

Reed, McKee & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

3140 EXECUTIVE DRIVE
SAN ANGELO, TEXAS 76904
(325) 942-8984

May 29, 2014

To the County Judge and Commissioner's Court
County of Coleman

We have audited the financial statements of the governmental activities of the County of Coleman for the year ended September 30, 2013, and have issued our report thereon dated May 29, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 3, 2014, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transaction, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the County of Coleman. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We noted no additional areas that we offered suggestions on in regards to internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Coleman are described in Note 1 to the financial statements. Accounting policies in regard to fund balance classification have been noted in the audited financial statement footnotes and statements. One new accounting policies were adopted and is disclosed in the financial statements. We noted no transactions entered into by the County of Coleman during the years audited that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

While there can be significant estimates in financial statements as noted above, the County of Coleman had no significant amounts estimated other than the depreciation on depreciable assets over \$5,000 individually. This estimate was based on management's estimate of the remaining lives on those assets over \$5,000 depreciated on a straight line basis.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County's financial reporting process (that is, cause future financial statements to be materially misstated). There was one audit adjustment presented to the Treasurer.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the County of Coleman and management of the County of Coleman and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Reed, McKee & Co., P.C.

REPORT ON
COUNTY OF COLEMAN
COLEMAN, TEXAS
YEAR ENDED SEPTEMBER 30, 2013

COUNTY OF COLEMAN
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YEAR ENDED SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT

County Judge and Commissioner's Court
County of Coleman
Coleman, Texas 76834

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 the County of Coleman (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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. 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 the County of Coleman as of September 30, 2013, and the respective changes in financial position and 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.

The County has a change in accounting principle due to implementation of one statement of the Governmental Accounting Standards Board this year – No. 63 (*Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position*). See the footnotes following for the effect on the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 2 through 7 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 an opinion on the financial statements that collectively comprise the County of Coleman's basic financial statements. The supplemental information on pages 29 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information on pages 29 through 33 is the responsibility of management and is derived from and relates 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 statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Reed, McKee & Co., P.C.
Certified Public Accountants

May 29, 2014

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

This section of the County of Coleman's annual financial report presents our discussion and analysis of the County's financial performance for the fiscal year ended September 30, 2013. Please read it in conjunction with the Independent Auditor's Report and the County's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The County's net position as presented on the statement of net position, increased by \$267,163 as a result of this year's operations. The County's net position consists of unrestricted assets of \$1,404,042 which may be used to meet the County's ongoing obligations and net position invested in capital assets net of related debt of \$1,111,297 which represent the County's depreciable assets net of notes payable. Restricted net assets consist mainly of funds restricted for specific use of state fees collected by the county. Total assets increased \$575,119 over the prior year, with a corresponding \$307,956 increase in total liabilities. The increase in these two areas consists of the increase in capital assets due to three new capital leases which also increased the related liabilities. The increase in other current assets is close to the current year increase in overall activities and represents an increase in cash mainly. Part of this increase in cash can be attributed to some accounts payable not being paid at year end which normally are paid.

As shown in the statement of activities the County has combined revenues of \$4,001,029 from charges for services, operating grants and general revenues. This represents a decrease of \$14,859 over prior year amounts mainly due to fewer grants which were offset somewhat by the increase in tax revenues. The County had \$3,733,866 of total expenses that were offset by \$821,489 of charges for services and \$159,239 of operating grants and contributions. This left net expenses of \$2,753,138 which were funded by general revenues of \$3,020,301. Expenses decreased \$21,592 as compared to the prior year. The decrease in general fund expenses and public health and welfare were offset by the increase in expenses in the public safety area and the justice system. Details of the changes by function can be seen in Table II of this document that follows.

Comparing the balance sheet for the current year to the prior year, the following items were noted. Total assets for all governmental funds are \$1,713,604 which is an increase of \$209,889 compared to the prior year. Total cash and certificates of deposit increased by \$193,037. This is consistent with the increase in fund balance for the year. The increase in liabilities of \$154,389 is mainly due to amounts such as the retirement payable not being paid until after year end. Total fund balance increased from \$1,268,737 to \$1,312,545 as a result of current operations as shown in the statement of revenues, expenditures, and changes in fund balance. The overall increase of \$43,808 represents a combination of an overall increase in the general fund of \$171,504, a decrease in the road and bridge fund of \$110,167, and a decrease of \$17,529 in all the other funds combined. A comparison of individual funds shows that general fund revenues were down slightly from the prior year by \$5,567 and general fund expenses were up \$17,981. Road and Bridge revenues were down slightly by \$18,191 before the capital lease proceeds. Expenses in the Road and Bridge funds were down \$49,352. There were no significant differences noted in the other funds revenues or expenses.

The County's budget comparison for the general fund and road and bridge fund is included in the financial statements for further analysis. Actual revenues of the general fund were \$55,429 less than the final budgeted amounts. As can be seen from looking at the budget comparison, taxes made up \$24,527 of this difference with the remaining amount being small decreases in the other revenue areas. Total expenditures in the general fund were \$217,655 less than budgeted amounts. This again is partially due to not spending as many funds on permanent improvements as originally budgeted and less in each of the other functional categories. This shows that the County is staying within budgeted amounts. The original budget for the general fund projected a decrease in fund balance for the general fund of \$1,837. The amended budget projected an increase in fund balance of \$4,190. The actual amount of increase in fund balance of \$171,504 is due more to controlled expenses as noted above.

COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED

A comparison of the Road and Bridge budget to actual shows the following information. Actual revenues were \$41,880 less than budgeted. As can be seen on Page 29, the taxes were less than anticipated by \$10,794 while miscellaneous amounts were \$21,801 less than anticipated. The miscellaneous amounts were related to sale of equipment. Actual expenses were \$20,801 more than anticipated. The original budget showed an anticipated decrease in fund balance of \$42,050 and was subsequently amended to show a decrease of \$322,868 as the proceeds from the capital leases was not budgeted. As can be seen, the actual decrease in fund balance was \$110,167. The difference in budgeted versus actual is due to capital lease proceeds not being budgeted as shown on page 31.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial report of a business enterprise.

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statement of fiduciary net assets provides financial information about activities for each of the County offices and represents funds that have not been remitted to the Treasurer as of year end.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The supplementary information includes information for further analysis.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins with the statement of net position and statement of activities. The primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided from charges for services such as fees and fines collected in each of the various county offices. Operating grants and contributions are separate grants for specific purposes. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

These two statements report the County's net position and changes in position. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non financial factors as well, such as changes in the County's property tax base and the condition of the County's equipment and facilities.

In the Statement of Net Position and the Statement of Activities, we present all the activities of the County as one governmental activity which is defined below.

Governmental activities—Most of the County's basic services are reported here, including the costs of running the individual offices of the County including the tax assessor-collector, district clerk, county clerk, county judge, county treasurer, sheriff's office and other general activities. Also included within the governmental activities would be the road and bridge activities as well as each of the precincts.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Laws and contracts require the County to establish some funds, such as grants and other funds for specific fines mandated by the state. The fund financial statements reflect the general fund and separate columns for all major funds as defined by GASB 34 and all other funds combined in a column referred to as all other funds. All these funds are determined to be governmental funds as defined below.

Governmental funds—Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for money raised by the individual offices in the courthouse and jail area until those funds are remitted to the Treasurer. At the time the monthly fees are remitted by the individual offices they are considered the revenues of the County in the various funds. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. We exclude these resources from the County's other financial statements because the County cannot use these assets to finance its operations until received from these offices.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the County's governmental activities increased from \$2,304,282 to \$2,571,445. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – are \$1,404,042 at September 30, 2013.

Table 1 - NET POSITION

	Governmental Activities 2013	Governmental Activities 2012	Increase (Decrease)
Current and other assets	\$ 1,713,604	\$ 1,503,715	\$ 209,889
Capital assets, net	1,673,427	1,308,197	365,230
Total assets	3,387,031	2,811,912	575,119
Long-term liabilities	562,130	413,478	148,652
Other liabilities	253,456	94,152	159,304
Total liabilities	815,586	507,630	307,956
Net Position:			
Invested in capital assets, net of related debt	1,111,297	894,719	216,578
Restricted	56,106	72,092	(15,986)
Unrestricted	1,404,042	1,337,471	66,571
Total Net Position	\$ 2,571,445	\$ 2,304,282	\$ 267,163

The increases and decreases in the individual categories have been discussed previously in the financial highlights section of this discussion and analysis. As can be seen the increase in total assets of \$575,119 includes the overall increase shown in the statement of activities and the increase is in net capital assets as shown in the footnotes. The overall increase in liabilities is due to three new capital leases and a larger amount in accounts payable as some amounts usually paid by year end were not paid until October.

COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED

Table II - CHANGES IN NET POSITION

	Governmental Activities 2013	Governmental Activities 2012	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 821,489	\$ 823,812	\$ (2,323)
Operating grants and contributions	159,239	263,488	(104,249)
General Revenues:			
Property taxes – Maintenance and operations	2,055,371	1,970,876	84,495
Property taxes – Roads and bridges	884,237	848,313	35,924
Investment earnings	5,711	6,681	(970)
Miscellaneous and intermediate revenue	74,982	102,718	(27,736)
Total Revenue	4,001,029	4,015,888	(14,859)
Expenses:			
General Government	1,245,863	1,316,001	(70,138)
Roads and Bridges	1,362,615	1,347,380	15,235
Justice System	312,272	288,560	23,712
Public Safety	639,657	576,318	63,339
Public Health and Welfare	173,459	227,199	(53,740)
Total Expenses	3,733,866	3,755,458	(21,592)
Increase (Decrease) in net position	267,163	260,430	6,733
Net position – beginning	2,304,282	2,043,852	260,430
Net position – Ending	\$ 2,571,445	\$ 2,304,282	\$ 267,163

This table is provided to show the increases and decreases as compared to the prior year. All significant changes have been previously discussed in the financial highlights section of the discussion and analysis.

A comparison of the governmental activities expenses by function shows that there was a slight decrease in overall expenses of \$21,592. As shown above the decrease in general an public health and welfare were offset by the increases in road and bridge and the justice system. General government expenses and the road and bridge expenses totaled to be approximately 70% of total expenses. Public safety expenses remained at approximately 17% of expenses with the remaining percentages spent on the justice system and public health and welfare.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$1,312,545 compared to a balance of \$1,268,737 in the prior year. This represents a \$43,808 increase in the fund balance as previously explained.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the County had \$2,868,142 invested in a broad range of capital assets, including facilities and equipment for general operations of the County and road and bridge repair. Accumulated depreciation related to these assets was \$1,194,715. Total additions to capital assets included three new capital leases for road and bridge equipment as well as building improvements for a 50 ton chiller.

Debt

At the end of the current year, the County had total long term debt outstanding of \$562,130. This debt consisted of two notes payable to the bank secured by equipment and three new notes to a finance company also secured by equipment. For more information refer to the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County has adopted a budget for 2014 which left the general fund tax rate at 56 cents and the road and bridge tax rate at 24.71 cents.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. If there are questions concerning any of the information provided in this report or a request for additional financial information, please contact the County Treasurer at the County of Coleman, 100 W Liveoak Suite 203, Coleman, TX 76834.

BASIC FINANCIAL STATEMENTS

COUNTY OF COLEMAN
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Governmental Activities
ASSETS	
Cash	\$ 424,428
Certificates of Deposit	1,042,240
Due from Other Funds	38,115
Accounts Receivable	42,746
Delinquent Taxes Receivable, Net of Allowance	166,075
Capital Assets, Net of Accumulated Depreciation	<u>1,673,427</u>
Total Assets	<u>3,387,031</u>
LIABILITIES	
Accounts Payable	212,153
Other Payables	22,831
Compensated Absences Payable	18,472
Notes Payable	<u>582,130</u>
Total Liabilities	<u>815,586</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,111,297
Restricted	56,106
Unrestricted	<u>1,404,042</u>
Total Net Position	<u>\$ 2,571,445</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 1,245,863	\$ 257,737	\$ 24,850	\$ (963,276)
Roads and Bridges	1,362,615	455,413	29,487	(877,715)
Justice System	312,272	88,083	83,854	(140,335)
Public Safety	639,657	20,258	-	(619,401)
Public Health and Welfare	173,459	-	21,048	(152,411)
Total Governmental Activities	<u>\$ 3,733,866</u>	<u>\$ 821,489</u>	<u>\$ 159,239</u>	<u>(2,753,138)</u>
General Revenues:				
Property Taxes - Maintenance and Operations				2,055,371
Property Taxes - Roads and Bridges				884,237
Investment Earnings				5,711
Miscellaneous				<u>74,982</u>
Total General Revenues				<u>3,020,301</u>
Change in Net Position				267,163
Net Position - Beginning				<u>2,304,282</u>
Net Position - Ending				<u>\$ 2,571,445</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
BALANCE SHEET
SEPTEMBER 30, 2013

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 24,966	\$ 282,309	\$ 117,153	\$ 424,428
Certificates of Deposit	906,734	118,069	17,437	1,042,240
Due from Other Funds	28,142	5,828	4,145	38,115
Accounts Receivable	13,714	29,032	-	42,746
Delinquent Taxes Receivable	245,905	90,086	-	335,991
Allowance for Uncollectible Taxes	(125,674)	(43,242)	-	(168,916)
Total Assets	<u>1,092,787</u>	<u>482,082</u>	<u>138,735</u>	<u>1,713,604</u>
<u>LIABILITIES</u>				
Accounts Payable	106,486	98,544	7,123	212,153
Other Payables	22,831	-	-	22,831
Total Liabilities	<u>129,317</u>	<u>98,544</u>	<u>7,123</u>	<u>234,984</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Resources - Property Taxes	<u>119,231</u>	<u>46,844</u>	<u>-</u>	<u>166,075</u>
Total Deferred Inflows of Resources	<u>119,231</u>	<u>46,844</u>	<u>-</u>	<u>166,075</u>
<u>FUND BALANCES</u>				
Restricted	-	-	56,106	56,106
Committed	-	336,694	75,506	412,200
Unassigned	<u>844,239</u>	<u>-</u>	<u>-</u>	<u>844,239</u>
Total Fund Balances	<u>844,239</u>	<u>336,694</u>	<u>131,612</u>	<u>1,312,545</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,092,787</u>	<u>\$ 482,082</u>	<u>\$ 138,735</u>	<u>\$ 1,713,604</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total fund balances of governmental funds	\$ 1,312,545
Net capital assets used in governmental activities are not reported in the fund financial statements	1,673,427
Net delinquent property taxes receivable are deferred in the fund financial statements.	166,075
Compensated absences payable are not reported in the fund financial statements.	(18,472)
Notes payable are not reported in the fund financial statements.	<u>(562,130)</u>
Total net position of governmental activities	<u>\$ 2,571,445</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,048,143	\$ 879,773	\$ -	\$ 2,927,916
Fees	206,050	455,413	47,818	709,281
Fines	112,208	-	-	112,208
Intergovernmental	129,752	29,487	-	159,239
Interest	4,737	902	72	5,711
Miscellaneous	9,031	65,451	500	74,982
Total Revenues	2,509,921	1,431,026	48,390	3,989,337
EXPENDITURES				
General Government	1,243,509	-	55,207	1,298,716
Roads and Bridges	-	1,803,868	-	1,803,868
Justice System	285,170	-	22,154	307,324
Public Safety	636,100	-	-	636,100
Public Health and Welfare	168,550	-	-	168,550
Total Expenditures	2,333,329	1,803,868	77,361	4,214,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,592	(372,842)	(28,971)	(225,221)
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	269,029	-	269,029
Transfers In	-	-	11,442	11,442
Transfers Out	(5,088)	(6,354)	-	(11,442)
Total Other Financing Sources (Uses)	(5,088)	262,675	11,442	269,029
Net Change in Fund Balances	171,504	(110,167)	(17,529)	43,808
Fund Balances - Beginning	672,735	448,861	149,141	1,268,737
Fund Balances - Ending	\$ 844,239	\$ 338,694	\$ 131,612	\$ 1,312,545

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2013

Total net change in fund balances of governmental funds	\$ 43,808
Capital outlays are capitalized in the government-wide financial statements.	526,782
Depreciation of capital assets is recognized in the government-wide financial statements.	(161,552)
Net delinquent property taxes receivable are not deferred in the government-wide financial statements. The current year increase has been recognized in the Statement of Activities.	11,692
Compensated absences payable are reported in the government-wide financial statements. The current year increase has been recognized in the Statement of Activities.	(4,915)
Proceeds from the issuance of capital leases is reported as an increase in liabilities in the government-wide financial statements.	(269,029)
Repayments of principal on notes payable are reported as a decrease in liabilities in the government-wide financial statements.	<u>120,377</u>
Change in net position of governmental activities	<u>\$ 267,163</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Ad Valorem Taxes-Current	\$ 1,972,310	\$ 1,972,310	\$ 1,947,785	\$ (24,525)
Ad Valorem Taxes-Delinquent	50,000	67,097	67,096	(1)
Penalty and Interest Taxes	32,000	33,263	33,262	(1)
Total Taxes	2,054,310	2,072,670	2,048,143	(24,527)
Fees				
Alcoholic Beverages	3,000	4,211	4,210	(1)
Law Library	5,000	5,000	4,970	(30)
Jury Fees	350	500	450	(50)
9-1-95 to 8-31-97 Fees	10	10	-	(10)
Defensive Driving Fees	1,200	1,438	1,437	(1)
9-1-97 to 8-30-99 Fees	50	50	-	(50)
Bail Bond Fee	350	350	287	(63)
D.P.S. Arrest Fees	1,500	2,956	2,956	-
T.P.W. Arrest Fees	200	262	262	-
8-31-99 to 8-31-01 Fees	50	50	-	(50)
9-1-01 to 12-31-03 Fees	50	50	5	(45)
Indigent Legal Services Fee	100	100	73	(27)
Judicial Support Fee	500	600	600	-
Time Payment Fee	900	1,763	1,763	-
Local Judicial Education	200	200	195	(5)
Child Safety	50	50	-	(50)
1-1-04 Forward Fees	4,000	4,130	4,129	(1)
Drug Court Program	200	200	190	(10)
Indigent Defense Fee	25	25	25	-
Jury Reimbursement Fee	350	1,001	1,000	(1)
Justice Court-Indigent	10	12	11	(1)
EMS Trauma Fund	200	238	238	-
Local Traffic Fee	1,700	1,842	1,842	-
Probate-Indigent	20	20	15	(5)
County Court-Civil-Indigent	20	20	9	(11)
D. Court-Divorce-Indigent	20	20	15	(5)
District Court-Other Indigent	100	100	51	(49)
J.P. Dismissal Fee	200	884	883	(1)
State Traffic Fees	700	921	921	-
Criminal Indigent Fees	-	2	2	-
Tax Assessor-Collector Fees	53,000	57,808	57,807	(1)
District Clerk Fees	21,000	21,000	17,399	(3,601)
County Clerk Fees	62,000	68,390	68,389	(1)
Sheriff's Fees	20,000	20,000	14,207	(5,793)
County Judge Fees	500	500	214	(286)
County Attorney Fees	1,000	1,000	795	(205)
Constable Fees	900	900	280	(620)
Dist. Clerk-Atty. General Fees	4,000	4,000	3,027	(973)
Prisoner Transport Reimb.	2,000	2,000	-	(2,000)
Other Revenue-Elections	500	8,519	8,518	(1)
Septic System Permit Fees	7,500	7,500	3,375	(4,125)
Septic System Inspection Fees	5,501	5,501	5,500	(1)
Total Fees	198,956	224,123	206,050	(18,073)

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Fines				
District Clerk-Fines	18,000	19,629	19,629	-
County Clerk-Fines	20,000	20,000	16,366	(3,634)
Justice of Peace Fines	47,000	70,444	70,443	(1)
Sheriff-Fines	3,200	5,769	5,769	-
Moving Violation Fees	1	1	1	-
Total Fines	88,201	115,843	112,208	(3,635)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	9,000	9,441	9,440	(1)
State Salary Supplement	67,500	75,000	75,000	-
Tier Two Salary Supplement	5,000	5,000	5,000	-
Tier Three Salary Supplement	5,000	5,000	5,000	-
State Excess Contribution	500	500	410	(90)
State Juror Reimbursement	3,300	3,300	3,000	(300)
Indigent Defense Grant	8,800	10,855	10,854	(1)
Homeland Security Grant	20,450	21,048	21,048	-
Total Intergovernmental	119,550	130,144	129,752	(392)
Interest - Interest Earned	6,000	6,000	4,737	(1,263)
Miscellaneous				
Oil and Gas Royalties	200	200	173	(27)
Other Revenue	5,000	5,000	548	(4,452)
Tower Rental	8,300	8,300	7,240	(1,060)
Telephone Commission	-	1,070	1,070	-
Voting Equipment Rental	2,000	2,000	-	(2,000)
Total Miscellaneous	15,500	16,570	9,031	(7,539)
Total Revenues	2,482,517	2,565,350	2,509,921	(55,429)

EXPENDITURES

General Government				
Non-Departmental	546,940	546,940	500,366	46,574
Tax Assessor-Collector	95,704	95,704	94,280	1,424
District Clerk	85,214	85,832	69,460	16,372
County Clerk	94,890	95,983	95,796	187
County Judge	69,498	69,573	61,988	7,585
Commissioners Court	19,000	21,077	19,660	1,417
County Treasurer	76,600	77,866	70,468	7,398
Veterans Service Officer	17,350	17,350	16,495	855
County Extension Office	99,214	102,365	98,589	3,776
Courthouse and Jail Buildings	96,696	100,091	85,723	14,368
Elections	20,000	20,000	7,829	12,171
Permanent Improvements	160,000	160,000	122,855	37,145
Total General Government	1,381,106	1,392,791	1,243,509	149,272

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Justice System				
County Attorney	103,580	106,360	103,177	3,183
District Attorney	11,200	13,429	13,192	237
Justice of Peace	64,148	64,248	58,081	6,167
Adult Probation	5,600	5,600	5,517	83
Juvenile Probation	6,500	6,500	6,337	163
District Court	119,841	119,841	97,776	22,065
Permanent Improvements	3,000	3,000	1,090	1,910
Total Justice System	313,869	318,978	285,170	33,808
Public Safety				
Sheriff	554,271	611,254	594,674	16,580
Constable	14,432	14,432	13,832	600
Permanent Improvements	30,000	30,000	27,594	2,406
Total Public Safety	598,703	655,686	636,100	19,586
Public Health and Welfare				
Donations	148,350	148,350	139,368	8,982
Welfare	11,700	11,700	6,900	4,800
Permanent Improvements	20,450	23,489	22,282	1,207
Total Public Health and Welfare	180,500	183,539	168,550	14,989
Total Expenditures	2,474,178	2,550,984	2,333,329	217,655
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10,176)	(10,176)	(5,088)	5,088
Net Change in Fund Balance	(1,837)	4,190	171,504	167,314
Fund Balance - Beginning	672,735	672,735	672,735	-
Fund Balance - Ending	\$ 670,898	\$ 676,925	\$ 844,239	\$ 167,314

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>General</u>
<u>ASSETS</u>	
Cash	\$ 257,228
Certificates of Deposit	<u>47,833</u>
Total Assets	<u>305,061</u>
<u>LIABILITIES</u>	
Due to Other Funds	38,115
Due to Others	<u>266,946</u>
Total Liabilities	<u>\$ 305,061</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
Notes to the Financial Statements
September 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Coleman County ("the County") is a political subdivision of the State of Texas and is governed by the Commissioner's Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements – The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges for services – payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions – payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

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

Measurement Focus and Basis of Accounting – Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus – The government-wide financial statements are presented using the economic resources, measurement focus, as well as the fiduciary fund financial statements. The fund financial statements are reported using the current financial resources measurement focus.

COUNTY OF COLEMAN
Notes to the Financial Statements - Continued
September 30, 2013

Measurement Focus and Basis of Accounting - Continued

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

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

Governmental fund financial statements use the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the year. Other revenues are recorded when collected by the various County officials.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting.

The government reports the following major governmental funds:

General Fund – This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund – This fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Measurement Focus and Basis of Accounting – Continued

Additionally, the government reports the following fund type:

Fiduciary Funds – These funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individual, private organizations, other governments, or other County funds.

Interfund Receivables and Payables – Activity between individual funds may result in amounts owed between funds which are classified as due to and from other funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

Capital Assets – In the government-wide financial statements, capital assets arising from modified accrual transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. These capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-20
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified accrual transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets – When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Compensated Absences – County employees are entitled to vacation and sick leave based upon their length of employment. Sick leave is earned at a rate of 10 days per year and can be accumulated up to 45 days but must be used and is not payable at termination. Vacation pay is earned after one year of employment at various levels depending upon the length of employment. This pay is payable upon termination and has been reflected in the government-wide financial statements.

Fund Equity – In the fund financial statements, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies or prepaid amounts. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the county commissioners. However, the commissioners do develop a policy for the three unrestricted classifications – *committed*, *assigned*, and *unassigned*.

From time to time, the county commissioners may commit fund balances by a majority vote in a scheduled meeting. The commissioners' commitment may be modified or rescinded by a majority vote in a scheduled meeting. Commissioners' commitments cannot exceed the amount of fund balance that is greater than the sum of *nonspendable* and *restricted* fund balances since that practice would commit funds that the county does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Commissioners.

The Commissioners may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Commissioners may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Commissioners by a majority vote in a scheduled meeting.

When the county makes expenditures that can be made from either restricted or unrestricted balances, the expenditure should be charged to restricted balances. When the county incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditure should be charged to committed if directly associated with the specific commitment, to assigned if directly associated with the specific assignment, and to unassigned.

Property Tax Revenues – Property taxes are assessed on January 1 of each year at which time a tax lien attaches to the property to secure the payment of taxes. Property taxes are levied on October 1 of each year. The taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the following year at which time they become subject to penalties and interest. Property taxes are recognized as revenues when they are collected.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Interfund Transfers – Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

New standards – The County implemented a new statement of the Governmental Accounting Standards Board (GASB) this year – No. 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*). This statement:

Classified items that are a consumption of net assets applicable to a future reporting period as deferred resource outflows.

Classified items that are an acquisition of net assets applicable to a future reporting period as deferred resource inflows.

Renamed all "Statement of Net Assets" to "Statements of Net Position"

The effect of this statement on the County's 2013 annual financial statements is:

Deferred Resource Inflows	
"Unavailable revenues – property taxes"	<u>\$ 166,075</u>

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget – The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified accrual basis and cover a one-year period. Appropriations lapse at year end.

Note 3 – DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

Deposits and Investments – The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Deposits and Investments – Continued

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following. The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2013, all of the County's investments are in certificates of deposit with its depository bank. The certificates of deposit are completely covered by pledged securities as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2013, was not significantly exposed to credit risk.

Interest Rate Risk: The County's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

Foreign Currency Risk: Not applicable.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Deposits and Investments - Continued

The carrying amount of the County's cash and temporary investments at September 30, 2013, approximates fair value and consisted of the following:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash on Hand and in Bank	\$ 424,428	\$ 257,228	\$ 681,656
Certificates of Deposit	1,042,240	47,833	1,090,073
Total Cash and Temporary Investments	<u>\$ 1,466,668</u>	<u>\$ 305,061</u>	<u>\$ 1,771,729</u>

Interfund Transfers and Balances – During the year ended September 30, 2013, the General Fund and the Road & Bridge Fund made transfers totaling \$11,442 to various other nonmajor governmental funds.

The following is a summary of amounts due from and due to other funds as of September 30, 2013.

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Fiduciary Funds	General Fund	\$ 28,142	Unremitted Fees
Fiduciary Funds	Road & Bridge Fund	5,828	Unremitted Fees
Fiduciary Funds	Other Governmental Funds	4,145	Unremitted Fees
Total		<u>\$ 38,115</u>	

All amounts due are expected to be repaid within one year.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
General Road & Bridge	\$ 142,183	\$ 0	\$ (9,504)	\$ 132,679
Precinct One	451,154	56,504	0	507,658
Precinct Two	396,580	0	0	396,580
Precinct Three	632,134	156,059	(13,000)	775,193
Precinct Four	397,998	233,029	(46,500)	584,527
Sheriff	195,577	27,594	(32,725)	190,446
Courthouse	144,321	63,100	0	207,421
911 Equipment	73,638	0	0	73,638
Total Capital Assets	<u>\$ 2,433,585</u>	<u>\$ 536,286</u>	<u>\$ (101,729)</u>	<u>\$ 2,868,142</u>
Less Accumulated Depreciation	<u>(1,125,388)</u>	<u>(161,552)</u>	<u>92,225</u>	<u>(1,194,715)</u>
Capital Assets, Net	<u>\$ 1,308,197</u>	<u>\$ 374,734</u>	<u>\$ (9,504)</u>	<u>\$ 1,673,427</u>

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Capital Assets – Continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 10,049
Road and Bridges	113,163
Justice System	3,893
Public Safety	29,448
Public Health & Welfare	4,909
Total	<u>\$ 161,552</u>

Compensated Absences Payable – Compensated absences payable consists of an accrual of earned vacation leave that has not been taken as of September 30, 2013 and is payable to employees at that date. Below is a summary of the activity for the year.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>\$ 13,557</u>	<u>\$ 4,915</u>	<u>\$ 0</u>	<u>\$ 18,472</u>

Notes & Capital Leases Payable – Notes and capital leases payable as of September 30, 2013 consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
6% note payable to a bank, with monthly payments of \$1,356, secured by equipment, maturing January 15, 2015	\$ 35,284	\$ 0	\$ 35,284	\$ 0
6% note payable to a bank, with monthly payments of \$1,937, secured by equipment, maturing January 15, 2015	50,406	0	50,406	0
3.2% capital lease payable to a finance company with monthly payments of \$1,831 maturing June 7, 2017	158,314	0	17,151	141,163
3.2% capital lease payable to a finance company with monthly payments of \$1,626 maturing June 7, 2017	169,474	0	14,302	155,172

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Notes & Capital Leases Payable - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
3.2% capital lease payable to a finance company with monthly payments of \$539.42 maturing on 12-27-17	\$ 0	\$ 119,366	\$ 2,238	\$ 117,128
3.2% capital lease payable to a finance company with monthly payments of \$474.05 maturing on 7-19-18	0	53,663	996	52,667
2.9% capital lease payable to a finance company with monthly payments of \$1,187.27 maturing on 11-14-18	0	96,000	0	96,000
Total	\$ 413,478	\$ 269,029	\$ 120,377	\$ 562,130

Combined debt service requirements on notes and capital leases payable is as follows:

<u>Y/E Sept 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 48,383	\$ 16,122	\$ 64,505
2015	52,461	15,432	67,893
2016	54,128	13,765	67,893
2017	215,816	9,792	225,608
2018	154,742	3,024	157,766
2019	36,600	174	36,774
Totals	\$ 562,130	\$ 58,309	\$ 620,439

Note 4 – OTHER INFORMATION

Retirement Plan

Plan Description – The County provides retirement, 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 641 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.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Retirement Plan – Continued

The plan provisions are adopted by the governing body of the employer within the option available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's 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 deposits 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 employer contributed using the actuarially determined rate of 6.40% for the months those months ending December 31, 2012 and a rate of 6.68% was used for the months ending September 30, 2013.

The deposit rate payable by the employee members for fiscal year 2013 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost – The required contribution was determined as part of the December 31, 2012 actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market valued of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years. For the employer's accounting year ended September 30, 2013, the pension cost for the TCDRS plan for its employees was \$208,576, and the actual contribution was \$208,576.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2013

Retirement Plan- Continued

The December 31, 2012 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12-31-10	12-31-11	12-31-12
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	20	20
Asset Valuation Method	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value
Actuarial Assumptions:			
Investment Return	8.0%	8.0%	8.0%
Projected Salary Increases	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

**Schedule of Funding Progress for the Retirement Plan
for the Employees of Coleman County**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll (Actuarial) (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)		
12-31-07	\$3,014,785	\$3,007,457	\$ (7,328)	100.24%	\$1,238,769	(0.59)%
12-31-08	\$2,962,370	\$3,158,184	\$ 195,814	93.80%	\$1,343,292	14.58%
12-31-09	\$3,331,889	\$3,469,986	\$ 138,097	96.02%	\$1,440,013	9.59%
12-31-10	\$3,276,255	\$3,461,851	\$ 185,596	94.64%	\$1,456,273	12.74%
12-31-11	\$3,117,897	\$3,354,214	\$ 236,317	92.95%	\$1,482,917	15.94%
12-31-12	\$3,239,273	\$3,566,275	\$ 327,002	90.83%	\$1,490,489	21.94%

SUPPLEMENTAL INFORMATION

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Taxes-Lateral Road and FM	\$ 767,556	\$ 767,556	\$ 757,842	\$ (9,714)
Taxes-Flood Control	85,284	85,284	84,205	(1,079)
Delinquent Ad Valorem Taxes	22,000	25,080	25,079	(1)
Penalty and Interest-Taxes	11,000	12,647	12,647	-
Total Taxes	885,840	890,567	879,773	(10,794)
Fees				
Vehicle Registration	375,000	375,000	367,149	(7,851)
Vehicle Registration-Supple.	85,000	88,264	88,264	-
Total Fees	460,000	463,264	455,413	(7,851)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	4,000	4,000	3,788	(212)
State Lateral Road & FM Funds	26,000	26,000	25,699	(301)
Total Intergovernmental	30,000	30,000	29,487	(513)
Interest - Interest Earned	1,820	1,820	902	(918)
Miscellaneous				
Other Revenue	10,000	48,564	48,561	(3)
Sale of Equipment	33,000	38,691	16,890	(21,801)
Total Miscellaneous	43,000	87,255	65,451	(21,804)
Total Revenues	1,420,660	1,472,906	1,431,026	(41,880)
EXPENDITURES				
General Road & Bridge				
Salaries Commissioners	148,200	148,200	148,200	-
Salaries-Other	26,962	26,962	26,962	-
Social Security Taxes	40,355	40,355	40,354	1
Retirement	71,793	71,793	71,767	26
Health Insurance	110,000	110,000	92,244	17,756
Workers Compensation	-	-	(84)	84
Tax Appraisal District	38,000	38,000	36,983	1,017
Other Expenses	3,000	3,000	611	2,389
Insurance	17,000	17,000	15,176	1,824
General Precinct Expenses	10,000	32,429	35,428	(2,999)
Outside Audit	4,000	4,000	3,500	500
Flood Control-Repairs	10,000	10,000	11,000	(1,000)
Flood Control-S.W.C.D.	11,000	11,000	-	11,000
Total General Road & Bridge	490,310	512,739	482,141	30,598

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Precinct 1				
Operators Salaries Precinct 1	80,886	80,886	80,886	-
Debt Service	1,800	1,800	36,515	(34,715)
Capital Purchases	30,000	47,000	47,000	-
Equipment Maintenance	30,000	30,000	21,089	8,911
Pickup Allowance	7,200	7,200	7,200	-
Fuel	36,000	36,000	31,191	4,809
Supplies	25,000	25,000	21,780	3,220
Other Precinct Expenses	3,500	3,500	2,488	1,012
Total Precinct 1	214,386	231,386	248,149	(16,763)
Precinct 2				
Operators Salaries Precinct 2	80,886	80,886	80,886	-
Capital Purchases	20,000	20,000	-	20,000
Equipment Maintenance	35,000	64,641	64,641	-
Pickup Allowance	7,200	7,200	7,200	-
Fuel	37,000	46,318	46,318	-
Supplies	30,000	38,225	36,225	-
Other Precinct Expenses	4,000	4,000	3,818	182
Total Precinct 2	214,086	259,270	239,088	20,182
Precinct 3				
Operators Salaries Precinct 3	80,886	80,886	80,886	-
Debt Service	7,796	7,796	74,756	(66,960)
Capital Purchases	50,000	156,060	156,059	1
Equipment Maintenance	30,000	30,000	16,910	13,090
Pickup Allowance	7,200	7,200	7,200	-
Fuel	38,000	43,818	43,817	1
Supplies	25,000	25,000	20,421	4,579
Other Precinct Expenses	3,000	3,000	2,043	957
Total Precinct 3	241,882	353,760	402,092	(48,332)
Precinct 4				
Operators Salaries Precinct 4	80,886	80,886	80,886	-
Debt Service	5,253	8,797	26,333	(17,536)
Capital Purchases	100,000	233,029	233,029	-
Equipment Maintenance	30,000	30,000	25,316	4,684
Pickup Allowance	7,200	7,200	7,200	-
Fuel	30,000	30,000	29,315	685
Supplies	30,000	30,000	27,687	2,313
Other Precinct Expenses	6,000	6,000	2,632	3,368
Total Precinct 4	289,339	425,912	432,398	(6,486)
Total Expenditures	1,450,003	1,783,067	1,803,868	(20,801)

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital Lease Proceeds	-	-	269,029	269,029
Transfers Out	(12,707)	(12,707)	(6,354)	8,353
Net Other Financing Sources (Uses)	(12,707)	(12,707)	262,675	275,382
Net Change in Fund Balance	(42,050)	(322,868)	(110,167)	254,303
Fund Balance - Beginning	446,861	446,861	446,861	-
Fund Balance - Ending	<u>\$ 404,811</u>	<u>\$ 123,993</u>	<u>\$ 336,694</u>	<u>\$ 212,701</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Fees				
Hot Check Fees	\$ 8,000	\$ 8,000	\$ 5,181	\$ (819)
Courthouse Security Fee	7,000	7,577	7,576	(1)
Justice Court Technology Fund	2,500	3,448	3,448	-
District Clerk Fees	2,800	2,800	2,187	(613)
County Clerk Fees	1,000	1,000	799	(201)
PVS Funds	900	900	644	(256)
County Clerk Archive Fees	11,000	11,880	11,880	-
District Clerk Criminal Technology Fees	500	500	54	(446)
County Clerk Criminal Technology Fees	500	500	145	(355)
Dist Clerk Civil Record Preservation Fees	1,800	1,800	1,778	(22)
Cty Clerk Civil Record Preservation Fees	600	600	570	(30)
District Clerk Archive Fees	900	900	896	(4)
County Clerk Records Management Fees	12,000	12,000	11,840	(160)
Supplemental Guardianship Fees	550	820	820	-
Total Fees	48,050	50,725	47,818	(2,907)
Interest - Interest Earned	300	300	72	(228)
Miscellaneous				
Cookbook Sales	500	500	500	-
Depot Renovation Receipts	1,500	1,500	-	(1,500)
Seized Funds Received	5,000	5,000	-	(5,000)
Total Miscellaneous	7,000	7,000	500	(6,500)
Total Revenues	55,350	58,025	48,390	(9,635)
EXPENDITURES				
General Government				
Workers Compensation Fund	25,000	25,000	20,663	4,337
Records Management Fund	10,000	10,000	2,870	7,130
Historical Society Fund	3,000	3,500	1,044	2,456
District Clerk Records Management Fund	2,500	2,500	470	2,030
Preservation of Vital Statistics Fund	2,000	4,480	4,479	1
County Clerk Archive Fund	11,600	11,944	11,944	-
District Clerk Criminal Technology Fund	500	500	-	500
County Clerk Criminal Technology Fund	500	500	-	500
District Clerk Civil Records Preserv Fund	3,500	3,500	3,104	396
County Clerk Civil Records Preserv Fund	600	600	-	600
District Clerk Archive Fund	2,000	2,000	-	2,000
County Clerk Record Management Fund	10,000	12,633	10,633	2,000
Supplemental Guardianship Fund	800	800	-	800
Forfeiture and Seizure Fund	5,000	5,000	-	5,000
Total General Government	77,000	82,957	55,207	27,750

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>EXPENDITURES - CONTINUED</u>				
Justice System				
Law Enforcement Education Fund	437	437	144	293
Courthouse Security Fund	20,000	20,000	-	20,000
Justice Court Technology Fund	18,500	18,290	17,476	814
County Attorney Hot Check Fund	11,000	11,000	4,534	6,466
Total Justice System	47,937	49,727	22,154	27,573
Total Expenditures	124,937	132,684	77,361	55,323
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	22,883	22,883	11,442	(11,441)
Net Change in Fund Balance	(46,704)	(51,776)	(17,529)	(76,399)
Fund Balance - Beginning	149,141	149,141	149,141	-
Fund Balance - Ending	\$ 102,437	\$ 97,365	\$ 131,612	\$ (76,399)

The accompanying notes are an integral part of this financial statement.