,290</u>	<u>4,979,113</u>	<u>249,177</u>

**MEDINA COUNTY, TEXAS**

**GENERAL FUND**

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 139,667	\$ 137,597	\$ 133,862	\$ 3,735
Supplies	9,200	9,671	8,901	770
Other services and charges	<u>16,825</u>	<u>18,424</u>	<u>14,947</u>	<u>3,477</u>
Total sanitation inspection	<u>165,692</u>	<u>165,692</u>	<u>157,710</u>	<u>7,982</u>
Social services and indigent services				
Personnel services	350	393	913	( 520)
Other services and charges	<u>110,141</u>	<u>110,098</u>	<u>90,313</u>	<u>19,785</u>
Total social services and indigent services	<u>110,491</u>	<u>110,491</u>	<u>91,226</u>	<u>19,265</u>
Total health and welfare	<u>276,183</u>	<u>276,183</u>	<u>248,936</u>	<u>27,247</u>
Capital outlay	<u>636,950</u>	<u>829,602</u>	<u>262,039</u>	<u>567,563</u>
Total expenditures	<u>12,470,663</u>	<u>12,492,062</u>	<u>11,612,869</u>	<u>879,193</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>251,888</u>	<u>230,489</u>	<u>1,494,779</u>	<u>1,264,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	7,000	7,000	9,135	2,135
Insurance proceeds	-	-	44,480	44,480
Transfers out	( 599,586)	( 621,286)	( 273,861)	347,425
Total other financing sources (uses)	<u>( 592,586)</u>	<u>( 614,286)</u>	<u>( 220,246)</u>	<u>394,040</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 340,698)	( 383,797)	1,274,533	1,658,330
<b>FUND BALANCE, BEGINNING</b>	<u>8,902,797</u>	<u>8,902,797</u>	<u>8,902,797</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,562,099</u>	<u>\$ 8,519,000</u>	<u>\$ 10,177,330</u>	<u>\$ 1,658,330</u>

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

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**MEDINA COUNTY, TEXAS**

**STATEMENT OF NET POSITION**

**GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND**

**SEPTEMBER 30, 2013**

**ASSETS**

Cash and investments \$ 267,457

Total assets \$ 267,457

**LIABILITIES**

Accounts payable \$ 203,135

Total liabilities \$ 203,135

**NET POSITION**

Unrestricted \$ 64,322

Total net position \$ 64,322

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

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**MEDINA COUNTY, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

**GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND**

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

**OPERATING REVENUES**

Charges for services	\$ <u>2,215,227</u>
Total operating revenues	<u>2,215,227</u>

**OPERATING EXPENSES**

Claims	1,622,197
Premiums and administrative	<u>500,700</u>
Total operating expenses	<u>2,122,897</u>

**OPERATING INCOME**

92,330

**NONOPERATING REVENUES**

Interest and investment earnings	<u>1,316</u>
Income before transfers	<u>93,646</u>

**CHANGE IN NET POSITION**

93,646

**TOTAL NET POSITION, BEGINNING**

( 29,324)

**TOTAL NET POSITION, ENDING**

\$ 64,322

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

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**MEDINA COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users	\$ 2,215,227
Cash paid to suppliers for services	<u>( 2,070,109)</u>
Net cash used by operating activities	<u>145,118</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and investment earnings	<u>1,316</u>
Net cash provided by investing activities	<u>1,316</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 146,434
 <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	 <u>121,023</u>
 <b>CASH AND CASH EQUIVALENTS, ENDING</b>	 \$ <u><u>267,457</u></u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ 92,330
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	1
Increase in accounts payable	<u>52,787</u>
Net cash used by operating activities	\$ <u><u>145,118</u></u>

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

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**MEDINA COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>2,096,871</u>
Total assets	\$ <u>2,096,871</u>
<b>LIABILITIES</b>	
Due to others	\$ <u>2,096,871</u>
Total liabilities	\$ <u><u>2,096,871</u></u>

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

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# MEDINA COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Medina County, Texas, was organized in 1848. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (law enforcement), public transportation (highways and roads), health and welfare, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Medina County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Based upon the foregoing criteria, there are no component units for Medina County.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental fund:

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

Additionally, the County reports the following fund types:

**Special Revenue Funds** are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.

The **Debt Service Fund** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for Debt Service Funds is ad valorem taxes. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.



The ***Internal Service Fund*** accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

***Agency Funds*** account for assets held by the County in a trustee capacity or as an agent for others.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

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

##### **Cash and Investments**

The government's cash and cash equivalents are considered to be cash on hand and demand deposits.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool.

##### **Receivables and Payables**

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

##### **Property Taxes**

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Medina County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on Medina property are a lien against such property until paid. The County may foreclose on Medina property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike Medina property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

The County distributes all tax collections to the General Fund, Road and Bridge, and Debt Service Funds.

The 2012 Tax Rate for the fiscal year ended September 30, 2013, was \$0.5290 per \$100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a Countywide appraisal district and an appraisal review board in each County in the State. The Medina County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Medina property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

### **Inventories**

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

### **Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20-50
Improvements	5-50
Equipment	5-20

### **Compensated Absences**

It is the County’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments.

### **Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

### **Fund Balance Classification**

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners’ Court, the County’s highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners’ Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners’ Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Net Position**

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

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(3,116,900) difference are as follows:

General obligation bonds	\$( 1,765,000)
Time warrants	( 322,925)
Capital leases	( 174,242)
Accrued interest payable	( 5,903)
Net OPEB obligation	( 773,905)
Compensated absences	( 116,872)
Deferred loss on refunding	18,012
Deferred Charges	<u>23,935</u>

Net adjustment to decrease *fund balance - total governmental funds* to arrive at *net assets - governmental activities* \$( 3,116,900)

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$690,670 difference are as follows:

Capital outlay	\$ 1,555,306
Depreciation expense	( 754,587)
Disposal of capital assets	<u>( 110,049)</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 690,670

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$594,195 difference are as follows:

Principal repayments:	
General obligation bonds	320,000
Capital lease	75,729
Time warrants	207,756
Amortization of deferred loss on refunding	( 4,503)
Amortization of deferred charges	<u>( 4,787)</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 594,195

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(139,168) difference are as follows:

Compensated absences	\$( 3,363)
Net OPEB Obligation	( 143,357)
Accrued interest	<u>7,552</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 \$( <u>139,168</u> )

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$200,840 difference are as follows:

Property taxes	\$ 18,290
Court fines	<u>182,550</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 \$ <u>200,840</u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

The Commissioners’ Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners’ Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners’ Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court must file a copy of its order amending the budget with the County Clerk and the Clerk shall attach the copy to the original budget. Only the Commissioners’ Court may amend the budget and shift funds from one budget account to another.

The original budget is adopted by the Commissioners’ Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners’ Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenue and expenditures for the 12-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenue and expenditures as opposed to the prorated budget estimates.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners’ Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenue and a compilation of requested departmental expenditures and submits this data to the Commissioners’ Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenue and available resources. Also, amendments can be made within the above guidelines.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. Appropriations lapse at year-end.

Budgets for the General Fund and budgeted Special Revenue, Debt Service and Capital Projects Funds are adopted on a modified accrual basis in accordance with generally accepted accounting principles (GAAP Basis). The following Special Revenue Funds are not budgeted: Sheriff's Forfeiture – Old and the 4th Court of Appeals.

The level of control is the fund. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

**Deficit Fund Equity**

The Community Justice Assistance, The Health Unit, Juvenile Probation Department, Nutrition, Purchase of Youth Services, County Law Library, Court Reporter, Courthouse Security, Project Safe Neighborhoods, JAG - District Attorney, Capital Projects, and East Medina River Line Extension funds have deficit fund balances of \$(1,923), \$(16,243), \$(29,462), \$(96,171), \$(514), \$(18,272), \$(3,751), \$(19,949), \$(1,106), \$(892), \$(105,399), and \$(17,369), respectively. The County anticipates revenues in future periods will eliminate these deficit fund balances or the County will transfer funds from the General Fund to eliminate these deficits.

**4. DETAILED NOTES ON ALL FUNDS**

**Deposits and Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>12</u>	55
	\$ <u><u>12</u></u>	

The County’s investment pool is 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolios to a maximum of 90 days.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2012, the County’s deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

*Credit Risk.* It is the County’s policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County’s investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's

**Receivables**

Receivables as of year-end for the County’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 750,702	\$ 188,002	\$ 938,704
Sales tax	231,753	-	231,753
Intergovernmental	23,702	291,387	315,089
Other	<u>86,420</u>	<u>189,272</u>	<u>275,692</u>
Total receivables	<u>\$ 1,092,577</u>	<u>\$ 668,661</u>	<u>\$ 1,761,238</u>



## Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes	\$ 675,140	\$ -
Nonmajor governmental funds:		
Delinquent property taxes	169,015	-
Intergovernmental	<u>-</u>	<u>85,769</u>
Governmental funds	<u>\$ 844,155</u>	<u>\$ 85,769</u>

## Capital Assets

### **Primary Government**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,344,740	\$ -	\$ -		\$ 1,344,740
Construction in progress	<u>1,163,298</u>	<u>-</u>	<u>-</u>	( 1,163,298)	<u>-</u>
Total capital assets not being depreciated	<u>2,508,038</u>	<u>-</u>	<u>-</u>	( 1,163,298)	<u>1,344,740</u>
Capital assets, being depreciated:					
Buildings and improvements	8,345,268	93,606	-	1,101,080	9,539,954
Equipment	7,984,537	266,474	( 93,906)	-	8,157,105
Infrastructure	<u>12,749,128</u>	<u>1,195,226</u>	<u>-</u>	<u>-</u>	<u>13,944,354</u>
Total capital assets being depreciated	<u>29,078,933</u>	<u>1,555,306</u>	( 93,906)	<u>1,101,080</u>	<u>31,641,413</u>
Less accumulated depreciation:					
Buildings and improvements	3,666,984	233,444	-	9,612	3,910,040
Equipment	5,402,600	380,497	( 86,564)	24,674	5,721,207
Infrastructure	<u>8,915,719</u>	<u>140,646</u>	<u>-</u>	<u>6,203</u>	<u>9,062,568</u>
Total accumulated depreciation	<u>17,985,303</u>	<u>754,587</u>	( 86,564)	<u>40,489</u>	<u>18,693,815</u>
Total capital assets, being depreciated, net	<u>11,093,630</u>	<u>800,719</u>	( 7,342)	<u>1,060,591</u>	<u>12,947,598</u>
Governmental activities capital assets, net	<u>\$ 13,601,668</u>	<u>\$ 800,719</u>	<u>\$( 7,342)</u>	<u>\$( 102,707)</u>	<u>\$ 14,292,338</u>

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

Governmental activities:	
General government	\$ 150,871
Legal	3,831
Public safety	303,329
Public transportation	271,720
Health and welfare	<u>24,836</u>
Total depreciation expense - governmental activities	<u>\$ 754,587</u>

**Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2013, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ <u>522,740</u>
Total		<u>\$ 522,740</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

**Interfund Transfers:**

	<u>Transfers In</u> Nonmajor	
	<u>Governmental</u>	<u>Total</u>
Transfers Out:		
General	\$ 273,861	\$ 273,861
Nonmajor governmental	<u>267,691</u>	<u>267,691</u>
Total Transfers Out	<u>\$ 541,552</u>	<u>\$ 541,552</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Long-term Debt**

**General Obligation Bonds**

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.1%	\$ <u>1,765,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 330,000	\$ 33,600
2015	345,000	26,513
2016	350,000	19,215
2017	365,000	11,708
2018	<u>375,000</u>	<u>3,938</u>
Total	\$ <u>1,765,000</u>	\$ <u>94,974</u>

### Time Warrants

The County has 6 time warrants for the purchase of various machinery and equipment. The interest rates on the warrants are 4.00% to 5.00%. Annual debt service requirements to maturity for time warrants are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 110,975	\$ 15,985
2015	110,975	10,492
2016	<u>100,975</u>	<u>4,998</u>
Total	\$ <u>322,925</u>	\$ <u>31,475</u>

### Capital Leases

The government has acquired certain fixed assets for governmental activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Asset
Governmental activities	
Assets:	
Road and Bridge, Precinct #2 - Machinery	\$ 125,000
Road and Bridge, Precinct #4 - Machinery	125,000
Accumulated depreciation	<u>( 39,375)</u>
Total	\$ <u>210,625</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2014	\$ <u>182,518</u>
Total minimum lease payments	182,518
Less: amount representing interest	<u>( 8,276)</u>
Present value of minimum lease payments	\$ <u><u>174,242</u></u>

### **Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Government activities</b>					
General obligation bonds	\$ 2,085,000	\$ -	\$ 320,000	\$ 1,765,000	\$ 330,000
Loss on refunding	( 22,515)	-	( 4,503)	( 18,012)	-
Time warrants	530,681	-	207,756	322,925	110,975
Capital leases	249,971	-	75,729	174,242	174,242
Net OPEB obligation	630,548	251,820	108,463	773,905	-
Compensated absences	<u>113,509</u>	<u>263,080</u>	<u>259,717</u>	<u>116,872</u>	<u>23,374</u>
Governmental activity long-term liabilities	<u>\$ 3,587,194</u>	<u>\$ 514,900</u>	<u>\$ 967,162</u>	<u>\$ 3,134,932</u>	<u>\$ 638,591</u>

### **Other Information**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has not had any significant reductions in insurance coverage in the prior year. The County also provides medical insurance for County employees.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Internal Service Fund. An excess coverage policy covers \$35,000 per participant annually and \$1,000,000 lifetime maximum benefit. Changes in the balances of claims liabilities during the past two years are as follows:

	Years Ended	
	9/30/2013	9/30/2012
Unpaid claims at beginning of year	\$ 150,347	\$ 123,217
Incurred claims (including IBNRs)	1,634,928	1,941,301
Claim payments	<u>( 1,622,197)</u>	<u>( 1,914,171)</u>
Unpaid claims at end of year	<u>\$ 163,078</u>	<u>\$ 150,347</u>

### **Pension Plans – Primary Government**

Medina County provides pension, disability, and death benefits for all of its full-time 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 624 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.

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

### **Funding Policy**

The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 7.5% for the months of the accounting year in 2012 and 7.5% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 6% as adopted by the governing body of the employer. For calendar year 2012 the employee deposit rate was 6%. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

### **Annual Pension Cost**

For the employer’s accounting year ending September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$551,423 and the actual contributions were \$551,423.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2012 and 2013. The December 31, 2012, actuarial valuation is the most recent valuation.

#### Actuarial Valuation Information

Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	11.5	20	20
Asset valuation method:			
Subdivision Accumulation Fund	10 yr. smoothed value	10 yr. smoothed value	10 yr. smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.00%	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

<sup>1</sup>Includes inflation at the stated rate

#### Trend Information for the Retirement Plan for the Employees of Medina County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2011	516,517	100%	-
9/30/2012	531,869	100%	-
9/30/2013	551,423	100%	-

**Transition Disclosure.** It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

**Schedule of Funding Progress for the Retirement Plan  
For the Employees of Medina County**

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
2012	12,109,169	13,672,172	1,563,003	88.57%	7,144,268	21.88%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.
- (2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

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

**Other Post-retirement Health Care Benefits**

The County provides certain health care and dental benefits, under county policy, for employees upon retirement that meet one of the following requirements: age 60 with 8 or more years of service, at least 30 years of service at any age, or a combined age plus service of at least 75. Employees hired on October 1, 2012 or after will no longer be eligible for such retiree coverage.

Except for employees hired on or after October 1, 2012, a Medina County employee who retires and chooses a monthly pension through Texas County and District Retirement System is covered on Medina County's health and dental insurance plan through the month he or she turns 65. Retirees who take a lump sum payment of retirement savings are only eligible to remain on Medina County's health and dental insurance plan as provided for by COBRA guidelines. The qualified retiree may continue any dependent coverage up to the retiree's age of 65 at the same rate afforded to current employees. When the retiree turns 65 and becomes Medicare eligible, he or she is removed from coverage on Medina County's health and dental insurance plan. The retiree may continue dependent coverage according to COBRA guidelines. Furthermore, the retiree aged 65 or older is eligible to enroll in Texas Association of County Choice Silver Medicare supplement coverage. If he or she so chooses, the County provides a \$50 monthly stipend to the qualified retiree. Spouses are not eligible for the stipend unless they are also qualified County retirees. The continuance of the stipend is subject to approval by Commissioners' Court on an annual basis. The stipend has been offered to qualified retirees since 2002.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were \$108,463.

## Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 260,323
Interest on Net OPEB Obligation	31,527
Adjustment to the ARC	<u>( 40,030)</u>
Annual OPEB Cost	251,820
Employer Contributions with Interest	<u>( 108,463)</u>
Increase (Decrease) in Net OPEB Obligation	143,357
Net OPEB Obligation, beginning of year	<u>630,548</u>
 Net OPEB Obligation, end of year	 <u>\$ 773,905</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (5.0% discount rate, and level percent of pay amortization).

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2011	\$ 250,612	\$ 120,339	48%	\$ 468,800
9/30/2012	259,338	97,590	38%	630,548
9/30/2013	251,820	108,463	43%	773,905

## Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2012	-	1,824,137	1,824,137	- %	7,124,254	25.60%

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



The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### **Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	9/30/2011	9/30/2012	9/30/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	2%	2%	2%
Payroll Growth Rate	3%	3%	3%
Projected Salary Increases	4%	4%	4%
General Inflation Rate	3%	3%	3%
Healthcare cost trend rate	6.5%	6.5%	6.5%
The number of active members is assumed to remain constant in the future			

### **Commitments and Contingencies**

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

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a Medina liability, funds would have to be appropriated in future County budgets for settlements.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

**MEDINA COUNTY, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
POST-RETIREMENT HEALTH CARE BENEFIT PLAN**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ -	\$ 1,738,601	- %	\$ 1,738,601	\$ 6,450,265	26.95%
10/1/2011	-	1,762,622	- %	1,762,622	7,099,914	24.83%
10/1/2012	-	1,824,137	- %	1,824,137	7,124,254	25.60%

# MEDINA COUNTY, TEXAS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 11,087,981	\$ 11,969,970	92.63%	\$ 881,989	\$ 6,450,265	13.67%
12/31/2011	12,011,723	13,282,687	90.43%	1,270,964	7,099,914	17.90%
12/31/2012	12,109,169	13,672,172	88.57%	1,563,003	7,144,268	21.88%

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**COMBINING  
FUND STATEMENTS**

**MEDINA COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
<b>ASSETS</b>				
Cash and investments	\$ 986,453	\$ 259,542	\$ 510,328	\$ 537,304
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	48,324	30,978	31,674	30,560
Other	32,445	22,540	22,502	22,502
Total assets	\$ 1,067,222	\$ 313,060	\$ 564,504	\$ 590,366
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 54,343	\$ 12,460	\$ 13,902	\$ 27,100
Payroll liabilities	17,359	14,547	12,754	13,118
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	101,964	44,279	32,824	32,056
Total liabilities	173,666	71,286	59,480	72,274
Fund balances:				
Restricted	893,556	241,774	505,024	518,092
Unassigned	-	-	-	-
Total fund balances	893,556	241,774	505,024	518,092
Total liabilities and fund balances	\$ 1,067,222	\$ 313,060	\$ 564,504	\$ 590,366



Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	20,667	50,332	95,989
-	-	-	-	-	-	-
-	-	-	-	14,440	-	14,087
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,107</u>	<u>\$ 50,332</u>	<u>\$ 110,076</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,109	\$ 2,005	\$ 9,444
-	-	-	-	-	9,601	8,767
-	-	-	-	-	-	-
-	-	-	-	28,921	26,817	108,108
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,030</u>	<u>38,423</u>	<u>126,319</u>
-	-	-	-	-	11,909	-
-	-	-	-	( 1,923)	-	( 16,243)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,923)</u>	<u>11,909</u>	<u>( 16,243)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,107</u>	<u>\$ 50,332</u>	<u>\$ 110,076</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants	Nutrition Discretionary Funds
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 454	\$ 35,813
Receivables:				
Intergovernmental	90	-	-	-
Ad valorem taxes	-	-	-	-
Other	39,219	19,895	-	-
Total assets	\$ 39,309	\$ 19,895	\$ 454	\$ 35,813
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,627	\$ 16,063	\$ -	\$ 399
Payroll liabilities	-	5,855	-	-
Other liabilities	-	-	-	-
Due to other funds	63,144	94,148	-	-
Deferred revenue	-	-	-	-
Total liabilities	68,771	116,066	-	399
Fund balances:				
Restricted	-	-	454	35,414
Unassigned	( 29,462)	( 96,171)	-	-
Total fund balances	( 29,462)	( 96,171)	454	35,414
Total liabilities and fund balances	\$ 39,309	\$ 19,895	\$ 454	\$ 35,813

Special Revenue

Federal Program	Purchase of Youth Services	May 2010 Flood	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ 84,372	\$ -	\$ -	\$ 7,131	\$ -	\$ -	\$ 10,658
-	-	-	-	-	-	-
-	-	-	-	152	-	1,490
<u>\$ 84,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,131</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 12,148</u>
\$ -	\$ -	\$ -	\$ 6	\$ 2,726	\$ 1,233	\$ 1,138
-	-	-	919	-	-	-
-	-	-	-	-	-	-
-	514	-	-	15,698	2,518	-
-	-	-	-	-	-	-
<u>-</u>	<u>514</u>	<u>-</u>	<u>925</u>	<u>18,424</u>	<u>3,751</u>	<u>1,138</u>
84,372	-	-	6,206	-	-	11,010
-	( 514)	-	-	( 18,272)	( 3,751)	-
<u>84,372</u>	<u>( 514)</u>	<u>-</u>	<u>6,206</u>	<u>( 18,272)</u>	<u>( 3,751)</u>	<u>11,010</u>
<u>\$ 84,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,131</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 12,148</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
<b>ASSETS</b>				
Cash and investments	\$ 136	\$ 337	\$ 339	\$ 40,498
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Total assets	\$ 136	\$ 337	\$ 339	\$ 40,498
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 53
Payroll liabilities	-	-	-	746
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	799
Fund balances:				
Restricted	136	337	339	39,699
Unassigned	-	-	-	-
Total fund balances	136	337	339	39,699
Total liabilities and fund balances	\$ 136	\$ 337	\$ 339	\$ 40,498

Special Revenue

<u>Records Management</u>	<u>Courthouse Security</u>	<u>LEOSE Chapter 415</u>	<u>Graffiti Eradication</u>	<u>Justice Court Technology</u>	<u>D. A. Federal Forfeiture</u>	<u>Records Management Archival County Clerk</u>
\$ 20,408	\$ -	\$ 7,868	\$ 5	\$ 196,221	\$ 22,357	\$ 320,511
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20,408</u>	<u>\$ -</u>	<u>\$ 7,868</u>	<u>\$ 5</u>	<u>\$ 196,221</u>	<u>\$ 22,357</u>	<u>\$ 320,511</u>
\$ -	\$ 107	\$ -	\$ -	\$ 1,548	\$ -	\$ 45,338
-	3,338	-	-	-	-	-
-	-	-	-	-	22,233	-
-	16,504	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>19,949</u>	<u>-</u>	<u>-</u>	<u>1,548</u>	<u>22,233</u>	<u>45,338</u>
20,408	-	7,868	5	194,673	124	275,173
-	( 19,949)	-	-	-	-	-
<u>20,408</u>	<u>( 19,949)</u>	<u>7,868</u>	<u>5</u>	<u>194,673</u>	<u>124</u>	<u>275,173</u>
<u>\$ 20,408</u>	<u>\$ -</u>	<u>\$ 7,868</u>	<u>\$ 5</u>	<u>\$ 196,221</u>	<u>\$ 22,357</u>	<u>\$ 320,511</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
<b>ASSETS</b>				
Cash and investments	\$ 12,663	\$ -	\$ 8,876	\$ -
Receivables:				
Intergovernmental	-	368	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Total assets	\$ 12,663	\$ 368	\$ 8,876	\$ -
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	1,474	-	-
Deferred revenue	-	-	-	892
Total liabilities	-	1,474	-	892
Fund balances:				
Restricted	12,663	-	8,876	-
Unassigned	-	( 1,106)	-	( 892)
Total fund balances	12,663	( 1,106)	8,876	( 892)
Total liabilities and fund balances	\$ 12,663	\$ 368	\$ 8,876	\$ -

Special Revenue

Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Tropical Storm Erin	Texas Feeding Texans	DA VAWA Grant
\$ 48,130	\$ 19,717	\$ 13,857	\$ 1,019	\$ 201	\$ 11,901	\$ -
-	-	-	-	-	-	21,578
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 48,130</u>	<u>\$ 19,717</u>	<u>\$ 13,857</u>	<u>\$ 1,019</u>	<u>\$ 201</u>	<u>\$ 11,901</u>	<u>\$ 21,578</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 86
-	-	-	-	-	-	4,310
-	-	-	-	-	-	-
-	-	-	-	-	-	16,398
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969</u>	<u>20,794</u>
48,130	19,717	13,857	1,019	201	10,932	784
-	-	-	-	-	-	-
<u>48,130</u>	<u>19,717</u>	<u>13,857</u>	<u>1,019</u>	<u>201</u>	<u>10,932</u>	<u>784</u>
<u>\$ 48,130</u>	<u>\$ 19,717</u>	<u>\$ 13,857</u>	<u>\$ 1,019</u>	<u>\$ 201</u>	<u>\$ 11,901</u>	<u>\$ 21,578</u>

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

**SEPTEMBER 30, 2013**

	Special Revenue			
	Forfeiture Constable #3	D'Hanis Flood Study	COPS Technology Grant	Household Hazardous Waste Grant
<b>ASSETS</b>				
Cash and investments	\$ 2,355	\$ -	\$ 3	\$ -
Receivables:				
Intergovernmental	-	43,097	-	2,666
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total assets	\$ 2,355	\$ 43,097	\$ 3	\$ 2,666
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	39,950	-	2,666
Deferred revenue	-	-	-	-
	-	-	-	-
Total liabilities	-	39,950	-	2,666
Fund balances:				
Restricted	2,355	3,147	3	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	2,355	3,147	3	-
Total liabilities and fund balances	\$ 2,355	\$ 43,097	\$ 3	\$ 2,666



Special Revenue	Debt Service		Capital Project		
District Clerk Technology	Debt Service	Debt Sinking- Sheriff Auto	Capital Project	East Medina River Line Extention	Total Nonmajor Governmental
\$ 1,381	\$ 12,610	\$ -	\$ -	\$ -	\$ 3,173,448
-	-	-	-	56,600	291,387
-	38,822	7,644	-	-	188,002
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,272</u>
<u>\$ 1,381</u>	<u>\$ 51,432</u>	<u>\$ 7,644</u>	<u>\$ -</u>	<u>\$ 56,600</u>	<u>\$ 3,842,109</u>
\$ -	\$ -	\$ -	\$ -	\$ 73,969	\$ 276,625
-	-	-	-	-	91,314
-	-	-	-	-	22,233
-	-	481	105,399	-	522,740
<u>-</u>	<u>37,637</u>	<u>5,132</u>	<u>-</u>	<u>-</u>	<u>254,784</u>
<u>-</u>	<u>37,637</u>	<u>5,613</u>	<u>105,399</u>	<u>73,969</u>	<u>1,167,696</u>
1,381	13,795	2,031	-		2,985,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 105,399)</u>	<u>( 17,369)</u>	<u>( 311,051)</u>
<u>1,381</u>	<u>13,795</u>	<u>2,031</u>	<u>( 105,399)</u>	<u>( 17,369)</u>	<u>2,674,413</u>
<u>\$ 1,381</u>	<u>\$ 51,432</u>	<u>\$ 7,644</u>	<u>\$ -</u>	<u>\$ 56,600</u>	<u>\$ 3,842,109</u>

**MEDINA COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

	Special Revenue			
	Road and Bridge	Road and Bridge	Road and Bridge	Road and Bridge
	No. 1	No. 2	No. 3	No. 4
<b>REVENUES</b>				
Property taxes	\$ 699,425	\$ 421,674	\$ 515,468	\$ 365,400
Licenses and permits	233,852	233,852	233,852	233,852
Intergovernmental	-	-	-	-
Fines and forfeitures	194,040	178,194	178,194	178,194
Charges for services	-	-	-	-
Interest	6,091	1,359	3,110	3,269
Miscellaneous	37,042	31,007	24,176	24,280
Total revenues	<u>1,170,450</u>	<u>866,086</u>	<u>954,800</u>	<u>804,995</u>
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	1,124,307	697,882	656,331	581,553
Health and welfare	-	-	-	-
Capital outlay	10,675	26,745	12,296	2,310
Debt service:				
Principal retirement	10,000	65,379	118,464	47,739
Interest and fiscal charges	519	13,159	10,742	12,056
Total expenditures	<u>1,145,501</u>	<u>803,165</u>	<u>797,833</u>	<u>643,658</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>24,949</u>	<u>62,921</u>	<u>156,967</u>	<u>161,337</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	9,180	-
Transfers in	170,282	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>170,282</u>	<u>-</u>	<u>9,180</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	195,231	62,921	166,147	161,337
<b>FUND BALANCES, BEGINNING</b>	<u>698,325</u>	<u>178,853</u>	<u>338,877</u>	<u>356,755</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 893,556</u>	<u>\$ 241,774</u>	<u>\$ 505,024</u>	<u>\$ 518,092</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15,415	9,249	11,451	7,928	16,800	355,172	359,498
-	-	-	-	-	-	-
-	-	-	-	25	-	-
-	-	-	-	-	164	20,576
<u>15,415</u>	<u>9,249</u>	<u>11,451</u>	<u>7,928</u>	<u>16,825</u>	<u>355,336</u>	<u>380,074</u>
-	-	-	-	-	-	-
-	-	-	-	16,800	-	-
-	-	-	-	-	-	-
15,415	9,249	11,451	7,928	-	-	-
-	-	-	-	-	356,165	321,492
-	-	-	-	-	-	63,045
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,415</u>	<u>9,249</u>	<u>11,451</u>	<u>7,928</u>	<u>16,800</u>	<u>356,165</u>	<u>384,537</u>
-	-	-	-	25	( 829)	( 4,463)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	25	( 829)	( 4,463)
-	-	-	-	( 1,948)	12,738	( 11,780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 1,923)</u>	<u>\$ 11,909</u>	<u>\$ ( 16,243)</u>

**MEDINA COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

	Special Revenue			
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants	Nutrition Discretionary Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	247,654	2,078	-
Fines and forfeitures	-	-	-	-
Charges for services	1,963	-	-	-
Interest	-	-	-	61
Miscellaneous	243	29,926	255	33,750
Total revenues	2,206	277,580	2,333	33,811
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	188,667	-	-	-
Public transportation	-	-	-	2,426
Health and welfare	-	356,597	-	-
Capital outlay	10,254	-	2,078	7,115
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	198,921	356,597	2,078	9,541
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 196,715)	( 79,017)	255	24,270
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	174,254	54,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	174,254	54,000	-	-
<b>NET CHANGE IN FUND BALANCES</b>	( 22,461)	( 25,017)	255	24,270
<b>FUND BALANCES, BEGINNING</b>	( 7,001)	( 71,154)	199	11,144
<b>FUND BALANCES, ENDING</b>	\$( 29,462)	\$( 96,171)	\$ 454	\$ 35,414

Special Revenue

Federal Program	Purchase of Youth Services	May 2010 Flooding	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	195,131	-	-	-	-
-	-	-	-	22,600	-	71,307
-	-	-	-	-	6,467	-
212	-	-	-	-	-	30
-	-	-	9,121	-	-	24,564
<u>212</u>	<u>-</u>	<u>195,131</u>	<u>9,121</u>	<u>22,600</u>	<u>6,467</u>	<u>95,901</u>
-	-	-	-	-	-	-
-	-	-	11,272	-	23,959	-
-	-	-	-	54,797	-	35,607
-	-	-	-	-	-	-
-	-	8,751	-	-	-	-
-	-	-	-	-	-	58,489
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>8,751</u>	<u>11,272</u>	<u>54,797</u>	<u>23,959</u>	<u>94,096</u>
<u>212</u>	<u>-</u>	<u>186,380</u>	<u>( 2,151)</u>	<u>( 32,197)</u>	<u>( 17,492)</u>	<u>1,805</u>
-	-	-	-	-	-	-
-	-	81,295	-	25,000	15,000	-
-	-	( 251,577)	-	-	-	-
-	-	( 170,282)	-	25,000	15,000	-
212	-	16,098	( 2,151)	( 7,197)	( 2,492)	1,805
<u>84,160</u>	<u>( 514)</u>	<u>( 16,098)</u>	<u>8,357</u>	<u>( 11,075)</u>	<u>( 1,259)</u>	<u>9,205</u>
<u>\$ 84,372</u>	<u>\$( 514)</u>	<u>\$ -</u>	<u>\$ 6,206</u>	<u>\$( 18,272)</u>	<u>\$( 3,751)</u>	<u>\$ 11,010</u>

**MEDINA COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	49,947
Charges for services	-	-	-	-
Interest	4	1	2	421
Miscellaneous	-	-	-	-
Total revenues	4	1	2	50,368
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	128,870
Legal	-	-	-	-
Public safety	-	30	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	350	-	5,146
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	380	-	134,016
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	4	( 379)	2	( 83,648)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	4	( 379)	2	( 83,648)
<b>FUND BALANCES, BEGINNING</b>	132	716	337	123,347
<b>FUND BALANCES, ENDING</b>	\$ 136	\$ 337	\$ 339	\$ 39,699

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,594	14,896	-	-	29,101	-	52,444
-	23,277	-	-	-	-	-
-	-	-	-	1,255	57	1,493
-	15	-	-	-	-	-
<u>9,594</u>	<u>38,188</u>	<u>-</u>	<u>-</u>	<u>30,356</u>	<u>57</u>	<u>53,937</u>
2,510	-	-	-	-	-	100,557
-	-	-	-	16,253	-	-
-	67,537	564	-	-	80	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	20,282	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,510</u>	<u>67,537</u>	<u>564</u>	<u>-</u>	<u>36,535</u>	<u>80</u>	<u>100,557</u>
<u>7,084</u>	<u>( 29,349)</u>	<u>( 564)</u>	<u>-</u>	<u>( 6,179)</u>	<u>( 23)</u>	<u>( 46,620)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,084	( 29,349)	( 564)	-	( 6,179)	( 23)	( 46,620)
<u>13,324</u>	<u>9,400</u>	<u>8,432</u>	<u>5</u>	<u>200,852</u>	<u>147</u>	<u>321,793</u>
<u>\$ 20,408</u>	<u>\$ ( 19,949)</u>	<u>\$ 7,868</u>	<u>\$ 5</u>	<u>\$ 194,673</u>	<u>\$ 124</u>	<u>\$ 275,173</u>

**MEDINA COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	5,461	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	5,461	-	-	-
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	5,461	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	5,461	-	-	-
<b>FUND BALANCES, BEGINNING</b>	7,202	( 1,106)	8,876	( 892)
<b>FUND BALANCES, ENDING</b>	\$ 12,663	\$( 1,106)	\$ 8,876	\$( 892)



Special Revenue

Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Tropical Storm Erin	Texas Feeding Texans	DA VAWA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,850	-	-	-	-
-	45,230	-	-	-	24,593	93,143
-	-	-	-	-	-	-
5,714	15,950	-	-	-	-	-
-	-	-	-	-	21	-
-	-	-	35,018	-	-	35,170
<u>5,714</u>	<u>61,180</u>	<u>1,850</u>	<u>35,018</u>	<u>-</u>	<u>24,614</u>	<u>128,313</u>
-	185	-	-	-	-	127,545
-	-	-	-	-	-	-
-	-	-	33,999	-	-	-
-	-	-	-	-	-	-
-	-	960	-	-	30,328	-
-	45,230	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>45,415</u>	<u>960</u>	<u>33,999</u>	<u>-</u>	<u>30,328</u>	<u>127,545</u>
<u>5,714</u>	<u>15,765</u>	<u>890</u>	<u>1,019</u>	<u>-</u>	<u>( 5,714)</u>	<u>768</u>
-	-	-	-	-	-	-
-	-	-	5,607	-	-	-
-	-	-	-	-	-	-
-	-	-	5,607	-	-	-
5,714	15,765	890	6,626	-	( 5,714)	768
<u>42,416</u>	<u>3,952</u>	<u>12,967</u>	<u>( 5,607)</u>	<u>201</u>	<u>16,646</u>	<u>16</u>
<u>\$ 48,130</u>	<u>\$ 19,717</u>	<u>\$ 13,857</u>	<u>\$ 1,019</u>	<u>\$ 201</u>	<u>\$ 10,932</u>	<u>\$ 784</u>

**MEDINA COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

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

	Special Revenue			
	Forfeiture Constable #3	D'Hanis Flood Study	COPS Technology Grant	Household Hazardous Waste Grant
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	16,416
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Interest	14	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14	-	-	16,416
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	1,440	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	16,416
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,440	-	-	16,416
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 1,426)	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	( 1,426)	-	-	-
<b>FUND BALANCES, BEGINNING</b>	3,781	3,147	3	-
<b>FUND BALANCES, ENDING</b>	\$ 2,355	\$ 3,147	\$ 3	\$ -

Special Revenue	Debt Service		Capital Projects		
District Clerk Technology	Debt Service	Debt Sinking- Sheriff Auto	Capital Project	East Medina River Line Extention	Total Nonmajor Governmental
\$ -	\$ 326,339	\$ 48,807	\$ -	\$ -	\$ 2,377,113
-	-	-	-	-	937,258
-	-	-	-	214,767	1,614,525
406	-	-	-	-	984,378
-	-	-	-	-	53,371
-	301	53	-	-	17,779
-	-	-	-	-	305,307
<u>406</u>	<u>326,640</u>	<u>48,860</u>	<u>-</u>	<u>214,767</u>	<u>6,289,731</u>
-	-	-	-	-	359,667
-	-	-	-	-	68,284
-	-	-	-	-	382,721
-	-	-	-	-	3,106,542
-	-	-	-	-	1,090,709
-	-	-	-	232,136	496,151
-	320,000	41,903	-	-	603,485
-	40,425	2,085	-	-	78,986
-	<u>360,425</u>	<u>43,988</u>	<u>-</u>	<u>232,136</u>	<u>6,186,545</u>
<u>406</u>	<u>( 33,785)</u>	<u>4,872</u>	<u>-</u>	<u>( 17,369)</u>	<u>103,186</u>
-	-	-	-	-	9,180
-	16,114	-	-	-	541,552
-	-	( 16,114)	-	-	( 267,691)
-	<u>16,114</u>	<u>( 16,114)</u>	<u>-</u>	<u>-</u>	<u>283,041</u>
406	( 17,671)	( 11,242)	-	( 17,369)	386,227
<u>975</u>	<u>31,466</u>	<u>13,273</u>	<u>( 105,399)</u>	<u>-</u>	<u>2,288,186</u>
<u>\$ 1,381</u>	<u>\$ 13,795</u>	<u>\$ 2,031</u>	<u>\$( 105,399)</u>	<u>\$( 17,369)</u>	<u>\$ 2,674,413</u>

**MEDINA COUNTY, TEXAS**

**ROAD AND BRIDGE NO. 1**

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 676,034	\$ 676,034	\$ 699,425	\$ 23,391
Licenses and permits	236,519	236,519	233,852	( 2,667)
Fines and forfeitures	193,692	193,692	194,040	348
Interest	6,000	6,000	6,091	91
Miscellaneous	-	-	37,042	37,042
Total revenues	<u>1,112,245</u>	<u>1,112,245</u>	<u>1,170,450</u>	<u>58,205</u>
<b>EXPENDITURES</b>				
Public transportation	1,532,262	1,532,262	1,124,307	407,955
Capital outlay	250,000	250,000	10,675	239,325
Debt service				
Principal	10,000	10,000	10,000	-
Interest	1,000	1,000	519	481
Total expenditures	<u>1,793,262</u>	<u>1,793,262</u>	<u>1,145,501</u>	<u>647,761</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>( 681,017)</u>	<u>( 681,017)</u>	<u>24,949</u>	<u>705,966</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	170,282	170,282
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>170,282</u>	<u>170,282</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 681,017)</u>	<u>( 681,017)</u>	<u>195,231</u>	<u>876,248</u>
<b>FUND BALANCE, BEGINNING</b>	<u>698,325</u>	<u>698,325</u>	<u>698,325</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 17,308</u>	<u>\$ 17,308</u>	<u>\$ 893,556</u>	<u>\$ 876,248</u>

**MEDINA COUNTY, TEXAS**

**ROAD AND BRIDGE NO. 2**

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 408,621	\$ 408,621	\$ 421,674	\$ 13,053
Licenses and permits	236,519	236,519	233,852	( 2,667)
Fines and forfeitures	193,692	193,692	178,194	( 15,498)
Interest	1,500	1,500	1,359	( 141)
Miscellaneous	-	-	31,007	31,007
Total revenues	<u>840,332</u>	<u>840,332</u>	<u>866,086</u>	<u>25,754</u>
<b>EXPENDITURES</b>				
Public transportation	915,595	888,848	697,882	190,966
Capital outlay	-	26,747	26,745	2
Debt service				
Principal	65,379	65,379	65,379	-
Interest	<u>13,672</u>	<u>13,672</u>	<u>13,159</u>	<u>513</u>
Total expenditures	<u>994,646</u>	<u>994,646</u>	<u>803,165</u>	<u>191,481</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 154,314)	( 154,314)	62,921	217,235
<b>FUND BALANCE, BEGINNING</b>	<u>178,853</u>	<u>178,853</u>	<u>178,853</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 24,539</u>	<u>\$ 24,539</u>	<u>\$ 241,774</u>	<u>\$ 217,235</u>

**MEDINA COUNTY, TEXAS**

**ROAD AND BRIDGE NO. 3**

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 500,340	\$ 500,340	\$ 515,468	\$ 15,128
Licenses and permits	236,519	236,519	233,852	( 2,667)
Fines and forfeitures	193,692	193,692	178,194	( 15,498)
Interest	1,800	1,800	3,110	1,310
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>24,176</u>	<u>22,676</u>
Total revenues	<u>933,851</u>	<u>933,851</u>	<u>954,800</u>	<u>20,949</u>
<b>EXPENDITURES</b>				
Public transportation	836,992	836,992	656,331	180,661
Capital outlay	250,000	250,000	12,296	237,704
Debt service				
Principal	118,462	118,462	118,464	( 2)
Interest	<u>10,754</u>	<u>10,754</u>	<u>10,742</u>	<u>12</u>
Total expenditures	<u>1,216,208</u>	<u>1,216,208</u>	<u>797,833</u>	<u>418,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>( 282,357)</u>	<u>( 282,357)</u>	<u>156,967</u>	<u>439,324</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>9,180</u>	<u>9,180</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,180</u>	<u>9,180</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 282,357)</u>	<u>( 282,357)</u>	<u>166,147</u>	<u>448,504</u>
<b>FUND BALANCE, BEGINNING</b>	<u>338,877</u>	<u>338,877</u>	<u>338,877</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 56,520</u>	<u>\$ 56,520</u>	<u>\$ 505,024</u>	<u>\$ 448,504</u>

**MEDINA COUNTY, TEXAS**

**ROAD AND BRIDGE NO. 4**

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 352,389	\$ 352,389	\$ 365,400	\$ 13,011
Licenses and permits	236,519	236,519	233,852	( 2,667)
Fines and forfeitures	193,692	193,692	178,194	( 15,498)
Interest	1,500	1,500	3,269	1,769
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>24,280</u>	<u>22,780</u>
Total revenues	<u>785,600</u>	<u>785,600</u>	<u>804,995</u>	<u>19,395</u>
<b>EXPENDITURES</b>				
Public transportation	738,184	738,184	581,553	156,631
Capital outlay	80,000	80,000	2,310	77,690
Debt service				
Principal	47,739	47,739	47,739	-
Interest	<u>12,065</u>	<u>12,065</u>	<u>12,056</u>	<u>9</u>
Total expenditures	<u>877,988</u>	<u>877,988</u>	<u>643,658</u>	<u>234,330</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 92,388)	( 92,388)	161,337	253,725
<b>FUND BALANCE, BEGINNING</b>	<u>356,755</u>	<u>356,755</u>	<u>356,755</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 264,367</u>	<u>\$ 264,367</u>	<u>\$ 518,092</u>	<u>\$ 253,725</u>

**MEDINA COUNTY, TEXAS**

**AGENCY FUNDS**

**COMBINING BALANCE SHEET**

**SEPTEMBER 30, 2013**

	Agency					
	<u>State Taxes</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Money</u>	<u>Justices of the Peace</u>	<u>Tax Office</u>
<b>ASSETS</b>						
Cash and investments	\$ <u>195,910</u>	\$ <u>351,847</u>	\$ <u>183,827</u>	\$ <u>4,591</u>	\$ <u>15,435</u>	\$ <u>896,525</u>
Total assets	\$ <u>195,910</u>	\$ <u>351,847</u>	\$ <u>183,827</u>	\$ <u>4,591</u>	\$ <u>15,435</u>	\$ <u>896,525</u>
<b>LIABILITIES</b>						
Liabilities:						
Due to others	\$ <u>195,910</u>	\$ <u>351,847</u>	\$ <u>183,827</u>	\$ <u>4,591</u>	\$ <u>15,435</u>	\$ <u>896,525</u>
Total liabilities	\$ <u>195,910</u>	\$ <u>351,847</u>	\$ <u>183,827</u>	\$ <u>4,591</u>	\$ <u>15,435</u>	\$ <u>896,525</u>



<u>County Sheriff</u>	<u>Employee Trust Claims</u>	<u>Cafeteria Plan</u>	<u>Agency</u>			<u>4th Court of Appeals</u>	<u>Medina County Elected Official Escrow</u>	<u>Totals</u>
			<u>Probations</u>	<u>Adult Probations</u>				
\$ <u>139,990</u>	\$ <u>801</u>	\$ <u>5,878</u>	\$ <u>55,286</u>	\$ <u>14,250</u>	\$ <u>225</u>	\$ <u>232,306</u>	\$ <u>2,096,871</u>	
\$ <u>139,990</u>	\$ <u>801</u>	\$ <u>5,878</u>	\$ <u>55,286</u>	\$ <u>14,250</u>	\$ <u>225</u>	\$ <u>232,306</u>	\$ <u>2,096,871</u>	
\$ <u>139,990</u>	\$ <u>801</u>	\$ <u>5,878</u>	\$ <u>55,286</u>	\$ <u>14,250</u>	\$ <u>225</u>	\$ <u>232,306</u>	\$ <u>2,096,871</u>	
\$ <u>139,990</u>	\$ <u>801</u>	\$ <u>5,878</u>	\$ <u>55,286</u>	\$ <u>14,250</u>	\$ <u>225</u>	\$ <u>232,306</u>	\$ <u>2,096,871</u>	

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# **SINGLE AUDIT SECTION**

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**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Medina County, Texas' basic financial statements, and have issued our report thereon dated April 25, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Medina County, Texas's 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 Medina County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Medina County, Texas' internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Waco, Texas  
April 25, 2014

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

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

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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

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

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

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

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

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

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

Waco, Texas  
April 25, 2014



**MEDINA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b><u>U. S. Department of Agriculture</u></b>			
Pass-through Texas Department of State Health Services: Special Supplemental Food Nutrition Program for Women, Infants, and Children	10.557	2013-042696-001	\$ <u>355,172</u>
Total Passed through Texas Department of Health			<u>355,172</u>
Total U. S. Department of Agriculture			<u>355,172</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Pass-through Texas Department of Agriculture: Community Development Block Grants/ State's Programs	14.228	711067	195,131
Community Development Block Grants/ State's Programs	14.228	712230	<u>214,767</u>
Total Passed through Texas Department of Agriculture			<u>409,898</u>
Total U. S. Department of Housing and Urban Development			<u>409,898</u>
<b><u>U. S. Department of Justice</u></b>			
Pass-through the Office of the Governor Criminal Justice Division: State Criminal Alien Assistant Program	16.606	2012-AP-BX-0116	7,096
Bulletproof Vest Partnership Program	16.607	N/A	2,078
Violence Against Women Act	16.588	2304403	85,031
Violence Against Women Act	16.588	2304404	<u>8,112</u>
Total Passed through the Office of the Governor Criminal Justice Division			<u>102,317</u>
Total U. S. Department of Justice			<u>102,317</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Pass-through Texas Secretary of State: Polling Place Accessibility 2012	93.617	78008	<u>45,230</u>
Total Passed through Texas Secretary of State			<u>45,230</u>

**MEDINA COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
<b>FEDERAL AWARDS</b>			
Pass-through Alamo Area Council of Governments:			
Title III, Part C Nutrition Services	93.045	N/A	\$ 70,815
NSIP - Nutrition Services Incentive Program	93.053	N/A	<u>11,186</u>
Total Passed through Alamo Area Council of Governments			<u>82,001</u>
Pass-through Texas Department of Aging and Disability Services:			
Title XX Community Care for the Aged and Disabled	93.667	172900	<u>104,390</u>
Total Passed through Texas Department of Aging and Disability Services			<u>104,390</u>
Pass-through Texas Department of State Health Services:			
PPCPS/ Hazards	93.283	2013-041430-004	32,953
PPCPS/ Hazards	93.283	2013-041430-002	114,315
PPCPS/ Hazards	93.283	2014001166-00	<u>7,548</u>
Total Passed through Texas Department of State Health Services			<u>154,816</u>
Total U. S. Department of Health and Human Services			<u>386,437</u>
Total Federal Awards			<u>\$ 1,253,824</u>

**MEDINA COUNTY, TEXAS**  
**NOTE TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Medina County, Texas (the “County”) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

# MEDINA COUNTY, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

### Summary of Auditors' Results

#### Financial Statements:

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

#### Federal Awards:

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

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

#### Identification of major programs:

CFDA Number(s) #14.228	Name of Federal Program or Cluster: Community Development Black Grants
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee for federal single audit?	Yes

### Findings Related to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

### Findings and Questioned Costs for Federal Awards

None

**MEDINA COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

None

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