

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of September 30, 2014, 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.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress for the post-retirement health care benefit plan and the Texas County and District Retirement System on pages 4 – 9 and 47 – 48 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 awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 23, 2015, 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 23, 2015

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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, 2014.

Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$30,845,148.
- The County's total net position increased by \$3,219,749.
- Unrestricted net position of \$11,512,928 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$3,019,438 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2014, Medina County's governmental funds reported combined ending fund balances of \$11,627,032, a decrease of (\$1,224,711) from the prior year.
- Unassigned fund balance for the General Fund was \$7,766,622.

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 54 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 53 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 \$30,845,148 at the close of the most recent fiscal year.

MEDINA COUNTY'S NET POSITION

	Governmental Activities	
	2014	2013
Current assets	\$ 16,584,696	\$ 17,864,649
Capital assets	18,212,802	14,292,338
Total assets	<u>34,797,498</u>	<u>32,156,987</u>
Current liabilities	1,012,704	1,372,721
Noncurrent liabilities	<u>2,939,646</u>	<u>3,134,932</u>
Total liabilities	<u>3,952,350</u>	<u>4,507,653</u>
Net position:		
Net investment		
in capital assets	16,312,782	12,048,183
Restricted	3,019,438	3,148,576
Unrestricted	<u>11,512,928</u>	<u>12,452,575</u>
Total net position	<u>\$ 30,845,148</u>	<u>\$ 27,649,334</u>

A portion of the County's net position (\$16,312,782) 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.

	2014	2013
Non-depreciable:		
CIP	\$ 1,251,660	\$ -
Land	<u>1,344,740</u>	<u>1,344,740</u>
Capital assets, non-depreciable	<u>\$ 2,596,400</u>	<u>\$ 1,344,740</u>
Capital assets, net of depreciation:		
Buildings and improvements	\$ 6,256,515	\$ 5,629,914
Equipment	2,589,082	2,435,898
Infrastructure	<u>6,770,805</u>	<u>4,881,786</u>
	<u>\$ 15,616,402</u>	<u>\$ 12,947,598</u>

An additional portion of the County’s net position (\$3,019,438) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (\$11,512,928) may be used to meet the County’s ongoing obligations to citizens and creditors.

MEDINA COUNTY’S CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
REVENUES		
Program revenues:		
Charges for services	\$ 3,963,086	\$ 3,742,467
Operating grants and contributions	1,433,654	1,794,919
Capital grants and contributions	-	45,230
General revenues:		
Property taxes	12,440,159	11,913,803
Sales taxes	1,852,635	1,614,737
Other	18,681	11,058
Investment earnings	104,710	109,187
Miscellaneous	512,787	365,502
Total revenues	20,325,712	19,596,903
EXPENSES		
General government	4,467,990	4,262,900
Legal	2,835,582	2,481,125
Public safety	6,184,248	5,711,432
Public transportation	2,117,732	2,591,036
Health and welfare	1,422,480	1,368,743
Interest on long-term debt	77,932	80,724
Total expenses	17,105,963	16,495,960
CHANGE IN NET POSITION	3,219,749	3,100,943
NET POSITION, BEGINNING	27,649,334	24,548,391
PRIOR PERIOD ADJUSTMENT	(23,935)	-
NET POSITION, ENDING	\$ 30,845,148	\$ 27,649,334

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 \$526,356 (4.42% percent) to \$12,440,159 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 \$11,627,032, a decrease of -\$1,224,711 in comparison with the prior year. Approximately 65% 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 \$8,965,679. 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 63% 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 an Internal Service Fund, which accounts for the Employee Health Insurance Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2014, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$351,400.
- Actual expenditures exceeded revenues by -\$174,595.
- Actual expenditures stayed under the final budgeted expenditure amount by \$1,199,103.

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$18,212,802 (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;
- Courthouse drainage project and Castroville building project;
- 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 \$1,435,000. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$330,000 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 Chris Schuchart, Medina County Judge.

**BASIC
FINANCIAL STATEMENTS**

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MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and investments	\$ 11,816,283
Receivables:	
Ad valorem taxes	936,436
Sales tax	256,625
Intergovernmental	275,479
Fines	3,003,192
Other	296,681
Capital assets:	
Nondepreciable	2,596,400
Depreciable, net of accumulated depreciation	<u>15,616,402</u>
Total assets	<u>34,797,498</u>
LIABILITIES	
Accounts payable	533,837
Accrued liabilities	327,893
Interest payable	7,962
Unearned revenue	72,329
Other liabilities	70,683
Noncurrent liabilities:	
Due within one year	506,085
Due in more than one year	<u>2,433,561</u>
Total liabilities	<u>3,952,350</u>
NET POSITION	
Net investment in capital assets	16,312,782
Restricted for:	
Road and bridge	2,219,054
Debt service	56,358
Records management and technology	445,782
Law enforcement and security	132,421
Grant requirements	84,497
Juvenile services	33,372
Other purposes	47,954
Unrestricted	<u>11,512,928</u>
Total net position	<u>\$ 30,845,148</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, 2014

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 4,467,990	\$ 1,029,405	\$ 182,720	\$ -	\$(3,255,865)
Legal	2,835,582	215,667	171,082	-	(2,448,833)
Public safety	6,184,248	1,652,099	35,065	-	(4,497,084)
Public transportation	2,117,732	1,063,287	67,532	-	(986,913)
Health and welfare	1,422,480	2,628	977,255	-	(442,597)
Interest on long-term debt	<u>77,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,932)</u>
Total governmental activities	<u>17,105,963</u>	<u>3,963,086</u>	<u>1,433,654</u>	<u>-</u>	<u>(11,709,223)</u>
General revenues:					
Taxes:					
Property					12,440,159
Sales					1,852,635
Other					18,681
Investment earnings					104,710
Miscellaneous					<u>512,787</u>
Total general revenues					<u>14,928,972</u>
Change in net position					3,219,749
Net position, beginning					<u>27,649,334</u>
Prior period adjustment					<u>(23,935)</u>
Net position, ending					<u>\$ 30,845,148</u>

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

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 8,647,865	\$ 2,926,398	\$ 11,574,263
Receivables:			
Ad valorem taxes	749,744	186,692	936,436
Sales tax	256,625	-	256,625
Intergovernmental	29,874	245,605	275,479
Other	82,762	213,919	296,681
Due from other funds	<u>424,717</u>	<u>-</u>	<u>424,717</u>
Total assets	<u>10,191,587</u>	<u>3,572,614</u>	<u>13,764,201</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	254,082	131,719	385,801
Payroll liabilities	238,179	89,714	327,893
Other liabilities	48,450	22,233	70,683
Due to other funds	-	424,717	424,717
Unearned revenue	<u>-</u>	<u>72,329</u>	<u>72,329</u>
Total liabilities	<u>540,711</u>	<u>740,712</u>	<u>1,281,423</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>685,197</u>	<u>170,549</u>	<u>855,746</u>
Total deferred inflows of resources	<u>685,197</u>	<u>170,549</u>	<u>855,746</u>
Fund balances:			
Restricted for:			
Road and bridge	-	2,088,832	2,088,832
Debt service	-	23,993	23,993
Records management and technology	-	445,782	445,782
Law enforcement and security	-	132,421	132,421
Juvenile probation services	-	33,372	33,372
Grant requirements	-	84,497	84,497
Other purposes	-	47,954	47,954
Assigned for:			
Utilization of fund balance in subsequent year's budget	1,199,057	-	1,199,057
Unassigned	<u>7,766,622</u>	<u>(195,498)</u>	<u>7,571,124</u>
Total fund balances	<u>8,965,679</u>	<u>2,661,353</u>	<u>11,627,032</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,191,587</u>	<u>\$ 3,572,614</u>	<u>\$ 13,764,201</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, 2014

Total fund balance - governmental funds	\$ 11,627,032
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	18,212,802
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable in the funds.	3,858,938
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.	93,984
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>(2,947,608)</u>
Net position of governmental activities	<u>\$ 30,845,148</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, 2014

	General	Other Governmental	Total Governmental Funds
REVENUES			
Property taxes	\$ 9,950,609	\$ 2,477,959	\$ 12,428,568
Sales tax	1,852,635	-	1,852,635
Other taxes	18,681	-	18,681
Licenses and permits	-	880,590	880,590
Intergovernmental	170,929	1,207,161	1,378,090
Charges for services	1,150,741	50,506	1,201,247
Fines and forfeitures	665,085	922,532	1,587,617
Interest	86,589	17,166	103,755
Miscellaneous	179,421	393,000	572,421
Total revenues	14,074,690	5,948,914	20,023,604
EXPENDITURES			
Current:			
General administration	3,848,932	284,360	4,133,292
Legal	2,624,397	111,106	2,735,503
Public safety	5,150,673	486,185	5,636,858
Public transportation	-	3,706,601	3,706,601
Health and welfare	276,385	1,081,002	1,357,387
Capital outlay	2,348,898	473,114	2,822,012
Debt service:			
Principal	-	615,217	615,217
Interest and other charges	-	57,861	57,861
Total expenditures	14,249,285	6,815,446	21,064,731
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(174,595)	(866,532)	(1,041,127)
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issue	-	253,070	253,070
Sale of capital assets	-	3,465	3,465
Transfers in	-	798,312	798,312
Transfers out	(1,037,056)	(201,375)	(1,238,431)
Total other financing sources and uses	(1,037,056)	853,472	(183,584)
NET CHANGE IN FUND BALANCES	(1,211,651)	(13,060)	(1,224,711)
FUND BALANCES, BEGINNING	10,177,330	2,674,413	12,851,743
FUND BALANCES, ENDING	\$ 8,965,679	\$ 2,661,353	\$ 11,627,032

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, 2014

Net change in fund balances - total governmental funds: \$(1,224,711)

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. 3,920,464

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 301,107

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. 344,135

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. (150,908)

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. 29,662

Change in net position of governmental activities \$ 3,219,749

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 9,846,029	\$ 9,846,029	\$ 9,950,609	\$ 104,580
Sales	1,660,000	1,660,000	1,852,635	192,635
Beer and wine	15,000	15,000	18,681	3,681
Total taxes	<u>11,521,029</u>	<u>11,521,029</u>	<u>11,821,925</u>	<u>300,896</u>
Intergovernmental				
State allocation - HB66	75,000	75,000	84,000	9,000
State allocation - grants	63,150	45,150	86,929	41,779
Total intergovernmental	<u>138,150</u>	<u>120,150</u>	<u>170,929</u>	<u>50,779</u>
Charges for services				
County clerk	285,000	285,000	317,993	32,993
District clerk	105,000	105,000	91,748	(13,252)
Tax assessor-collector	190,000	190,000	198,611	8,611
Sheriff	135,000	135,000	95,806	(39,194)
County attorney	110,000	110,000	56,396	(53,604)
County treasurer	175,000	175,000	131,964	(43,036)
Constable fees	23,000	23,000	24,531	1,531
County Judge	1,800	1,800	1,791	(9)
Other taxing entities	130,000	130,000	145,761	15,761
Other fees	114,500	114,500	86,140	(28,360)
Total charges for services	<u>1,269,300</u>	<u>1,269,300</u>	<u>1,150,741</u>	<u>(118,559)</u>
Fines and forfeitures				
Justice of the peace	415,100	570,523	665,085	94,562
Total fines and forfeitures	<u>415,100</u>	<u>570,523</u>	<u>665,085</u>	<u>94,562</u>
Interest	90,000	90,000	86,589	(3,411)

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous				
Other	\$ 152,288	\$ 152,288	\$ 179,421	\$ 27,133
Total miscellaneous	<u>152,288</u>	<u>152,288</u>	<u>179,421</u>	<u>27,133</u>
Total revenues	<u>13,585,867</u>	<u>13,723,290</u>	<u>14,074,690</u>	<u>351,400</u>
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	176,024	176,024	163,940	12,084
Supplies	1,500	1,500	1,110	390
Other services and charges	<u>19,650</u>	<u>19,650</u>	<u>9,419</u>	<u>10,231</u>
Total commissioners' court	<u>197,174</u>	<u>197,174</u>	<u>174,469</u>	<u>22,705</u>
Loss control				
Personnel services	11,546	11,546	10,284	1,262
Supplies	200	200	-	200
Other services and charges	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total loss control	<u>12,046</u>	<u>12,046</u>	<u>10,284</u>	<u>1,762</u>
County clerk				
Personnel services	391,939	388,718	379,446	9,272
Supplies	15,000	15,000	14,493	507
Other services and charges	<u>39,400</u>	<u>42,621</u>	<u>38,786</u>	<u>3,835</u>
Total County clerk	<u>446,339</u>	<u>446,339</u>	<u>432,725</u>	<u>13,614</u>
Veteran service officer				
Personnel services	29,256	29,256	29,087	169
Supplies	800	800	676	124
Other services and charges	<u>3,900</u>	<u>3,900</u>	<u>1,724</u>	<u>2,176</u>
Total veteran service officer	<u>33,956</u>	<u>33,956</u>	<u>31,487</u>	<u>2,469</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Elections				
Personnel services	\$ 178,042	\$ 178,042	\$ 158,353	\$ 19,689
Supplies	20,000	23,794	23,794	-
Other services and charges	<u>79,325</u>	<u>72,325</u>	<u>37,305</u>	<u>35,020</u>
Total elections	<u>277,367</u>	<u>274,161</u>	<u>219,452</u>	<u>54,709</u>
County auditor				
Personnel services	317,814	319,619	289,457	30,162
Supplies	4,000	5,500	5,481	19
Other services and charges	<u>20,600</u>	<u>20,600</u>	<u>15,607</u>	<u>4,993</u>
Total County auditor	<u>342,414</u>	<u>345,719</u>	<u>310,545</u>	<u>35,174</u>
County treasurer				
Personnel services	240,372	240,372	232,172	8,200
Supplies	4,500	4,500	3,907	593
Other services and charges	<u>21,500</u>	<u>21,720</u>	<u>17,657</u>	<u>4,063</u>
Total County treasurer	<u>266,372</u>	<u>266,592</u>	<u>253,736</u>	<u>12,856</u>
Human resources/grants				
Personnel services	109,058	109,058	107,967	1,091
Other services and charges	<u>8,250</u>	<u>8,662</u>	<u>7,787</u>	<u>875</u>
Total human resources/grants	<u>120,808</u>	<u>124,140</u>	<u>122,174</u>	<u>1,966</u>
Tax assessor-collector				
Personnel services	616,188	616,188	576,815	39,373
Supplies	16,500	16,500	10,046	6,454
Other services and charges	<u>67,200</u>	<u>68,029</u>	<u>51,930</u>	<u>16,099</u>
Total tax assessor-collector	<u>699,888</u>	<u>700,717</u>	<u>638,791</u>	<u>61,926</u>
Nondepartmental				
Personnel services	171,537	175,396	175,277	119
Other services and charges	<u>1,356,676</u>	<u>1,163,837</u>	<u>888,358</u>	<u>275,479</u>
Total nondepartmental	<u>1,528,213</u>	<u>1,339,233</u>	<u>1,063,635</u>	<u>275,598</u>
County agent				
Personnel services	111,544	111,544	86,077	25,467
Supplies	2,750	2,906	2,906	-
Other services and charges	<u>27,300</u>	<u>27,094</u>	<u>17,412</u>	<u>9,682</u>
Total County agent	<u>141,594</u>	<u>141,544</u>	<u>106,395</u>	<u>35,149</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Courthouse and buildings				
Personnel services	\$ 191,870	\$ 192,070	\$ 172,593	\$ 19,477
Supplies	33,500	35,864	35,663	201
Other services and charges	<u>268,150</u>	<u>267,940</u>	<u>268,625</u>	<u>(685)</u>
Total courthouse and buildings	<u>493,520</u>	<u>495,874</u>	<u>476,881</u>	<u>18,993</u>
Subdivision administration department				
Personnel services	12,112	12,112	5,894	6,218
Supplies	500	500	-	500
Other services and charges	<u>40,000</u>	<u>40,000</u>	<u>2,464</u>	<u>37,536</u>
Total subdivision administration department	<u>52,612</u>	<u>52,612</u>	<u>8,358</u>	<u>44,254</u>
Total general administration	<u>4,612,303</u>	<u>4,430,107</u>	<u>3,848,932</u>	<u>581,175</u>
Legal				
District and County court				
Personnel services	267,941	267,941	260,620	7,321
Supplies	4,500	4,500	3,235	1,265
Other services and charges	<u>510,844</u>	<u>663,948</u>	<u>588,257</u>	<u>75,691</u>
Total district and County court	<u>783,285</u>	<u>936,389</u>	<u>852,112</u>	<u>84,277</u>
District clerk				
Personnel services	353,494	353,494	338,309	15,185
Supplies	8,500	8,500	5,837	2,663
Other services and charges	<u>41,000</u>	<u>41,000</u>	<u>33,446</u>	<u>7,554</u>
Total district clerk	<u>402,994</u>	<u>402,994</u>	<u>377,592</u>	<u>25,402</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES				
Legal				
Justices of the peace				
Personnel services	\$ 598,597	\$ 598,674	\$ 583,365	\$ 15,309
Supplies	7,100	7,120	7,293	(173)
Other services and charges	<u>39,915</u>	<u>42,568</u>	<u>33,021</u>	<u>9,547</u>
Total justices of the peace	<u>645,612</u>	<u>648,362</u>	<u>623,679</u>	<u>24,683</u>
County attorney				
Personnel services	274,115	270,513	264,850	5,663
Supplies	4,500	4,500	3,497	1,003
Other services and charges	<u>27,350</u>	<u>30,952</u>	<u>23,192</u>	<u>7,760</u>
Total County attorney	<u>305,965</u>	<u>305,965</u>	<u>291,539</u>	<u>14,426</u>
District attorney				
Personnel services	4,632	4,632	4,293	339
Other services and charges	<u>467,625</u>	<u>467,625</u>	<u>475,182</u>	<u>(7,557)</u>
Total district attorney	<u>472,257</u>	<u>472,257</u>	<u>479,475</u>	<u>(7,218)</u>
Total legal	<u>2,610,113</u>	<u>2,765,967</u>	<u>2,624,397</u>	<u>141,570</u>
Public safety				
County jail				
Personnel services	1,319,230	1,274,838	1,095,903	178,935
Supplies	188,200	247,673	247,472	201
Other services and charges	<u>669,300</u>	<u>654,219</u>	<u>615,492</u>	<u>38,727</u>
Total County jail	<u>2,176,730</u>	<u>2,176,730</u>	<u>1,958,867</u>	<u>217,863</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Public safety				
Constables				
Personnel services	\$ 151,622	\$ 151,622	\$ 141,729	\$ 9,893
Supplies	3,950	4,714	2,813	1,901
Other services and charges	62,730	63,096	60,258	2,838
Total constables	<u>218,302</u>	<u>219,432</u>	<u>204,800</u>	<u>14,632</u>
Sheriff				
Personnel services	2,522,688	2,421,229	2,342,639	78,590
Supplies	206,100	216,301	205,368	10,933
Other services and charges	201,800	197,808	193,421	4,387
Total sheriff	<u>2,930,588</u>	<u>2,835,338</u>	<u>2,741,428</u>	<u>93,910</u>
Juvenile board				
Personnel services	14,126	14,126	12,831	1,295
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>12,831</u>	<u>1,295</u>
DPS/license and weight				
Personnel services	69,126	69,137	68,840	297
Supplies	2,400	2,400	2,171	229
Other services and charges	11,500	13,489	10,739	2,750
Total DPS/license and weight	<u>83,026</u>	<u>85,026</u>	<u>81,750</u>	<u>3,276</u>
Highway patrol				
Personnel services	69,126	69,126	68,640	486
Supplies	1,200	1,442	1,430	12
Other services and charges	7,450	7,208	4,917	2,291
Total highway patrol	<u>77,776</u>	<u>77,776</u>	<u>74,987</u>	<u>2,789</u>
Emergency management				
Personnel services	61,764	61,764	57,527	4,237
Supplies	8,000	10,066	9,680	386
Other services and charges	14,350	15,648	8,803	6,845
Total emergency management	<u>84,114</u>	<u>87,478</u>	<u>76,010</u>	<u>11,468</u>
Total public safety	<u>5,584,662</u>	<u>5,495,906</u>	<u>5,150,673</u>	<u>345,233</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 144,784	\$ 145,290	\$ 139,519	\$ 5,771
Supplies	9,300	10,658	9,599	1,059
Other services and charges	<u>19,125</u>	<u>20,261</u>	<u>16,753</u>	<u>3,508</u>
Total sanitation inspection	<u>173,209</u>	<u>176,209</u>	<u>165,871</u>	<u>10,338</u>
Social services and indigent services				
Personnel services	400	502	1,043	(541)
Other services and charges	<u>129,520</u>	<u>129,418</u>	<u>109,471</u>	<u>19,947</u>
Total social services and indigent services	<u>129,920</u>	<u>129,920</u>	<u>110,514</u>	<u>19,406</u>
Total health and welfare	<u>303,129</u>	<u>306,129</u>	<u>276,385</u>	<u>29,744</u>
Capital outlay	<u>1,865,217</u>	<u>2,450,279</u>	<u>2,348,898</u>	<u>101,381</u>
Total expenditures	<u>14,975,424</u>	<u>15,448,388</u>	<u>14,249,285</u>	<u>1,199,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,389,557)</u>	<u>(1,725,098)</u>	<u>(174,595)</u>	<u>1,550,503</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	-	(5,000)
Transfers out	<u>(775,399)</u>	<u>(1,026,938)</u>	<u>(1,037,056)</u>	<u>(10,118)</u>
Total other financing sources (uses)	<u>(770,399)</u>	<u>(1,021,938)</u>	<u>(1,037,056)</u>	<u>(15,118)</u>
NET CHANGE IN FUND BALANCE	<u>(2,159,956)</u>	<u>(2,747,036)</u>	<u>(1,211,651)</u>	<u>1,535,385</u>
FUND BALANCE, BEGINNING	<u>10,177,330</u>	<u>10,177,330</u>	<u>10,177,330</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,017,374</u>	<u>\$ 7,430,294</u>	<u>\$ 8,965,679</u>	<u>\$ 1,535,385</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, 2014

ASSETS

Cash and investments \$ 242,020

Total assets \$ 242,020

LIABILITIES

Accounts payable \$ 148,036

Total liabilities \$ 148,036

NET POSITION

Unrestricted \$ 93,984

Total net position \$ 93,984

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, 2014

OPERATING REVENUES	
Charges for services	\$ 2,248,520
Total operating revenues	<u>2,248,520</u>
OPERATING EXPENSES	
Claims	2,006,161
Premiums and administrative	<u>653,817</u>
Total operating expenses	<u>2,659,978</u>
OPERATING INCOME	<u>(411,458)</u>
NONOPERATING REVENUES	
Interest and investment earnings	<u>1,001</u>
Income before transfers	<u>(410,457)</u>
TRANSFERS IN	440,119
CHANGE IN NET POSITION	29,662
TOTAL NET POSITION, BEGINNING	<u>64,322</u>
TOTAL NET POSITION, ENDING	<u>\$ 93,984</u>

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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 2,248,520
Cash paid to suppliers for services	<u>(2,715,077)</u>
Net cash used by operating activities	<u>(466,557)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	<u>440,119</u>
Net cash provided by operating activities	<u>440,119</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	<u>1,001</u>
Net cash provided by investing activities	<u>1,001</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,437)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>267,457</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 242,020</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(411,458)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in accounts payable	<u>(55,099)</u>
Net cash used by operating activities	<u>\$(466,557)</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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>2,248,374</u>
Total assets	\$ <u>2,248,374</u>
LIABILITIES	
Due to others	\$ <u>2,248,374</u>
Total liabilities	\$ <u><u>2,248,374</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, 2014

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 2013 Tax Rate for the fiscal year ended September 30, 2014, was \$0.5250 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.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has no items that qualify for this classification.

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

Change in Accounting Principles

As the result of implementing GASB Statement No. 65, the County has restated the beginning net position, effectively decreasing net position as of October 1, 2013 by \$23,935 for the governmental activities. This decrease results from no longer deferring and amortizing bond issuance costs.

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 \$(2,947,608) difference are as follows:

General obligation bonds	\$(1,435,000)
Time warrants	(465,020)
Accrued interest payable	(7,962)
Net OPEB obligation	(916,321)
Compensated absences	<u>(123,305)</u>
 Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u><u>\$(2,947,608)</u></u>

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 \$3,920,464 difference are as follows:

Capital outlay	\$ 4,800,332
Depreciation expense	(877,653)
Disposal of capital assets	(2,215)
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>3,920,464</u>

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 \$344,135 difference are as follows:

Principal repayments:	
General obligation bonds	330,000
Capital lease	174,242
Time warrants	(142,095)
Amortization of deferred loss on refunding	(18,012)
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>344,135</u>

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 \$(150,908) difference are as follows:

Compensated absences	\$(6,433)
Net OPEB Obligation	(142,416)
Accrued interest	(2,059)
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>(150,908)</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 \$301,107 difference are as follows:

Property taxes	\$ 11,591
Court fines	<u>289,516</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>\$ 301,107</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, Nutrition, Purchase of Youth Services, County Law Library, Project Safe Neighborhoods, JAG - District Attorney, D’Hanis Flood Study, and Capital Projects funds have deficit fund balances of \$(2,878), \$(36,453), \$(16,193), \$(514), \$(4,808), \$(1,106), \$(892), (\$27,255), and \$(105,399), and 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, 2014, 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, 2014, 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	\$ 749,744	\$ 186,692	\$ 936,436
Sales tax	256,625	-	256,625
Intergovernmental	29,874	245,605	275,479
Other	<u>82,762</u>	<u>213,919</u>	<u>296,681</u>
Total receivables	<u>\$ 1,119,005</u>	<u>\$ 646,216</u>	<u>\$ 1,765,221</u>

Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,344,740	\$ -	\$ -	\$ 1,344,740
Construction in progress	-	1,251,660	-	1,251,660
Total capital assets not being depreciated	<u>1,344,740</u>	<u>1,251,660</u>	<u>-</u>	<u>2,596,400</u>
Capital assets, being depreciated:				
Buildings and improvements	9,539,954	878,069	-	10,418,023
Equipment	8,157,105	594,832	(22,146)	8,729,791
Infrastructure	<u>13,944,354</u>	<u>2,075,771</u>	<u>-</u>	<u>16,020,125</u>
Total capital assets being depreciated	<u>31,641,413</u>	<u>3,548,672</u>	<u>(22,146)</u>	<u>35,167,939</u>
Less accumulated depreciation:				
Buildings and improvements	3,910,040	251,468	-	4,161,508
Equipment	5,721,207	439,432	(19,931)	6,140,708
Infrastructure	<u>9,062,568</u>	<u>186,753</u>	<u>-</u>	<u>9,249,321</u>
Total accumulated depreciation	<u>18,693,815</u>	<u>877,653</u>	<u>(19,931)</u>	<u>19,551,537</u>
Total capital assets, being depreciated, net	<u>12,947,598</u>	<u>2,671,019</u>	<u>(2,215)</u>	<u>15,616,402</u>
Governmental activities capital assets, net	<u>\$ 14,292,338</u>	<u>\$ 3,922,679</u>	<u>\$ (2,215)</u>	<u>\$ 18,212,802</u>

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

Governmental activities:	
General government	\$ 202,913
Legal	12,903
Public safety	369,024
Public transportation	271,701
Health and welfare	<u>21,112</u>
Total depreciation expense - governmental activities	<u>\$ 877,653</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ <u>424,717</u>
Total		\$ <u>424,717</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>		<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	
Transfers Out:			
General	\$ 654,387	\$ 382,669	\$ 1,037,056
Nonmajor governmental	<u>143,925</u>	<u>57,450</u>	<u>201,375</u>
Total Transfers Out	<u>\$ 798,312</u>	<u>\$ 440,119</u>	<u>\$ 1,238,431</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%	\$ 1,435,000

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 1,435,000</u>	<u>\$ 61,374</u>

Time Warrants

The County has 9 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
2015	\$ 174,243	\$ 18,637
2016	164,243	11,108
2017	63,268	4,081
2018	<u>63,266</u>	<u>2,036</u>
Total	<u>\$ 465,020</u>	<u>\$ 35,862</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government activities					
General obligation bonds	\$ 1,765,000	\$ -	\$ 330,000	\$ 1,435,000	\$ 345,000
Loss on refunding	(18,012)	-	(18,012)	-	-
Time warrants	322,925	253,070	110,975	465,020	136,424
Capital leases	174,242	-	174,242	-	-
Net OPEB obligation	773,905	259,511	117,095	916,321	-
Compensated absences	<u>116,872</u>	<u>287,640</u>	<u>281,207</u>	<u>123,305</u>	<u>24,661</u>
Governmental activity long-term liabilities	<u>\$ 3,134,932</u>	<u>\$ 800,221</u>	<u>\$ 995,507</u>	<u>\$ 2,939,646</u>	<u>\$ 506,085</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	
	9/30/2014	9/30/2013
Unpaid claims at beginning of year	\$ 163,078	\$ 150,347
Incurred claims (including IBNRs)	2,006,161	1,634,928
Claim payments	(2,056,327)	(1,622,197)
Unpaid claims at end of year	<u>\$ 107,853</u>	<u>\$ 163,078</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 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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 7.51% for the months of the accounting year in 2013 and 8.0% for the months of the accounting year in 2014.

The deposit rate payable by the employee members for calendar year 2014 is the rate of 6% as adopted by the governing body of the employer. For calendar year 2013 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, 2014, the annual pension cost for the TCDRS plan for its employees was \$614,579 and the actual contributions were \$614,579.

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, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013, actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	16.2	10.3
Asset valuation method:			
Subdivision Accumulation Fund	10 yr. smoothed value	10 yr. smoothed value	5 yr. smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.40%	5.40%	4.90%
Inflation	3.50%	3.50%	3.00%
Cost-of-living adjustments	0.00%	0.00%	0.00%

¹Includes 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
9/30/2012	\$ 531,869	100%	\$ -
9/30/2013	551,423	100%	-
9/30/2014	614,579	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)
2013	\$ 13,400,883	\$ 14,677,661	\$ 1,276,778	91.30%	\$ 7,430,607	17.18%

- (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 \$117,095.

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)	\$ 269,946
Interest on Net OPEB Obligation	38,695
Adjustment to the ARC	<u>(49,130)</u>
Annual OPEB Cost	259,511
Employer Contributions with Interest	<u>(117,095)</u>
Increase (Decrease) in Net OPEB Obligation	142,416
Net OPEB Obligation, beginning of year	<u>773,905</u>
 Net OPEB Obligation, end of year	 <u>\$ 916,321</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
9/30/2012	\$ 259,338	\$ 97,590	38%	\$ 630,548
9/30/2013	251,820	108,463	43%	773,905
9/30/2014	259,511	117,095	45%	916,321

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
10/1/2013	\$ -	\$ 1,977,165	\$ 1,977,165	- %	\$ 7,575,094	26.10%

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	9/30/2012	9/30/2013	9/30/2014
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.

**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, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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%
10/1/2013	-	1,977,165	- %	1,977,165	7,575,094	26.10%

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, 2014

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)
12/31/2011	\$ 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%
12/31/2013	13,400,883	14,677,661	91.30%	1,276,778	7,430,607	17.18%

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**COMBINING
FUND STATEMENTS**

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
ASSETS				
Cash and investments	\$ 730,805	\$ 294,789	\$ 586,003	\$ 549,386
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	49,045	31,439	32,155	30,901
Other	<u>40,844</u>	<u>28,170</u>	<u>28,191</u>	<u>28,132</u>
Total assets	<u>820,694</u>	<u>354,398</u>	<u>646,349</u>	<u>608,419</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	46,858	6,803	9,724	21,825
Payroll liabilities	16,259	14,281	13,174	12,159
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	<u>57,778</u>	<u>2,613</u>	<u>-</u>	<u>9,332</u>
Total liabilities	<u>120,895</u>	<u>23,697</u>	<u>22,898</u>	<u>43,316</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 45,617</u>	<u>\$ 27,427</u>	<u>\$ 33,778</u>	<u>\$ 23,400</u>
Total deferred inflows of resources	<u>45,617</u>	<u>27,427</u>	<u>33,778</u>	<u>23,400</u>
Fund balances:				
Restricted	654,182	303,274	589,673	541,703
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>654,182</u>	<u>303,274</u>	<u>589,673</u>	<u>541,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 820,694</u>	<u>\$ 354,398</u>	<u>\$ 646,349</u>	<u>\$ 608,419</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	18,953	51,107	109,108
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,440</u>	<u>-</u>	<u>1,273</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,393</u>	<u>51,107</u>	<u>110,381</u>
-	-	-	-	980	3,391	2,380
-	-	-	-	-	8,666	8,643
-	-	-	-	-	-	-
-	-	-	-	33,577	23,641	135,811
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,271</u>	<u>35,698</u>	<u>146,834</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>	<u>-</u>	<u>-</u>
-	-	-	-	-	15,409	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,878)</u>	<u>-</u>	<u>(36,453)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,878)</u>	<u>15,409</u>	<u>(36,453)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,393</u></u>	<u><u>\$ 51,107</u></u>	<u><u>\$ 110,381</u></u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue			
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants	Nutrition Discretionary Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ 529	\$ 43,138
Receivables:				
Intergovernmental	90	-	-	-
Ad valorem taxes	-	-	-	-
Other	56,099	16,540	-	-
Total assets	56,189	16,540	529	43,138
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	7,595	6,044	-	-
Payroll liabilities	-	5,607	-	-
Other liabilities	-	-	-	-
Due to other funds	15,222	21,082	-	-
Unearned revenue	-	-	-	-
Total liabilities	22,817	32,733	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	33,372	-	529	43,138
Unassigned	-	(16,193)	-	-
Total fund balances	33,372	(16,193)	529	43,138
Total liabilities, deferred inflows of resources, and fund balances	\$ 56,189	\$ 16,540	\$ 529	\$ 43,138

Special Revenue

Federal Program	Purchase of Youth Services	May 2010 Flood	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ 12	\$ -	\$ -	\$ 648	\$ 1,868	\$ 1,694	\$ 10,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>12</u>	<u>-</u>	<u>-</u>	<u>648</u>	<u>1,868</u>	<u>1,694</u>	<u>10,255</u>
-	-	-	-	6,676	1,495	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	514	-	-	-	-	-
<u>-</u>	<u>514</u>	<u>-</u>	<u>-</u>	<u>6,676</u>	<u>1,495</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>	<u>-</u>	<u>-</u>	<u>-</u>
12	-	-	648	-	199	10,255
<u>-</u>	<u>(514)</u>	<u>-</u>	<u>-</u>	<u>(4,808)</u>	<u>-</u>	<u>-</u>
<u>12</u>	<u>(514)</u>	<u>-</u>	<u>648</u>	<u>(4,808)</u>	<u>199</u>	<u>10,255</u>
<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648</u>	<u>\$ 1,868</u>	<u>\$ 1,694</u>	<u>\$ 10,255</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
ASSETS				
Cash and investments	\$ 136	\$ 338	\$ 340	\$ 21,892
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Total assets	136	338	340	21,892
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	29
Payroll liabilities	-	-	-	1,084
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	1,113
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	136	338	340	20,779
Unassigned	-	-	-	-
Total fund balances	136	338	340	20,779
Total liabilities, deferred inflows of resources, and fund balances	\$ 136	\$ 338	\$ 340	\$ 21,892

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>
\$ 23,930	\$ 43,313	\$ 12,703	\$ 5	\$ 170,738	\$ 22,402	\$ 212,765
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>8</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,938</u>	<u>43,346</u>	<u>12,703</u>	<u>5</u>	<u>170,738</u>	<u>22,402</u>	<u>212,765</u>
-	1,965	-	-	1,037	-	25
-	3,588	-	-	-	-	1,752
-	-	-	-	-	22,233	-
-	-	-	-	-	-	-
<u>-</u>	<u>5,553</u>	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>22,233</u>	<u>1,777</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>	<u>-</u>	<u>-</u>
23,938	37,793	12,703	5	169,701	169	210,988
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,938</u>	<u>37,793</u>	<u>12,703</u>	<u>5</u>	<u>169,701</u>	<u>169</u>	<u>210,988</u>
<u>\$ 23,938</u>	<u>\$ 43,346</u>	<u>\$ 12,703</u>	<u>\$ 5</u>	<u>\$ 170,738</u>	<u>\$ 22,402</u>	<u>\$ 212,765</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
ASSETS				
Cash and investments	\$ 18,183	\$ -	\$ 8,876	\$ -
Receivables:				
Intergovernmental	-	368	-	-
Ad valorem taxes	-	-	-	-
Other	162	-	-	-
Total assets	18,345	368	8,876	-
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	1,474	-	-
Unearned revenue	-	-	-	892
Total liabilities	-	1,474	-	892
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	18,345	-	8,876	-
Unassigned	-	(1,106)	-	(892)
Total fund balances	18,345	(1,106)	8,876	(892)
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,345	\$ 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
\$ 61,363	\$ 24,824	\$ 16,237	\$ 30,707	\$ 201	\$ 14,832	\$ -
-	-	130	-	-	-	22,752
-	-	-	-	-	-	-
<u>61,363</u>	<u>24,824</u>	<u>16,367</u>	<u>30,707</u>	<u>201</u>	<u>14,832</u>	<u>22,752</u>
-	-	-	14,801	-	-	91
-	-	-	-	-	-	4,501
-	-	-	-	-	-	-
-	-	-	-	-	-	17,220
<u>-</u>	<u>-</u>	<u>-</u>	<u>14,801</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>14,801</u>	<u>-</u>	<u>-</u>	<u>21,812</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
61,363	24,824	16,367	15,906	201	14,832	940
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>61,363</u>	<u>24,824</u>	<u>16,367</u>	<u>15,906</u>	<u>201</u>	<u>14,832</u>	<u>940</u>
<u>\$ 61,363</u>	<u>\$ 24,824</u>	<u>\$ 16,367</u>	<u>\$ 30,707</u>	<u>\$ 201</u>	<u>\$ 14,832</u>	<u>\$ 22,752</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue			
	Forfeiture Constable #3	D'Hanis Flood Study	COPS Technology Grant	Household Hazardous Waste Grant
ASSETS				
Cash and investments	\$ 85	\$ -	\$ 3	\$ -
Receivables:				
Intergovernmental	-	43,097	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
	85	43,097	3	-
	85	43,097	3	-
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	70,352	-	-
Unearned revenue	-	-	-	-
	-	70,352	-	-
Total liabilities	-	70,352	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	85	-	3	-
Unassigned	-	(27,255)	-	-
	85	(27,255)	3	-
Total fund balances	85	(27,255)	3	-
	85	43,097	3	-
Total liabilities, deferred inflows of resources, and fund balances	85	43,097	3	-

Special Revenue	Debt Service		Capital Project		Total Nonmajor Governmental
District Clerk Technology	Debt Service	Debt Sinking- Sheriff Auto	Capital Project	East Medina River Line Extension	
\$ 1,805	\$ 21,593	\$ -	\$ -	\$ -	\$ 2,926,398
-	-	-	-	-	245,605
-	35,906	7,246	-	-	186,692
<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,919</u>
<u>1,832</u>	<u>57,499</u>	<u>7,246</u>	<u>-</u>	<u>-</u>	<u>3,572,614</u>
-	-	-	-	-	131,719
-	-	-	-	-	89,714
-	-	-	-	-	22,233
-	-	425	105,399	-	424,717
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,329</u>
<u>-</u>	<u>-</u>	<u>425</u>	<u>105,399</u>	<u>-</u>	<u>740,712</u>
\$ -	\$ 35,488	\$ 4,839	\$ -	\$ -	\$ 170,549
<u>-</u>	<u>35,488</u>	<u>4,839</u>	<u>-</u>	<u>-</u>	<u>170,549</u>
1,832	22,011	1,982	-	-	2,856,851
<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,399)</u>	<u>-</u>	<u>(195,498)</u>
<u>1,832</u>	<u>22,011</u>	<u>1,982</u>	<u>(105,399)</u>	<u>-</u>	<u>2,661,353</u>
<u>\$ 1,832</u>	<u>\$ 57,499</u>	<u>\$ 7,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,572,614</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
REVENUES				
Property taxes	\$ 737,222	\$ 442,306	\$ 547,705	\$ 379,173
Licenses and permits	219,520	219,520	219,520	219,520
Intergovernmental	-	-	-	-
Fines and forfeitures	182,820	166,053	166,053	166,053
Charges for services	-	-	-	-
Interest	5,993	1,643	3,714	3,124
Miscellaneous	74,138	51,239	65,440	35,073
Total revenues	1,219,693	880,761	1,002,432	802,943
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	1,353,617	763,736	856,048	675,004
Health and welfare	-	-	-	-
Capital outlay	110,043	80,700	9,115	46,905
Debt service:				
Principal retirement	-	129,621	30,875	124,721
Interest and fiscal charges	-	9,954	4,585	9,722
Total expenditures	1,463,660	984,011	900,623	856,352
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(243,967)	(103,250)	101,809	(53,409)
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	165,950	-	87,120
Proceeds from sale of assets	-	-	3,465	-
Transfers in	30,118	-	-	7,900
Transfers out	(25,525)	(1,200)	(20,625)	(18,000)
Total other financing sources (uses)	4,593	164,750	(17,160)	77,020
NET CHANGE IN FUND BALANCES	(239,374)	61,500	84,649	23,611
FUND BALANCES, BEGINNING	893,556	241,774	505,024	518,092
FUND BALANCES, ENDING	\$ 654,182	\$ 303,274	\$ 589,673	\$ 541,703

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15,893	9,536	11,807	8,174	17,140	397,173	302,794
-	-	-	-	-	-	-
-	-	-	-	25	-	-
-	-	-	-	-	2,216	20,995
<u>15,893</u>	<u>9,536</u>	<u>11,807</u>	<u>8,174</u>	<u>17,165</u>	<u>399,389</u>	<u>323,789</u>
-	-	-	-	-	-	-
-	-	-	-	18,120	-	-
-	-	-	-	-	-	-
15,893	9,536	11,807	8,174	-	-	-
-	-	-	-	-	363,891	340,799
-	-	-	-	-	31,998	3,200
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,893</u>	<u>9,536</u>	<u>11,807</u>	<u>8,174</u>	<u>18,120</u>	<u>395,889</u>	<u>343,999</u>
-	-	-	-	(955)	3,500	(20,210)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(955)	3,500	(20,210)
-	-	-	-	(1,923)	11,909	(16,243)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,878)</u>	<u>\$ 15,409</u>	<u>\$ (36,453)</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants	Nutrition Discretionary Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	234,587	-	-
Fines and forfeitures	-	-	-	-
Charges for services	805	-	-	-
Interest	-	-	-	67
Miscellaneous	173	35,454	75	22,041
Total revenues	978	270,041	75	22,108
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	257,295	-	-	-
Public transportation	-	-	-	12,786
Health and welfare	-	334,581	-	-
Capital outlay	-	-	-	1,598
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	257,295	334,581	-	14,384
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(256,317)	(64,540)	75	7,724
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	319,151	144,518	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	319,151	144,518	-	-
NET CHANGE IN FUND BALANCES	62,834	79,978	75	7,724
FUND BALANCES, BEGINNING	(29,462)	(96,171)	454	35,414
FUND BALANCES, ENDING	\$ 33,372	\$(16,193)	\$ 529	\$ 43,138

Special Revenue

Federal Program	Purchase of Youth Services	May 2010 Flooding	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	21,134	-	14,797
-	-	-	-	-	6,244	-
158	-	-	-	-	-	6
-	-	-	4,414	221	-	9,105
<u>158</u>	<u>-</u>	<u>-</u>	<u>4,414</u>	<u>21,355</u>	<u>6,244</u>	<u>23,908</u>
-	-	-	-	-	-	-
-	-	-	9,972	-	54,794	-
-	-	-	-	57,391	-	24,067
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	596
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,972</u>	<u>57,391</u>	<u>54,794</u>	<u>24,663</u>
158	-	-	(5,558)	(36,036)	(48,550)	(755)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	49,500	52,500	-
(84,518)	-	-	-	-	-	-
<u>(84,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,500</u>	<u>52,500</u>	<u>-</u>
(84,360)	-	-	(5,558)	13,464	3,950	(755)
84,372	(514)	-	6,206	(18,272)	(3,751)	11,010
<u>\$ 12</u>	<u>\$(514)</u>	<u>\$ -</u>	<u>\$ 648</u>	<u>\$(4,808)</u>	<u>\$ 199</u>	<u>\$ 10,255</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	74,192
Charges for services	-	-	-	-
Interest	-	1	1	60
Miscellaneous	-	-	-	-
Total revenues	-	1	1	74,252
EXPENDITURES				
Current:				
General administration	-	-	-	88,594
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	4,578
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	93,172
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1	1	(18,920)
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1	1	(18,920)
FUND BALANCES, BEGINNING	136	337	339	39,699
FUND BALANCES, ENDING	\$ 136	\$ 338	\$ 340	\$ 20,779

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	6,431	-	-	-	-
6,314	13,792	-	-	31,224	-	73,742
-	25,117	-	-	-	-	-
-	-	-	-	1,046	45	1,055
-	173	-	-	-	-	-
<u>6,314</u>	<u>39,082</u>	<u>6,431</u>	<u>-</u>	<u>32,270</u>	<u>45</u>	<u>74,797</u>
1,859	-	-	-	-	-	55,222
-	-	-	-	27,918	-	-
-	122,568	1,596	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925	1,890	-	-	29,324	-	83,760
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,784</u>	<u>124,458</u>	<u>1,596</u>	<u>-</u>	<u>57,242</u>	<u>-</u>	<u>138,982</u>
<u>3,530</u>	<u>(85,376)</u>	<u>4,835</u>	<u>-</u>	<u>(24,972)</u>	<u>45</u>	<u>(64,185)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	143,118	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>143,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,530	57,742	4,835	-	(24,972)	45	(64,185)
<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>\$ 23,938</u>	<u>\$ 37,793</u>	<u>\$ 12,703</u>	<u>\$ 5</u>	<u>\$ 169,701</u>	<u>\$ 169</u>	<u>\$ 210,988</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	11,494
Fines and forfeitures	5,907	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,907</u>	<u>-</u>	<u>-</u>	<u>11,494</u>
EXPENDITURES				
Current:				
General administration	225	-	-	-
Legal	-	-	-	302
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	11,192
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>225</u>	<u>-</u>	<u>-</u>	<u>11,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,682	-	-	-
FUND BALANCES, BEGINNING	<u>12,663</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
FUND BALANCES, ENDING	<u>\$ 18,345</u>	<u>\$ (1,106)</u>	<u>\$ 8,876</u>	<u>\$ (892)</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,510	-	-	-	-
-	-	-	-	-	22,122	99,153
-	-	-	-	-	-	-
13,233	5,107	-	-	-	-	-
-	-	-	-	-	9	-
-	-	-	35,880	-	-	36,363
<u>13,233</u>	<u>5,107</u>	<u>2,510</u>	<u>35,880</u>	<u>-</u>	<u>22,131</u>	<u>135,516</u>
-	-	-	-	-	-	135,360
-	-	-	-	-	-	-
-	-	-	20,993	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	18,231	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,993</u>	<u>-</u>	<u>18,231</u>	<u>135,360</u>
13,233	5,107	2,510	14,887	-	3,900	156
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,233</u>	<u>5,107</u>	<u>2,510</u>	<u>14,887</u>	<u>-</u>	<u>3,900</u>	<u>156</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>
<u>\$ 61,363</u>	<u>\$ 24,824</u>	<u>\$ 16,367</u>	<u>\$ 15,906</u>	<u>\$ 201</u>	<u>\$ 14,832</u>	<u>\$ 940</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Forfeiture Constable #3	D'Hanis Flood Study	COPS Technology Grant	Household Hazardous Waste Grant
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Interest	5	-	-	-
Miscellaneous	-	-	-	-
Total revenues	5	-	-	-
EXPENDITURES				
Current:				
General administration	-	3,100	-	-
Legal	-	-	-	-
Public safety	2,275	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	27,302	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	2,275	30,402	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,270)	(30,402)	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(2,270)	(30,402)	-	-
FUND BALANCES, BEGINNING	2,355	3,147	3	-
FUND BALANCES, ENDING	\$ 85	\$(27,255)	\$ 3	\$ -

<u>Special Revenue</u>	<u>Debt Service</u>		<u>Capital Projects</u>		
District Clerk Technology	Debt Service	Debt Sinking- Sheriff Auto	Capital Project	East Medina River Line Extension	Total Nonmajor Governmental
\$ -	\$ 320,095	\$ 51,458	\$ -	\$ -	\$ 2,477,959
-	-	-	-	-	880,590
-	-	-	-	47,357	1,207,161
451	-	-	-	-	922,532
-	-	-	-	-	50,506
-	214	-	-	-	17,166
-	-	-	-	-	393,000
<u>451</u>	<u>320,309</u>	<u>51,458</u>	<u>-</u>	<u>47,357</u>	<u>5,948,914</u>
-	-	-	-	-	284,360
-	-	-	-	-	111,106
-	-	-	-	-	486,185
-	-	-	-	-	3,706,601
-	-	-	-	-	1,081,002
-	-	-	-	29,988	473,114
-	330,000	-	-	-	615,217
-	33,600	-	-	-	57,861
<u>-</u>	<u>363,600</u>	<u>-</u>	<u>-</u>	<u>29,988</u>	<u>6,815,446</u>
<u>451</u>	<u>(43,291)</u>	<u>51,458</u>	<u>-</u>	<u>17,369</u>	<u>(866,532)</u>
-	-	-	-	-	253,070
-	-	-	-	-	3,465
-	51,507	-	-	-	798,312
-	-	(51,507)	-	-	(201,375)
<u>-</u>	<u>51,507</u>	<u>(51,507)</u>	<u>-</u>	<u>-</u>	<u>853,472</u>
451	8,216	(49)	-	17,369	(13,060)
<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>\$ 1,832</u>	<u>\$ 22,011</u>	<u>\$ 1,982</u>	<u>\$(105,399)</u>	<u>\$ -</u>	<u>\$ 2,661,353</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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 739,654	\$ 739,654	\$ 737,222	\$(2,432)
Licenses and permits	246,402	246,402	219,520	(26,882)
Fines and forfeitures	185,091	185,091	182,820	(2,271)
Interest	6,000	6,000	5,993	(7)
Miscellaneous	-	-	74,138	74,138
Total revenues	1,177,147	1,177,147	1,219,693	42,546
EXPENDITURES				
Public transportation	1,197,240	1,613,278	1,353,617	259,661
Capital outlay	250,000	215,962	110,043	105,919
Total expenditures	1,447,240	1,829,240	1,463,660	365,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(270,093)	(652,093)	(243,967)	408,126
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,118	30,118
Transfers out	-	(25,525)	(25,525)	-
Total other financing sources (uses)	-	(25,525)	4,593	30,118
NET CHANGE IN FUND BALANCE				
	(270,093)	(677,618)	(239,374)	438,244
FUND BALANCE, BEGINNING				
	893,556	893,556	893,556	-
FUND BALANCE, ENDING				
	\$ 623,463	\$ 215,938	\$ 654,182	\$ 438,244

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 474,973	\$ 474,973	\$ 442,306	\$(32,667)
Licenses and permits	246,402	246,402	219,520	(26,882)
Fines and forfeitures	185,091	185,091	166,053	(19,038)
Interest	1,200	1,200	1,643	443
Miscellaneous	-	-	51,239	51,239
Total revenues	<u>907,666</u>	<u>907,666</u>	<u>880,761</u>	<u>(26,905)</u>
EXPENDITURES				
Public transportation	958,861	965,713	763,736	201,977
Capital outlay	144,767	214,578	80,700	133,878
Debt service				
Principal	63,014	63,014	129,621	(66,607)
Interest	7,920	9,955	9,954	1
Total expenditures	<u>1,174,562</u>	<u>1,253,260</u>	<u>984,011</u>	<u>269,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(266,896)</u>	<u>(345,594)</u>	<u>(103,250)</u>	<u>242,344</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	89,767	168,597	165,950	(2,647)
Transfers out	-	(3,185)	(1,200)	1,985
Total other financing sources (uses)	<u>89,767</u>	<u>165,412</u>	<u>164,750</u>	<u>(662)</u>
NET CHANGE IN FUND BALANCE				
	<u>(177,129)</u>	<u>(180,182)</u>	<u>61,500</u>	<u>241,682</u>
FUND BALANCE, BEGINNING				
	<u>241,774</u>	<u>241,774</u>	<u>241,774</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 64,645</u>	<u>\$ 61,592</u>	<u>\$ 303,274</u>	<u>\$ 241,682</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 496,102	\$ 522,090	\$ 547,705	\$ 25,615
Licenses and permits	246,402	246,402	219,520	(26,882)
Fines and forfeitures	185,091	185,091	166,053	(19,038)
Interest	1,800	1,800	3,714	1,914
Miscellaneous	-	65,440	65,440	-
Total revenues	<u>929,395</u>	<u>1,020,823</u>	<u>1,002,432</u>	<u>(18,391)</u>
EXPENDITURES				
Public transportation	872,774	964,202	856,048	108,154
Capital outlay	20,000	20,000	9,115	10,885
Debt service				
Principal	30,875	30,875	30,875	-
Interest	4,585	4,585	4,585	-
Total expenditures	<u>928,234</u>	<u>1,019,662</u>	<u>900,623</u>	<u>119,039</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,161</u>	<u>1,161</u>	<u>101,809</u>	<u>100,648</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	3,465	3,465
Transfers out	-	(20,625)	(20,625)	-
Total other financing sources (uses)	<u>-</u>	<u>(20,625)</u>	<u>(17,160)</u>	<u>3,465</u>
NET CHANGE IN FUND BALANCE	1,161	(19,464)	84,649	104,113
FUND BALANCE, BEGINNING	<u>505,024</u>	<u>505,024</u>	<u>505,024</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 506,185</u>	<u>\$ 485,560</u>	<u>\$ 589,673</u>	<u>\$ 104,113</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 354,197	\$ 354,197	\$ 379,173	\$ 24,976
Licenses and permits	246,402	246,402	219,520	(26,882)
Fines and forfeitures	185,091	185,091	166,053	(19,038)
Interest	1,500	1,500	3,124	1,624
Miscellaneous	1,500	1,500	35,073	33,573
Total revenues	<u>788,690</u>	<u>788,690</u>	<u>802,943</u>	<u>14,253</u>
EXPENDITURES				
Public transportation	750,390	756,322	675,004	81,318
Capital outlay	159,847	167,747	46,905	120,842
Debt service				
Principal	61,134	54,526	124,721	(70,195)
Interest	7,193	9,722	9,722	-
Total expenditures	<u>978,564</u>	<u>988,317</u>	<u>856,352</u>	<u>131,965</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(189,874)</u>	<u>(199,627)</u>	<u>(53,409)</u>	<u>146,218</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	89,847	89,847	87,120	(2,727)
Transfers in	-	7,900	7,900	-
Transfers out	-	(18,000)	(18,000)	-
Total other financing sources (uses)	<u>89,847</u>	<u>79,747</u>	<u>77,020</u>	<u>(2,727)</u>
NET CHANGE IN FUND BALANCE				
	<u>(100,027)</u>	<u>(119,880)</u>	<u>23,611</u>	<u>143,491</u>
FUND BALANCE, BEGINNING				
	<u>518,092</u>	<u>518,092</u>	<u>518,092</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 418,065</u>	<u>\$ 398,212</u>	<u>\$ 541,703</u>	<u>\$ 143,491</u>

MEDINA COUNTY, TEXAS

AGENCY FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2014

	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>
ASSETS						
Cash and investments	\$ <u>301,940</u>	\$ <u>324,901</u>	\$ <u>131,550</u>	\$ <u>6,106</u>	\$ <u>15,435</u>	\$ <u>900,905</u>
Total assets	\$ <u>301,940</u>	\$ <u>324,901</u>	\$ <u>131,550</u>	\$ <u>6,106</u>	\$ <u>15,435</u>	\$ <u>900,905</u>
LIABILITIES						
Liabilities:						
Due to others	\$ <u>301,940</u>	\$ <u>324,901</u>	\$ <u>131,550</u>	\$ <u>6,106</u>	\$ <u>15,435</u>	\$ <u>900,905</u>
Total liabilities	\$ <u>301,940</u>	\$ <u>324,901</u>	\$ <u>131,550</u>	\$ <u>6,106</u>	\$ <u>15,435</u>	\$ <u>900,905</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>132,949</u>	\$ <u>801</u>	\$ <u>11,340</u>	\$ <u>108,426</u>	\$ <u>19,814</u>	\$ <u>255</u>	\$ <u>293,952</u>	\$ <u>2,248,374</u>	
\$ <u>132,949</u>	\$ <u>801</u>	\$ <u>11,340</u>	\$ <u>108,426</u>	\$ <u>19,814</u>	\$ <u>255</u>	\$ <u>293,952</u>	\$ <u>2,248,374</u>	
\$ <u>132,949</u>	\$ <u>801</u>	\$ <u>11,340</u>	\$ <u>108,426</u>	\$ <u>19,814</u>	\$ <u>255</u>	\$ <u>293,952</u>	\$ <u>2,248,374</u>	
\$ <u>132,949</u>	\$ <u>801</u>	\$ <u>11,340</u>	\$ <u>108,426</u>	\$ <u>19,814</u>	\$ <u>255</u>	\$ <u>293,952</u>	\$ <u>2,248,374</u>	

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SINGLE AUDIT SECTION

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

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

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, 2014, 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 23, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Medina County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 23, 2015



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

**INDEPENDENT AUDITOR'S 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, 2014. Medina County, Texas' major federal programs are identified in the summary of auditor's 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.

Auditor's 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, 2014.

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 23, 2015

MEDINA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Agriculture</u>			
Pass-through Texas Department of State Health Services: Special Supplemental Food Nutrition Program for Women, Infants, and Children	10.557	2013-042696-001	\$ <u>397,294</u>
Total Passed through Texas Department of State Health Services			<u>397,294</u>
Total U. S. Department of Agriculture			<u>397,294</u>
<u>U. S. Department of Housing and Urban Development</u>			
Pass-through Texas Department of Agriculture: Community Development Block Grants/ State's Programs	14.228	712230	47,357
Community Development Block Grants/ State's Programs	14.228	713320	<u>23,500</u>
Total Passed through Texas Department of Agriculture			<u>70,857</u>
Total U. S. Department of Housing and Urban Development			<u>70,857</u>
<u>U. S. Department of Justice</u>			
Pass-through the Office of the Governor Criminal Justice Division: State Criminal Alien Assistance Program	16.606	2013-AP-BX-0116	9,742
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0116	5,924
Violence Against Women Act	16.588	2304404	90,730
Violence Against Women Act	16.588	2304405	<u>8,423</u>
Total Passed through the Office of the Governor Criminal Justice Division			<u>114,819</u>
Total U. S. Department of Justice			<u>114,819</u>

MEDINA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
U. S. Department of Health and Human Services			
Pass-through Alamo Area Council of Governments:			
Title III, Part C Nutrition Services	93.045	N/A	\$ 67,973
NSIP - Nutrition Services Incentive Program	93.053	N/A	<u>11,200</u>
Total Passed through Alamo Area Council of Governments			<u>79,173</u>
Pass-through Texas Department of Aging and Disability Services:			
Title XX Community Care for the Aged and Disabled	93.667	172900	<u>101,351</u>
Total Passed through Texas Department of Aging and Disability Services			<u>101,351</u>
Total U. S. Department of Health and Human Services			<u>180,524</u>
Total Federal Awards			<u><u>\$ 763,494</u></u>

MEDINA COUNTY, TEXAS

**NOTE TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2014

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, 2014

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)	Name of Federal Program or Cluster:
#10.557	Special Supplemental Food Nutrition Program for Women, Infants, and Children (WIC)
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, 2014

None

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