

HENDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

**PREPARED BY:
HENDERSON COUNTY AUDITOR'S OFFICE
Ann Marie Lee, CPA – County Auditor**

HENDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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HENDERSON COUNTY, TEXAS

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INTRODUCTORY SECTION

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HENDERSON COUNTY, TEXAS

DIRECTORY OF OFFICIALS

DECEMBER 31, 2013

Office	Name
County Judge	Judge Richard Sanders
Commissioner – Precinct 1	Scotty Thomas
Commissioner – Precinct 2	Wade McKinney
Commissioner – Precinct 3	Ronald Lawrence
Commissioner – Precinct 4	Ken Geeslin
County Attorney	Clint Davis
County Auditor	Ann Marie Lee
County Clerk	Gwen Moffeit
County Tax Assessor/Collector	Milburn Chaney
County Treasurer	Michael Bynum
Sheriff	Ray Nutt
District Clerk	Jean Brittain
District Attorney	Scott McKee
Justice of the Peace – Precinct 1	Judge Randy Daniel
Justice of the Peace – Precinct 2	Judge Dale Blaylock
Justice of the Peace – Precinct 3	Judge Sue Starnes
Justice of the Peace – Precinct 4	Judge Kelly Harris
Justice of the Peace – Precinct 5	Judge Tommy Barnett
Justice of the Peace – Precinct 6	Judge Milton Adams
Constable – Precinct 1	Daryl Graham
Constable – Precinct 2	Norman Terry
Constable – Precinct 3	David Grubbs
Constable – Precinct 4	Richard Stewart
Constable – Precinct 5	Brad Miers
Constable – Precinct 6	Mike Warren
Chief Juvenile Probation	Bonny Turnage
Chief Community Supervision & Corrections Officer	Steve Jeffus
County Court-at-Law No. 1 Judge	Judge Matt Livingston
County Court-at-Law No. 2 Judge	Judge Nancy Perryman
173rd District Court Judge	Judge Dan Moore
392nd District Judge	Judge Carter Tarrance
3rd District Court Judge	Judge Mark Calhoon

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FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson County, Texas, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Basis for Qualified Opinion on the Governmental Activities, the Business-type Activities and the Major Proprietary Funds

The County has not implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. These financial statements recognize the cost of postemployment benefits, other than retirement benefits, on a pay-as-you-go basis. Accounting principles generally accepted in the United States of America require that annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, the business-type activities, and each major proprietary fund. The effects on these financial statements, although not reasonably determinable, are presumed to be material.

Qualified Opinions

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major proprietary fund of Henderson County, Texas, as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of Henderson County, Texas, as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–10 and the schedule of funding progress on page 43 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 the County's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements 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 fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014, on our consideration of the County's 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 the County's internal control over financial reporting and compliance.

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

Waco, Texas
October 6, 2014

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended December 31, 2013. The MD&A should be read in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of Henderson County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2013 by \$46,617,173 (*net position*). Of this amount, \$10,624,049 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position decreased by \$568,176.
- As of December 31, 2013, Henderson County's governmental funds reported combined ending fund balances of \$10,514,525, an increase of \$851,861 .
- At the end of fiscal year 2013, unassigned fund balance for the General Fund was \$7,480,816.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Henderson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Henderson County include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and interest on long-term debt. Henderson County business-type activities consist of a recreational arena and corresponding concessions.

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. Henderson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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 and Road and Bridge Fund, both of which are considered to be major funds. Data from the other 12 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.

Henderson County adopts an annual appropriated budget for its General Fund and Road and Bridge Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

Proprietary Funds – Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Fair Park operations.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Henderson County's own programs.

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.

Required Supplementary Information. In addition to the basic financial statements, this report includes certain required supplementary information concerning the County’s progress towards funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the notes to the financial statements.

Other Information. In addition to the basic financial statements and required supplementary information, this report also presents combining fund statements that further support the information in the financial statements. The combining fund statements are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Henderson County, net position was \$46,617,173 at the close of the most recent fiscal year.

HENDERSON COUNTY’S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 27,900,700	\$ 28,347,558	\$ 100,387	\$ 78,407	\$ 28,001,087	\$ 28,425,965
Capital assets	35,548,926	36,880,032	1,001,792	1,078,788	36,550,718	37,958,820
Total assets	63,449,626	65,227,590	1,102,179	1,157,195	64,551,805	66,384,785
Long-term liabilities	2,808,784	4,023,057	-	30,000	2,808,784	4,053,057
Other liabilities	3,742,077	3,897,190	5,287	30,259	3,747,364	3,927,449
Total liabilities	6,550,861	7,920,247	5,287	60,259	6,556,148	7,980,506
Deferred inflows of resources	11,378,484	12,240,301	-	-	11,378,484	12,240,301
Net position:						
Net investment in capital assets	31,493,647	31,794,978	1,001,792	1,038,788	32,495,439	32,833,766
Restricted	3,497,685	2,110,846	-	-	3,497,685	2,110,846
Unrestricted	10,528,949	11,161,218	95,100	58,148	10,624,049	11,219,366
Total net position	\$ 45,520,281	\$ 45,067,042	\$ 1,096,892	\$ 1,096,936	\$ 46,617,173	\$ 46,163,978

Investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any debt used to acquire those assets that are still outstanding accounted for \$32,495,439 of the County’s net position. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 8% of the County’s net position represents *restricted net position*. These are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The remaining balance, *unrestricted net position*, may be used to meet the County’s ongoing obligations to citizens and creditors.

HENDERSON COUNTY'S CHANGES IN NET POSITION

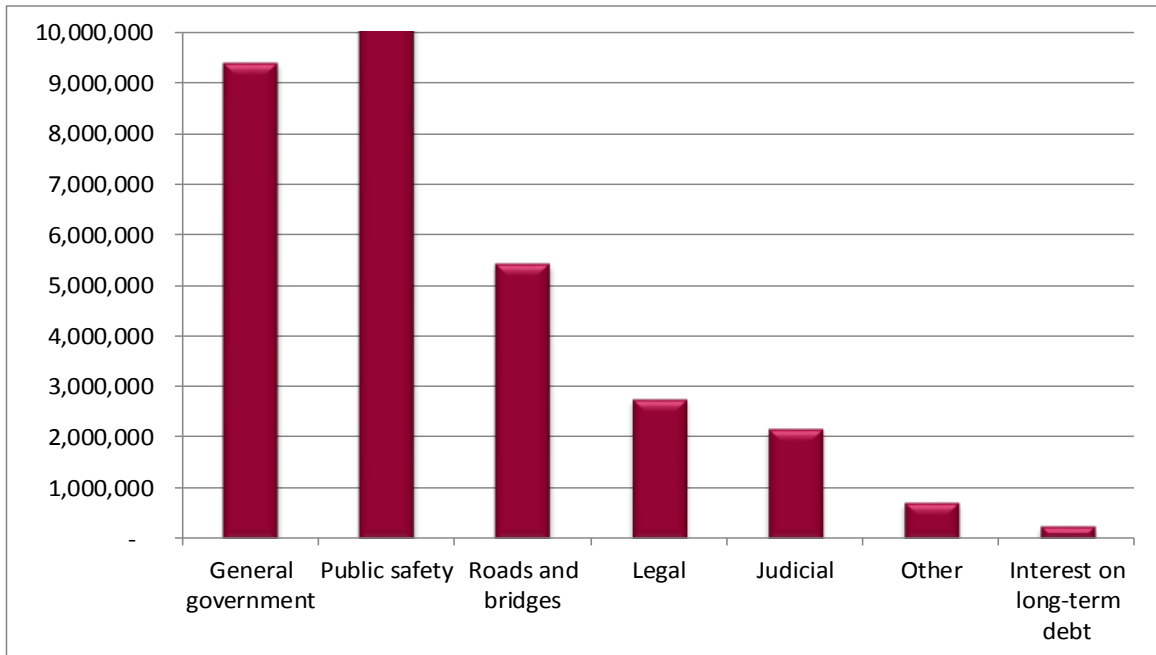
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,110,328	\$ 5,525,211	\$ 297,990	\$ 270,061	\$ 6,408,318	\$ 5,795,272
Operating grants and contributions	729,974	893,022	19,489	71,640	749,463	964,662
General revenues:						
Property taxes	24,825,588	24,959,702	13,837	14,435	24,839,425	24,974,137
Other taxes	75,321	66,884	110,238	99,851	185,559	166,735
Investment earnings	69,706	99,502	-	-	69,706	99,502
Miscellaneous	136,687	94,273	-	-	136,687	94,273
Total revenues	<u>31,947,604</u>	<u>31,638,594</u>	<u>441,554</u>	<u>455,987</u>	<u>32,389,158</u>	<u>32,094,581</u>
Expenses:						
Governmental activities:						
General government	9,407,834	9,038,233	-	-	9,407,834	9,038,233
Legal	2,760,602	2,793,971	-	-	2,760,602	2,793,971
Health and welfare	336,552	73,803	-	-	336,552	73,803
Judicial	2,169,028	2,241,250	-	-	2,169,028	2,241,250
Public safety	10,621,882	10,775,718	-	-	10,621,882	10,775,718
Culture and recreation	388,546	386,609	-	-	388,546	386,609
Roads and bridges	5,426,221	5,805,287	-	-	5,426,221	5,805,287
Interest on long-term debt	238,719	199,563	-	-	238,719	199,563
Business-type activities:						
Fair Park	-	-	390,666	397,888	390,666	397,888
Fair Park Concessions	-	-	80,932	80,569	80,932	80,569
Total expenses	<u>31,349,384</u>	<u>31,314,434</u>	<u>471,598</u>	<u>478,457</u>	<u>31,820,982</u>	<u>31,792,891</u>
Change in net position before transfers	598,220	324,160	(30,044)	(22,470)	568,176	301,690
Transfers	<u>(30,000)</u>	<u>(25,000)</u>	<u>30,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Change in net position	568,220	299,160	(44)	2,530	568,176	301,690
Net position, beginning	<u>45,067,042</u>	<u>44,767,882</u>	<u>1,096,936</u>	<u>1,094,406</u>	<u>46,163,978</u>	<u>45,862,288</u>
Net position, ending	<u>\$ 45,520,281</u>	<u>\$ 45,067,042</u>	<u>\$ 1,096,892</u>	<u>\$ 1,096,936</u>	<u>\$ 46,617,173</u>	<u>\$ 46,163,978</u>

Governmental Activities. Governmental activities increased Henderson County's net assets by \$568,220 . Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$6,840,302 equaled 21.8% of governmental expenditures of \$31,349,384. General Revenues of \$28,107,302 provided the additional support and coverage for expenses.
- Approximately 34% of expenditures were for public safety and 30% was for general government activities.
- Infrastructure (roads and bridges) expenditures, at \$5,426,221, accounted for 17.3% of expenditures.

- Property taxes represent the largest amount of revenues at \$24,825,588, representing 78% of total revenues.

GOVERNMENTAL ACTIVITIES EXPENSES



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental Funds. The focus of Henderson County’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the 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.

At the end of fiscal year 2013, Henderson County’s *governmental funds* reported combined ending fund balances of \$10,514,525. Overall fund balance increased by \$736,880. The increase is 7% of the total fund balance.

The General Fund is the chief operating fund of Henderson County. At the end of fiscal year 2013, the General Fund had an ending fund balance of \$8,548,083. 87.51% of this total amount (\$7,480,816) is unassigned fund balance. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance and total General Fund expenditures. Unassigned fund balance represents 30% of total General Fund expenditures.

The Road and Bridge Fund had an ending fund balance of \$1,125,278, a net increase of \$188,685. The increase was mainly due to conservative spending.

Enterprise Funds.

Hotel/motel tax generated \$124,075 in revenues to assist the Fairgrounds in growth and development. Of the \$469,515 of operating expenses, \$100,991 was due to depreciation.

Budgetary Highlights

The budget is prepared in accordance to historical practices that conform to State of Texas statutes and approved by the Commissioners' Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The County maintains strict budgetary controls and sets its appropriations as the category level for all operating expenses and at the position/line item level for all salaries and benefits. Budget amendments may be made between operating categories and benefits only with the approval of Commissioners' Court.

The following are significant variations between the final budget and actual amounts in budget for the General Fund or Road and Bridge Fund, as noted:

- Though total revenues collected missed the mark slightly, conservative spending still left the County with an excess of revenues over expenditures by \$1,060,000.
- Road and Bridge exceed expectations in revenues and in expenditures. This led to an increase in fund balance by over \$357,000.
- Countywide, there was full participation in a conscientious reduction in spending; resulting in a positive variance (budget to actual) in all funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Henderson County's investment in capital assets for its governmental activities as of December 31, 2013, was \$35,548,926 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furniture and equipment and infrastructure.

HENDERSON COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,628,887	\$ 3,398,854	\$ 250,504	\$ 250,504	\$ 3,879,391	\$ 3,649,358
Buildings and improvements	28,463,655	28,463,655	1,973,158	1,949,164	30,436,813	30,412,819
Furniture and equipment	12,572,085	12,102,160	258,778	214,765	12,830,863	12,316,925
Infrastructure	32,024,869	32,024,869	-	-	32,024,869	32,024,869
Less: accumulated depreciation	(41,140,570)	(39,109,506)	(1,480,648)	(1,290,698)	(42,621,218)	(40,400,204)
Total capital assets	\$ 35,548,926	\$ 36,880,032	\$ 1,001,792	\$ 1,123,735	\$ 36,550,718	\$ 38,003,767

Significant Capital Assets Events

There were no significant capital asset events in 2013.

Long-term Debt. At the end of fiscal year 2013, Henderson County had total bonded debt outstanding of \$3,695,000. This amount consisted of general obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The county adopted the same tax rate (.472658/\$100) for the 2014 as was in place for the 2013 and 2012. New property value increased the tax base by \$55,768,723 resulting in additional tax revenues of \$263,595.

The judicial software system has come to its end of life. Therefore, Commissioner's Court budgeted over \$800,000 for the conversion and implementation of a new system. The conversion should be completed and running live in early 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Henderson County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Auditor's Office
100 E. Tyler, St Room 300
Athens, TX 75751

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**BASIC
FINANCIAL STATEMENTS**

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HENDERSON COUNTY, TEXAS

STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 23,263,257	\$ 92,540	\$ 23,355,797
Receivables, net of allowance for uncollectibles			
Taxes	2,448,629	998	2,449,627
Fines	1,805,530	-	1,805,530
Other	333,339	6,849	340,188
Due from other governments	49,945	-	49,945
Total current assets	<u>27,900,700</u>	<u>100,387</u>	<u>28,001,087</u>
Noncurrent assets:			
Capital assets:			
Land	3,628,887	250,504	3,879,391
Buildings and improvements	28,463,655	1,973,158	30,436,813
Furniture and equipment	12,572,085	258,778	12,830,863
Infrastructure	32,024,869	-	32,024,869
Less: accumulated depreciation	(41,140,570)	(1,480,648)	(42,621,218)
Total capital assets	<u>35,548,926</u>	<u>1,001,792</u>	<u>36,550,718</u>
Total noncurrent assets	<u>35,548,926</u>	<u>1,001,792</u>	<u>36,550,718</u>
Total assets	<u>63,449,626</u>	<u>1,102,179</u>	<u>64,551,805</u>
LIABILITIES			
Current liabilities:			
Accounts payable	387,154	-	387,154
Accrued liabilities	728,627	5,287	733,914
Due to other governments	319,715	-	319,715
Unearned revenue	135,211	-	135,211
Cash bond deposits	312,795	-	312,795
Accrued interest payable	26,182	-	26,182
General obligation bonds	1,208,000	-	1,208,000
Capital lease obligation	155,674	-	155,674
Compensated absences	468,719	-	468,719
Total current liabilities	<u>3,742,077</u>	<u>5,287</u>	<u>3,747,364</u>
Noncurrent liabilities:			
General obligation bonds	2,487,000	-	2,487,000
Capital lease obligation	204,605	-	204,605
Compensated absences	117,179	-	117,179
Total noncurrent liabilities	<u>2,808,784</u>	<u>-</u>	<u>2,808,784</u>
Total liabilities	<u>6,550,861</u>	<u>5,287</u>	<u>6,556,148</u>
DEFERRED INFLOWS OF RESOURCES			
Advance property tax collections	11,378,484	-	11,378,484
Total deferred inflows of resources	<u>11,378,484</u>	<u>-</u>	<u>11,378,484</u>
NET POSITION			
Net investment in capital assets	31,493,647	1,001,792	32,495,439
Restricted for:			
Roads and bridges	1,468,228	-	1,468,228
Debt service	383,657	-	383,657
Other purposes	1,645,800	-	1,645,800
Unrestricted	10,528,949	95,100	10,624,049
Total net position	<u>\$ 45,520,281</u>	<u>\$ 1,096,892</u>	<u>\$ 46,617,173</u>

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

HENDERSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

		Program Revenue	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 9,407,834	\$ 1,592,568	\$ 171,590
Legal	2,760,602	100,174	118,077
Health and welfare	336,552	80,730	-
Judicial	2,169,028	1,493,869	233,990
Public safety	10,621,882	1,337,182	138,287
Culture and recreation	388,546	9,301	9,798
Roads and bridges	5,426,221	1,496,504	58,232
Interest on long-term debt	238,719	-	-
Total governmental activities	31,349,384	6,110,328	729,974
Business-type activities:			
Fair Park	390,666	193,202	19,489
Fair Park concessions	80,932	104,788	-
Total business-type activities	471,598	297,990	19,489
Total	\$ 31,820,982	\$ 6,408,318	\$ 749,463
General revenues:			
Taxes:			
Property			
Alcoholic beverages			
Investment earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning			
Prior period adjustment			
Net position, beginning, as restated			
Net position, ending			

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

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(7,643,676)	\$ -	\$(7,643,676)
(2,542,351)	-	(2,542,351)
(255,822)	-	(255,822)
(441,169)	-	(441,169)
(9,146,413)	-	(9,146,413)
(369,447)	-	(369,447)
(3,871,485)	-	(3,871,485)
<u>(238,719)</u>	<u>-</u>	<u>(238,719)</u>
<u>(24,509,082)</u>	<u>-</u>	<u>(24,509,082)</u>
-	(177,975)	(177,975)
-	<u>23,856</u>	<u>23,856</u>
<u>-</u>	<u>(154,119)</u>	<u>(154,119)</u>
<u>(24,509,082)</u>	<u>(154,119)</u>	<u>(24,663,201)</u>
24,825,588	124,075	24,949,663
75,321	-	75,321
69,706	-	69,706
136,687	-	136,687
<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
<u>25,077,302</u>	<u>154,075</u>	<u>25,231,377</u>
568,220	(44)	568,176
<u>45,067,042</u>	<u>1,096,936</u>	<u>46,163,978</u>
<u>(114,981)</u>	<u>-</u>	<u>(114,981)</u>
<u>44,952,061</u>	<u>1,096,936</u>	<u>46,048,997</u>
<u>\$ 45,520,281</u>	<u>\$ 1,096,892</u>	<u>\$ 46,617,173</u>

HENDERSON COUNTY, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	<u>General</u>	<u>Road and Bridge</u>
ASSETS		
Cash and investments	\$ 18,940,381	\$ 2,943,311
Receivables, net of allowance for uncollectibles:		
Taxes	1,958,306	361,735
Fines	1,805,530	-
Other	323,594	9,745
Due from other governments	<u>49,945</u>	<u>-</u>
Total assets	<u>\$ 23,077,756</u>	<u>\$ 3,314,791</u>
LIABILITIES		
Liabilities:		
Accounts payable	258,910	117,215
Accrued liabilities	640,884	82,316
Due to other governments	274,702	-
Unearned revenue	135,211	-
Cash bonds and deposits	<u>312,795</u>	<u>-</u>
Total liabilities	<u>1,622,502</u>	<u>199,531</u>
DEFERRED INFLOWS OF RESOURCES		
Advance property tax collections	9,246,958	1,647,032
Unavailable revenue - property taxes	1,854,683	342,950
Unavailable revenue - court fines and fees	<u>1,805,530</u>	<u>-</u>
Total deferred inflows of resources	<u>12,907,171</u>	<u>1,989,982</u>
FUND BALANCES		
Fund balances:		
Restricted	1,067,267	1,125,278
Unassigned	<u>7,480,816</u>	<u>-</u>
Total fund balances	<u>8,548,083</u>	<u>1,125,278</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,077,756</u>	<u>\$ 3,314,791</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

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

Other Governmental Funds	Total Governmental Funds
\$ 1,379,565	\$ 23,263,257
128,588	2,448,629
-	1,805,530
-	333,339
-	49,945
<u>\$ 1,508,153</u>	<u>\$ 27,900,700</u>
11,029	387,154
5,427	728,627
45,013	319,715
-	135,211
-	312,795
<u>61,469</u>	<u>1,883,502</u>
484,494	11,378,484
121,026	2,318,659
-	1,805,530
<u>605,520</u>	<u>15,502,673</u>
841,164	3,033,709
-	7,480,816
<u>841,164</u>	<u>10,514,525</u>
<u>\$ 1,508,153</u>	
	35,548,926
	4,124,189
	<u>(4,667,359)</u>
	<u>\$ 45,520,281</u>

HENDERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 20,082,899	\$ 3,551,325	\$ 1,363,310	\$ 24,997,534
Fees of office	2,057,758	1,087,820	214,446	3,360,024
Intergovernmental	1,677,444	58,232	70,000	1,805,676
Fines and forfeitures	898,060	-	79,386	977,446
Licenses and permits	6,605	408,684	-	415,289
Donations	1,000	-	-	1,000
Investment earnings	69,303	-	403	69,706
Miscellaneous	290,007	54,987	10,931	355,925
Total revenues	<u>25,083,076</u>	<u>5,161,048</u>	<u>1,738,476</u>	<u>31,982,600</u>
EXPENDITURES				
Current:				
General government	8,639,578	-	99,136	8,738,714
Public safety	10,725,884	-	20,283	10,746,167
Roads and bridges	-	4,701,194	-	4,701,194
Legal	2,048,629	-	147,397	2,196,026
Judicial	2,745,434	-	1,310	2,746,744
Culture and recreation	348,792	-	42,350	391,142
Health and welfare	69,684	266,831	-	336,515
Debt service:				
Principal	-	79,775	1,145,000	1,224,775
Interest and other charges	-	2,556	148,074	150,630
Total expenditures	<u>24,578,001</u>	<u>5,050,356</u>	<u>1,603,550</u>	<u>31,231,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>505,075</u>	<u>110,692</u>	<u>134,926</u>	<u>750,693</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	23,949	-	-	23,949
Issuance of debt	-	50,000	2,585,000	2,635,000
Payment to refunded debt escrow agent	-	-	(2,527,781)	(2,527,781)
Transfers in	40,000	27,993	-	67,993
Transfers out	(38,889)	-	(59,104)	(97,993)
Total other financing sources and uses	<u>25,060</u>	<u>77,993</u>	<u>(1,885)</u>	<u>101,168</u>
NET CHANGE IN FUND BALANCES	530,135	188,685	133,041	851,861
FUND BALANCES, BEGINNING	<u>8,132,929</u>	<u>936,593</u>	<u>708,123</u>	<u>9,777,645</u>
PRIOR PERIOD ADJUSTMENT	(114,981)	-	-	(114,981)
FUND BALANCE, BEGINNING AS RESTATED	<u>8,017,948</u>	<u>936,593</u>	<u>708,123</u>	<u>9,662,664</u>
FUND BALANCES, ENDING	<u>\$ 8,548,083</u>	<u>\$ 1,125,278</u>	<u>\$ 841,164</u>	<u>\$ 10,514,525</u>

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

HENDERSON 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 DECEMBER 31, 2013

Net change in fund balances - total governmental funds:	\$ 851,861
Amounts reported for governmental activities in the Statement of Activities are different because:	
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. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,551,273)
Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	220,167
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction has no effect on net position.	(2,635,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(34,996)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This has no effect on the statement of activities.	3,664,775
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	<u>52,686</u>
Change in net position of governmental activities	<u>\$ 568,220</u>

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

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 20,576,243	\$ 20,576,243	\$ 20,007,578	\$(568,665)
Mixed beverage taxes	75,405	75,405	75,321	(84)
Fees of office:				
Sheriff	181,543	181,543	165,726	(15,817)
County clerk	649,873	649,873	611,259	(38,614)
Tax assessor/collector	602,207	602,207	689,114	86,907
District clerk	483,377	483,377	317,936	(165,441)
Justice of the peace	85,440	85,440	80,006	(5,434)
County attorney	22,053	22,053	22,657	604
Constables	63,775	63,775	48,374	(15,401)
Court costs	96,507	96,507	93,265	(3,242)
Other	34,645	34,645	29,421	(5,224)
Total fees of office	<u>2,219,420</u>	<u>2,219,420</u>	<u>2,057,758</u>	<u>(161,662)</u>
Intergovernmental	734,707	778,135	1,677,444	899,309
Licenses and permits	5,141	5,141	6,605	1,464
Fines and forfeitures	1,158,699	1,158,699	898,060	(260,639)
Donations	-	-	1,000	1,000
Investment earnings	81,222	81,222	69,303	(11,919)
Miscellaneous	218,641	232,018	290,007	57,989
Total revenues	<u>25,069,478</u>	<u>25,126,283</u>	<u>25,083,076</u>	<u>(43,207)</u>
EXPENDITURES				
General government:				
County Judge	237,541	238,020	210,726	27,294
General County operations	3,695,704	3,644,052	3,417,015	227,037
Juvenile	100,000	105,749	107,950	(2,201)
General information systems	632,200	632,900	594,664	38,236
County clerk	719,450	719,450	678,981	40,469

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
County clerk records management	\$ 106,600	\$ 106,600	\$ 80,532	\$ 26,068
Elections administration	301,021	311,071	289,225	21,846
Veterans services	19,671	19,671	18,829	842
County auditor	600,463	596,574	551,766	44,808
Information technology	264,872	264,872	219,302	45,570
County treasurer	189,155	189,155	185,474	3,681
Tax assessor/collector	793,055	793,055	773,142	19,913
Public facilities	1,523,513	1,636,856	1,500,852	136,004
Jury	<u>25,000</u>	<u>25,000</u>	<u>11,120</u>	<u>13,880</u>
Total general government	<u>9,208,245</u>	<u>9,283,025</u>	<u>8,639,578</u>	<u>643,447</u>
Public safety:				
Constables general	12,415	13,881	3,322	10,559
Constable, precinct 1	64,508	64,508	63,468	1,040
Constable, precinct 2	64,434	64,434	63,643	791
Constable, precinct 3	63,982	63,982	62,630	1,352
Constable, precinct 4	63,962	63,962	62,543	1,419
Constable, precinct 5	64,112	64,912	64,064	848
Sheriff's office field operations	4,470,632	4,839,687	4,708,771	130,916
Jail operations	5,352,565	5,370,281	5,312,784	57,497
Emergency management	75,448	75,448	71,654	3,794
Fire marshal/environmental crimes	256,181	268,564	245,422	23,142
Department of public safety	<u>69,033</u>	<u>69,033</u>	<u>67,583</u>	<u>1,450</u>
Total public safety	<u>10,557,272</u>	<u>10,958,692</u>	<u>10,725,884</u>	<u>232,808</u>

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Legal:				
County attorney prosecution	\$ 801,351	\$ 788,075	\$ 743,642	\$ 44,433
County attorney collections	251,166	251,166	228,070	23,096
District attorney	1,078,997	1,083,886	1,076,917	6,969
Total legal	2,131,514	2,123,127	2,048,629	74,498
Judicial:				
County court-at-law 1	348,199	348,199	337,429	10,770
County court-at-law 2	346,625	346,625	346,539	86
District courts general	49,000	49,000	31,687	17,313
Indigent defense	54,186	54,186	53,495	691
3rd district court	131,535	131,535	126,716	4,819
173rd district court	219,537	219,537	215,802	3,735
392nd district court	221,832	224,888	221,872	3,016
District Clerk	584,506	584,506	570,318	14,188
Justice of the peace, precinct 1	123,163	125,965	115,614	10,351
Justice of the peace, precinct 2	177,004	178,930	176,389	2,541
Justice of the peace, precinct 3	127,975	127,975	126,015	1,960
Justice of the peace, precinct 4	122,056	124,067	123,147	920
Justice of the peace, precinct 5	170,625	171,545	168,358	3,187
Justice of the peace, precinct 6	74,806	74,806	74,189	617
Arraignments	12,104	12,104	8,203	3,901
Jury	88,500	88,500	49,661	38,839
Total judicial	2,851,653	2,862,368	2,745,434	116,934

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Health and welfare:				
Health care coordination	\$ 74,964	\$ 75,282	\$ 69,684	\$ 5,598
Total health and welfare	74,964	75,282	69,684	5,598
Culture and recreation:				
Public library	127,535	176,690	161,491	15,199
County extension office	182,912	182,912	169,394	13,518
Historical Commission	17,529	19,329	17,907	1,422
Total culture and recreation	327,976	378,931	348,792	30,139
Total expenditures	25,151,624	25,681,425	24,578,001	1,103,424
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,146)	(555,142)	505,075	1,060,217
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,500	1,500	23,949	22,449
Transfers in	66,250	66,250	40,000	(26,250)
Transfers out	-	-	(38,889)	(38,889)
Total other financing sources (uses)	67,750	67,750	25,060	(42,690)
NET CHANGE IN FUND BALANCES	(14,396)	(487,392)	530,135	1,017,527
FUND BALANCES, BEGINNING	8,132,929	8,132,929	8,132,929	-
PRIOR PERIOD ADJUSTMENT			(114,981)	
FUND BALANCE, BEGINNING AS RESTATED			8,017,948	
FUND BALANCES, ENDING	\$ 8,118,533	\$ 7,645,537	\$ 8,548,083	\$ 902,546

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

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HENDERSON COUNTY, TEXAS

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

ROAD AND BRIDGE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 3,606,583	\$ 3,606,583	\$ 3,551,325	\$(55,258)
Fees of office	1,041,389	1,041,389	1,087,820	46,431
Licenses and permits	400,000	400,000	408,684	8,684
Intergovernmental	52,113	52,111	58,232	6,121
Miscellaneous	-	103,651	54,987	(48,664)
Total revenues	<u>5,100,085</u>	<u>5,203,734</u>	<u>5,161,048</u>	<u>(42,686)</u>
EXPENDITURES				
Waste management	331,997	329,594	266,831	62,763
Road and bridge general	29,636	32,012	31,963	49
Road and bridge precinct #1	1,171,613	1,293,532	1,213,986	79,546
Road and bridge precinct #2	1,171,613	1,188,925	1,189,262	(337)
Road and bridge precinct #3	1,171,613	1,161,075	1,161,063	12
Road and bridge precinct #4	1,171,613	1,176,596	1,077,673	98,923
Precinct #1 lateral road	13,000	22,642	-	22,642
Precinct #2 lateral road	13,000	13,000	7,946	5,054
Precinct #3 lateral road	13,000	63,080	11,109	51,971
Precinct #4 lateral road	13,000	91,891	8,192	83,699
Principal	-	-	79,775	(79,775)
Interest and other fiscal charges	-	-	2,556	(2,556)
Total expenditures	<u>5,100,085</u>	<u>5,372,347</u>	<u>5,050,356</u>	<u>321,991</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(168,613)	110,692	279,305
OTHER FINANCING SOURCES				
Issuance of capital lease	-	-	50,000	50,000
Transfers in	-	-	27,993	27,993
Total other financing sources	<u>-</u>	<u>-</u>	<u>77,993</u>	<u>77,993</u>
NET CHANGE IN FUND BALANCES	-	(168,613)	188,685	357,298
FUND BALANCES, BEGINNING	<u>936,593</u>	<u>936,593</u>	<u>936,593</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 936,593</u>	<u>\$ 767,980</u>	<u>\$ 1,125,278</u>	<u>\$ 357,298</u>

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

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HENDERSON COUNTY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2013

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
ASSETS			
Current assets:			
Cash and investments	\$ 92,340	\$ 200	\$ 92,540
Accounts receivable, net	6,849	-	6,849
Taxes receivable, net	998	-	998
Total current assets	<u>100,187</u>	<u>200</u>	<u>100,387</u>
Non-current assets:			
Capital assets:			
Land	250,504	-	250,504
Buildings and improvements	1,973,158	-	1,973,158
Furniture and equipment	258,778	-	258,778
Less: accumulated depreciation	(1,480,648)	-	(1,480,648)
Total non-current assets	<u>1,001,792</u>	<u>-</u>	<u>1,001,792</u>
Total assets	<u>1,101,979</u>	<u>200</u>	<u>1,102,179</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	<u>5,287</u>	<u>-</u>	<u>5,287</u>
Total current liabilities	<u>5,287</u>	<u>-</u>	<u>5,287</u>
Total liabilities	<u>5,287</u>	<u>-</u>	<u>5,287</u>
NET POSITION			
Net investment in capital assets	1,001,792	-	1,001,792
Unrestricted	<u>94,900</u>	<u>200</u>	<u>95,100</u>
Total net position	<u>\$ 1,096,692</u>	<u>\$ 200</u>	<u>\$ 1,096,892</u>

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

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HENDERSON COUNTY, TEXAS

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
OPERATING REVENUES			
Rentals	\$ 142,163	\$ -	\$ 142,163
Concessions	-	104,788	104,788
Contributions	19,489	-	19,489
Other	51,039	-	51,039
Total operating revenues	212,691	104,788	317,479
OPERATING EXPENSES			
Personnel	160,852	17,215	178,067
Supplies and materials	37,105	43,727	80,832
Repairs and maintenance	23,123	-	23,123
Utilities	65,472	-	65,472
Professional services	500	12,052	12,552
Depreciation	100,991	-	100,991
Other	540	7,938	8,478
Total operating expenses	388,583	80,932	469,515
OPERATING INCOME (LOSS)	(175,892)	23,856	(152,036)
NON-OPERATING REVENUES (EXPENSES)			
Taxes	124,075	-	124,075
Interest expense	(2,083)	-	(2,083)
Total non-operating revenues (expenses)	121,992	-	121,992
INCOME (LOSS) BEFORE TRANSFERS	(53,900)	23,856	(30,044)
Transfers in	150,799	-	150,799
Transfers out	(77,507)	(43,292)	(120,799)
CHANGE IN NET POSITION	19,392	(19,436)	(44)
TOTAL NET POSITION, BEGINNING	1,077,300	19,636	1,096,936
TOTAL NET POSITION, ENDING	\$ 1,096,692	\$ 200	\$ 1,096,892

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

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HENDERSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 213,077	\$ 104,788	\$ 317,865
Cash paid to suppliers for goods and services	(167,931)	(18,946)	(186,877)
Cash paid to employees for services	(126,207)	(64,040)	(190,247)
Net cash provided (used) by operating activities	<u>(81,061)</u>	<u>21,802</u>	<u>(59,259)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from taxes	117,703	-	117,703
Transfers from (to) other funds	<u>73,292</u>	<u>(43,292)</u>	<u>30,000</u>
Net cash provided (used) by noncapital financing activities	<u>190,995</u>	<u>(43,292)</u>	<u>147,703</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(23,995)	-	(23,995)
Interest and fiscal charges on long-term debt	(2,083)	-	(2,083)
Principal payments on long-term debt	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
Net cash used by capital and related financing activities	<u>(66,078)</u>	<u>-</u>	<u>(66,078)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,856	(21,490)	22,366
CASH AND CASH EQUIVALENTS, BEGINNING	<u>48,484</u>	<u>21,690</u>	<u>70,174</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 92,340</u>	<u>\$ 200</u>	<u>\$ 92,540</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$(175,892)	\$ 23,856	\$(152,036)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	100,991	-	100,991
(Increase) decrease in assets:			
Accounts receivable	386	-	386
Increase (decrease) in liabilities:			
Accounts payable	(7,079)	(1,731)	(8,810)
Accrued liabilities	<u>533</u>	<u>(323)</u>	<u>210</u>
Net cash provided (used) by operating activities	<u>\$(81,061)</u>	<u>\$ 21,802</u>	<u>\$(59,259)</u>

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

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HENDERSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2013

ASSETS

Cash and investments	\$ <u>4,721,840</u>
Total assets	\$ <u><u>4,721,840</u></u>

LIABILITIES

Due to other agencies and individuals	\$ <u>4,721,840</u>
Total liabilities	\$ <u><u>4,721,840</u></u>

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

HENDERSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Henderson County, Texas (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Financial Reporting Entity

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Henderson 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 discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly. As of December 31, 2013, the County does not report any component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

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 and major individual enterprise 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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*. Revenues are recognized as soon as it is both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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 funds:

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.

The **Road and Bridge Fund** is used to account for the operation, repair and maintenance of roads and bridges within the County.

The County reports the following major Enterprise Funds:

The ***Fair Park Fund*** is used to account for the activities of the Henderson County Fairgrounds.

The ***Fair Park Concessions Fund*** is used to account for the concessions activities of the Henderson County Fairgrounds.

Additionally, the County reports the following fund type:

Agency Funds account for assets held by the County in a trustee capacity or as an agent for individuals or other governments. They are custodial in nature and do not include measurement of results of operations.

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. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County invests its resources in bank certificates of deposit. These investments are recorded at cost, which approximates fair value. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations with the State.

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) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The County defines capital assets as physical assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Property improvements are capitalized if valued over \$10,000 with an estimated useful life in excess of 10 years. 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.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Infrastructure	50 - 100

Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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.

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.

Deferred Outflows/Inflows 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.

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 only has one type of item in the government-wide financial statements to report in this category. The County is reporting a balance for advance property tax collections in the government-wide Statement of Net Position. Additionally, the County has items, which arise under the modified accrual basis of accounting, that qualify for reporting in this category. The advance collections of property taxes are deferred inflows of resources as well as unavailable revenues for property taxes and court fines and fees.

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:

Fund Equity

- **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 board resolution 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 classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed.
- **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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 its 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.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

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 (\$4,667,359) difference are as follows:

General obligation bonds	\$(3,695,000)
Capital leases	(360,279)
Accrued interest payable	(26,182)
Compensated absences	<u>(585,898)</u>
 Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$(4,667,359)</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 \$(1,551,273) difference are as follows:

Capital outlay	\$ 690,818
Depreciation expense	<u>(2,242,091)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$(1,551,273)</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 \$(34,996) difference are as follows:

Property taxes	\$(96,625)
Court fines	<u>61,629</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$(34,996)</u>

Another element of that reconciliation states that, “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 (\$52,686) difference are as follows:

Compensated absences	\$(52,994)
Accrued interest	<u>308</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(52,686)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Commissioners’ Court approves a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. For each budgeted fund, budgetary control is maintained at the departmental classification level. This is the level at which expenditures may not legally exceed funds. Any expenditures which alter the total budgeted amounts must be approved by the Commissioners’ Court and the budget appropriately amended. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Capital Projects Fund. All annual appropriations lapse at fiscal year-end.

4. DETAILED NOTES ON ALL FUNDS

Deposits

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 the State of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of December 31, 2013, the County’s \$27,556,960 deposit balance was entirely collateralized with securities pledged by the pledging financial institution or covered by FDIC insurance.

Receivables

Receivables as of year-end for the County's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts are as follows:

	<u>Governmental Funds</u>			<u>Enterprise Funds</u>	
	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor</u>	<u>Fair Park</u>	<u>Total</u>
Receivables:					
Taxes	\$ 2,061,375	\$ 380,774	\$ 135,352	\$ 998	\$ 2,578,499
Fines	18,055,295	-	-	-	18,055,295
Other	<u>323,594</u>	<u>9,745</u>	<u>-</u>	<u>6,849</u>	<u>340,188</u>
Gross receivables	20,440,264	390,519	135,352	7,847	20,973,982
Less: allowance for uncollectibles	<u>(16,352,834)</u>	<u>(19,039)</u>	<u>(6,764)</u>	<u>-</u>	<u>(16,378,637)</u>
Net total receivables	\$ <u>4,087,430</u>	\$ <u>371,480</u>	\$ <u>128,588</u>	\$ <u>7,847</u>	\$ <u>4,595,345</u>

Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,398,854	\$ 230,033	\$ -	\$ 3,628,887
Total capital assets not being depreciated	<u>3,398,854</u>	<u>230,033</u>	<u>-</u>	<u>3,628,887</u>
Capital assets, being depreciated:				
Buildings and improvements	28,463,655	-	-	28,463,655
Furniture and fixtures	12,102,160	690,818	(220,893)	12,572,085
Infrastructure	<u>32,024,869</u>	<u>-</u>	<u>-</u>	<u>32,024,869</u>
Total capital assets being depreciated	<u>72,590,684</u>	<u>690,818</u>	<u>(220,893)</u>	<u>73,060,609</u>
Less accumulated depreciation:				
Buildings and improvements	(11,746,762)	(842,722)	-	(12,589,484)
Furniture and fixtures	(8,844,378)	(904,343)	211,027	(9,537,694)
Infrastructure	<u>(18,518,366)</u>	<u>(495,026)</u>	<u>-</u>	<u>(19,013,392)</u>
Total accumulated depreciation	<u>(39,109,506)</u>	<u>(2,242,091)</u>	<u>211,027</u>	<u>(41,140,570)</u>
Total capital assets, being depreciated, net	<u>33,481,178</u>	<u>(1,551,273)</u>	<u>(9,866)</u>	<u>31,920,039</u>
Governmental activities capital assets, net	\$ <u>36,880,032</u>	\$ <u>(1,321,240)</u>	\$ <u>(9,866)</u>	\$ <u>35,548,926</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 250,504	\$ -	\$ -	\$ 250,504
Total capital assets not being depreciated	<u>250,504</u>	<u>-</u>	<u>-</u>	<u>250,504</u>
Capital assets, being depreciated:				
Buildings	1,556,281	-	-	1,556,281
Improvements	392,883	23,994	-	416,877
Furniture and fixtures	258,778	-	-	258,778
Total capital assets being depreciated	<u>2,207,942</u>	<u>23,994</u>	<u>-</u>	<u>2,231,936</u>
Less accumulated depreciation:				
Buildings	(1,060,243)	(50,898)	-	(1,111,141)
Improvements	(179,462)	(28,165)	-	(207,627)
Furniture and fixtures	(139,953)	(21,927)	-	(161,880)
Total accumulated depreciation	<u>(1,379,658)</u>	<u>(100,990)</u>	<u>-</u>	<u>(1,480,648)</u>
Total capital assets, being depreciated, net	<u>828,284</u>	<u>(76,996)</u>	<u>-</u>	<u>751,288</u>
Business-type activities capital assets, net	<u>\$ 1,078,788</u>	<u>\$(76,996)</u>	<u>\$ -</u>	<u>\$ 1,001,792</u>

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

Governmental activities:	
General government	\$ 935,605
Legal	16,263
Public safety	320,725
Road and bridge	<u>969,498</u>
Total depreciation expense - governmental activities	<u>\$ 2,242,091</u>
Business-type activities:	
Fair Park	<u>\$ 100,990</u>
Total depreciation expense - business-type activities	<u>\$ 100,990</u>

Interfund Transfers

The composition of interfund transfers as of December 31, 2013, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Road and Bridge	Nonmajor governmental	\$ 27,993
General	Fair Park	40,000
Fair Park	General	38,889
Fair Park	Nonmajor governmental	31,111
Fair Park	Fair Park	37,507
Fair Park	Fair Park Concessions	<u>43,292</u>
		<u>\$ 218,792</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to another fund that is allowed 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 one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Capital Leases

The County has entered into certain lease agreements as lessee for the financing and acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2014	\$ 162,787
2015	80,455
2016	80,454
2017	62,732
Less amount representing interest	(<u>26,149</u>)
Present value of minimum lease payment	\$ <u>360,279</u>

Long-term Debt

The County issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future tax revenue or liens on property and equipment.

Bonds Payable

A summary of the terms of general obligation bonds outstanding at December 31, 2013, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities
General Obligation Bonds			
2006 General Obligations	\$ 8,500,000	2016	3.625% -4.0%
2013 General Obligations Refunding	\$ 2,585,000	2016	0.943%
Total Bonds and Certificates of Obligation			<u>\$ 3,695,000</u>

Annual debt service requirements for bonds payable are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2014	\$ 1,208,000	\$ 156,794
2015	1,237,000	17,620
2016	<u>1,250,000</u>	<u>5,894</u>
Total	<u>\$ 3,695,000</u>	<u>\$ 180,308</u>

On May 14, 2013, the County issued \$2,585,000 in general obligation bonds to partially refund bonds issued in 2006 and to refund bonds issued in 2000, placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds. The sale resulted in a savings of \$134,387 over the remaining life of the bonds. On December 31, 2013, \$2,440,000 of bonds outstanding is considered defeased.

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 4,695,000	\$ 2,585,000	\$(3,585,000)	\$ 3,695,000	\$ 1,208,000
Capital leases	390,054	50,000	(79,775)	360,279	155,674
Compensated absences	<u>638,892</u>	<u>439,238</u>	<u>(492,232)</u>	<u>585,898</u>	<u>468,718</u>
Governmental activities long-term liabilities	<u>\$ 5,723,946</u>	<u>\$ 3,074,238</u>	<u>\$(4,157,007)</u>	<u>\$ 4,641,177</u>	<u>\$ 1,832,392</u>
Business-type activities					
Certificates of obligation	\$ 40,000	-	\$(40,000)	-	-
Business-type activities long-term liabilities	<u>\$ 40,000</u>	<u>-</u>	<u>\$(40,000)</u>	<u>-</u>	<u>-</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Other Information

Risk Management

Henderson County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers' compensation. The County carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. The amounts of settlements have not exceeded insurance coverage for the past three fiscal years.

Health Care Coverage

During the year ended December 31, 2013, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed 100% of the premium for each employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a Health Maintenance Organization. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the County and the licensed insurer is renewable, and terms of coverage and contribution costs are included in the contractual provisions.

Postemployment Benefits Other than Pension Benefits (OPEB)

Currently, health insurance benefits are provided to eligible retirees of the County in accordance with the policies and procedures approved by Commissioners' Court. Health insurance premiums for eligible retirees are paid for by the County for a maximum of three years.

Eligible retired employees are regular fulltime employees who retire under the employees' established retirement program (Texas County and District Retirement System) on or after January 1, 1991, and hired on or before December 31, 2009. Retired employee's eligibility shall cease upon the occurrence of the following events, whichever occurs first: 1) the last day of the contract month in which a retiree becomes eligible for Medicare by reason of obtaining age 65; 2) the last day of the contract month in which a retiree becomes eligible for disability under the United States Social Security Act; or 3) the last day of the contract month in which the County has contributed premiums for a three-year period.

As of December 31, 2013, the County had 10 retirees that were eligible for the OPEB plan and the cost per retiree to the County was \$822 per month for the months of January through October, and \$818 for November and December. Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, premiums paid by the County were \$89,339.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which was effective for the County for the year ending December 31, 2008. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The County has not obtained the required actuarial evaluation of the benefits it provides to retirees and, therefore, has not implemented this standard.

Litigation

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. The outcome of these lawsuits is not presently determinable, but according to the County's attorneys, a judgment, if any, would have an immaterial impact on the County as a whole.

Commitments and Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Pension Plans

Defined Benefit Plan – Texas County and District Retirement System (TCDRS)

Plan Description

Henderson County provides pension, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement system (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

Henderson County 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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 12.75% for the fiscal year 2013.

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

Annual Pension Cost

For Henderson County’s accounting year ended December 31, 2013, the annual pension cost for the TCDRS plan for its employees was \$1,763,565 and the actual contributions were \$1,763,565.

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 valuation as of December 31, 2011, the basis for determining the contribution rates for calendar year 2013. The December 31, 2013, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
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	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.40%	5.40%	4.9%
Inflation	3.50%	3.50%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(1) includes inflation at the stated rate

Trend Information

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 1,618,978	100%	\$ -
12/31/12	1,686,881	100%	-
12/31/13	1,763,565	100%	-

Funded Status

As of December 31, 2013, the most recent actuarial valuation date, the plan was 82.1 percent funded. The actuarial accrued liability for benefits was \$46,981,418, and the actuarial value of assets was \$38,569,842, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,411,576. The covered payroll (annual payroll of active employees covered by the plan) was \$13,831,885, and the ratio of the UAAL to the covered payroll was 60.81 percent. The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prior Period Adjustment

As of December 31, 2012, receivables from grantor agencies were overstated by \$114,981 in the General Fund and in the Governmental Activities. As a result, the beginning fund balance in the General Fund and the beginning net position in the Governmental Activities were decreased by this amount in the current year.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Records Management – This fund is used to account for fees collected by both the District and County Clerks. The use of these fees is statute driven to provide these offices with funds for records management and preservation services. Expenditures must be approved by Commissioners' Court.

CWM Library – This fund is used to account for the operation of the Clint W. Murchison Memorial Library.

Hot Check– This fund is funded by fees from hot check collections. The Hot Check Department is a division of the County Attorney's office and is a computerized operation for the prosecution and collection of hot checks. This department assists merchants by preparing witness statements, collection and return of restitution to merchants, and filing criminal cases against check writers. Revenue derived from these collections is utilized for the benefit of the County Attorney's office.

Law Enforcement – District Attorney – This fund is used to account for the seizure of property and money, which may be used by the District Attorney for law enforcement purposes. The fund is also a clearing account for seizures held pending disposition. The District Attorney may dispense funds according to court orders and pro rata shares determined by interlocal agreements with other law enforcement agencies.

Law Enforcement – Sheriff – This fund is used to account for seizures awarded to the Sheriff's Department through an interlocal agreement with the District Attorney. The fund may be used by the Sheriff for law enforcement purposes.

County Attorney State Allotment – The County Attorney's office receives a state supplement provided by House Bill 801 for County Attorney salary and other uses of the office. The amount is appropriated from the State General Fund to enhance prosecution.

Law Library – This fund is used to account for the fees collected at the District Clerk and County Clerk for the Law Library.

Federal Seizures Sheriff – This fund is used to account for funds from the forfeiture of property and money, which may be used at the Sheriff's Department.

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DEBT SERVICE FUNDS

C.H.&J. Interest and Sinking – The ***Courthouse and Jail Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the courthouse and jail bonds.

R.O.W. Interest and Sinking – The ***Right-of-Way Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the 1993 Right-of-Way Refunding Bonds.

Jail Expansion Interest and Sinking – The ***Jail Expansion Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the jail expansion bonds.

CAPITAL PROJECTS FUND

The ***Capital Projects Fund*** is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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COMBINING STATEMENTS

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HENDERSON COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2013

<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>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
12/31/2011	\$ 35,758,044	\$ 43,459,447	82%	\$ 7,701,403	\$ 14,127,207	55%
12/31/2012	36,551,072	45,258,179	81%	8,707,107	13,987,401	62%
12/31/2013	38,569,842	46,981,418	82%	8,411,576	13,831,885	61%

HENDERSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	Special Revenue			
	<u>Records Management</u>	<u>CWM Library</u>	<u>Hot Check</u>	<u>Law Enforcement District Attorney</u>
ASSETS				
Cash and investments	\$ 310,652	\$ 4,230	\$ 66,808	\$ 72,177
Taxes receivable, net of allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 310,652</u>	<u>\$ 4,230</u>	<u>\$ 66,808</u>	<u>\$ 72,177</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 6,253	\$ 1,177	\$ 72	\$ 1,105
Accrued liabilities	-	-	448	425
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,013</u>
Total liabilities	<u>6,253</u>	<u>1,177</u>	<u>520</u>	<u>46,543</u>
DEFERRED INFLOWS OF RESOURCES				
Advance property tax collections	-	-	-	-
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	<u>304,399</u>	<u>3,053</u>	<u>66,288</u>	<u>25,634</u>
Total fund balances	<u>304,399</u>	<u>3,053</u>	<u>66,288</u>	<u>25,634</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 310,652</u>	<u>\$ 4,230</u>	<u>\$ 66,808</u>	<u>\$ 72,177</u>

Special Revenue				Debt Service				Total Governmental Funds
Law Enforcement Sheriff	County Attorney State Allotment	Law Library	Federal Seizures Sheriff	CH&J Interest and Sinking	Right-of-Way Interest and Sinking	Jail Expansion Interest and Sinking	Capital Projects	
\$ 72,674	\$ 48,411	\$ 64,361	\$ 689	\$ -	\$ -	\$ 739,563	\$ -	\$ 1,379,565
-	-	-	-	-	24,589	103,999	-	128,588
<u>\$ 72,674</u>	<u>\$ 48,411</u>	<u>\$ 64,361</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ 24,589</u>	<u>\$ 843,562</u>	<u>\$ -</u>	<u>\$ 1,508,153</u>
\$ 334	\$ -	\$ 2,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,029
168	4,386	-	-	-	-	-	-	5,427
-	-	-	-	-	-	-	-	45,013
<u>502</u>	<u>4,386</u>	<u>2,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,469</u>
-	-	-	-	-	-	484,494	-	484,494
-	-	-	-	-	24,589	96,437	-	121,026
-	-	-	-	-	24,589	580,931	-	605,520
<u>72,172</u>	<u>44,025</u>	<u>62,273</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>262,631</u>	<u>-</u>	<u>841,164</u>
<u>72,172</u>	<u>44,025</u>	<u>62,273</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>262,631</u>	<u>-</u>	<u>841,164</u>
<u>\$ 72,674</u>	<u>\$ 48,411</u>	<u>\$ 64,361</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ 24,589</u>	<u>\$ 843,562</u>	<u>\$ -</u>	<u>\$ 1,508,153</u>

AGENCY FUNDS

Property Tax Fund – This fund is maintained by the Tax Collector for property taxes collected for other governments.

Auto 6.25% Fund – This fund is maintained by the Tax Collector to account for sales tax on new vehicles due to the State.

Auto Fund – This fund is maintained by the Tax Collector to account for collections from auto registrations due to the State.

Auto Vehicle Inventory Tax Fund – This fund holds estimated payments by auto dealers for taxes on inventory. Taxes are based on sales and are applied against the balance owed according to the assessment later in the year.

Seven Points Substation Fund – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

Chandler Substation Fund – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

Juvenile Probation Fund – This fund accounts for cash held in an agency capacity for the Henderson County Juvenile Probation Department.

County Clerk Fee Fund – This fund accounts for fines and fees charged by the office held for other entities.

County Clerk Trust Fund – This fund accounts for trust money held in non-interest bearing accounts, for civil cases before the County Court or County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

County Clerk Interest Bearing Trust Fund – This fund accounts for money held in interest-bearing accounts for civil cases before the County Court and County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

District Clerk Fee Fund – This fund accounts for fines and fees charged by the office held for other entities. The account may hold a small amount of funds for restitution or bond payments.

District Clerk Trust Investment Fund – This fund maintained by the District Clerk accounts for certificates of deposit held pending disposition of civil cases before the District Courts.

County Attorney Hot Check Fund – This fund accounts for fees for bad check collections. The funds may be used for purposes benefiting the County Attorney's office.

Inmate Trust Fund – Maintained by the Sheriff, the fund holds inmate funds during incarceration.

Sheriff Commissary Fund – This fund is used for commissary purchases. Purchases of supplies by inmates provide funding for the commissary.

District Attorney Escrow Fund – The District Attorney accounts for restitution payable to victims and temporarily holds fees collected on felony hot checks.

HENDERSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue			
	Records Management	CWM Library	Hot Check	Law Enforcement District Attorney
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	152,188	9,217	25,165	-
Fines and forfeitures	-	-	-	49,834
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	169
Miscellaneous	-	8,411	2,518	-
Total revenues	152,188	17,628	27,683	50,003
EXPENDITURES				
Current:				
General government	99,136	-	-	-
Legal	-	-	26,607	34,031
Judicial	1,310	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	18,056	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	100,446	18,056	26,607	34,031
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	51,742	(428)	1,076	15,972
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
NET CHANGE IN FUND BALANCES	51,742	(428)	1,076	15,972
FUND BALANCES, BEGINNING	252,657	3,481	65,212	9,662
FUND BALANCES, ENDING	\$ 304,399	\$ 3,053	\$ 66,288	\$ 25,634

Special Revenue				Debt Service				Total Governmental Funds
Law Enforcement Sheriff	County Attorney State Allotment	Law Library	Federal Seizures Sheriff	CH&J Interest and Sinking	Right-of-Way Interest and Sinking	Jail Expansion Interest and Sinking	Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,363,310	\$ -	\$ 1,363,310
-	-	27,876	-	-	-	-	-	214,446
29,552	-	-	-	-	-	-	-	79,386
-	70,000	-	-	-	-	-	-	70,000
234	-	-	-	-	-	-	-	403
-	-	-	-	-	-	-	2	10,931
<u>29,786</u>	<u>70,000</u>	<u>27,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363,310</u>	<u>2</u>	<u>1,738,476</u>
-	-	-	-	-	-	-	-	99,136
-	86,759	-	-	-	-	-	-	147,397
-	-	-	-	-	-	-	-	1,310
20,283	-	-	-	-	-	-	-	20,283
-	-	24,294	-	-	-	-	-	42,350
-	-	-	-	-	-	1,145,000	-	1,145,000
-	-	-	-	-	227	147,847	-	148,074
<u>20,283</u>	<u>86,759</u>	<u>24,294</u>	<u>-</u>	<u>-</u>	<u>227</u>	<u>1,292,847</u>	<u>-</u>	<u>1,603,550</u>
<u>9,503</u>	<u>(16,759)</u>	<u>3,582</u>	<u>-</u>	<u>-</u>	<u>(227)</u>	<u>70,463</u>	<u>2</u>	<u>134,926</u>
-	-	-	-	-	-	2,585,000	-	2,585,000
-	-	-	-	-	-	(2,527,781)	-	(2,527,781)
-	-	-	-	(1,111)	-	(30,000)	(27,993)	(59,104)
-	-	-	-	(1,111)	-	27,219	(27,993)	(1,885)
9,503	(16,759)	3,582	-	(1,111)	(227)	97,682	(27,991)	133,041
<u>62,669</u>	<u>60,784</u>	<u>58,691</u>	<u>689</u>	<u>1,111</u>	<u>227</u>	<u>164,949</u>	<u>27,991</u>	<u>708,123</u>
<u>\$ 72,172</u>	<u>\$ 44,025</u>	<u>\$ 62,273</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,631</u>	<u>\$ -</u>	<u>\$ 841,164</u>

HENDERSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>PROPERTY TAX FUND</u>				
Assets				
Cash and investments	\$ 96,637	\$ 85,180,499	\$ 84,490,041	\$ 787,095
Total assets	<u>\$ 96,637</u>	<u>\$ 85,180,499</u>	<u>\$ 84,490,041</u>	<u>\$ 787,095</u>
Liabilities				
Due to other agencies and individuals	\$ 96,637	\$ 85,180,499	\$ 84,490,041	\$ 787,095
Total liabilities	<u>\$ 96,637</u>	<u>\$ 85,180,499</u>	<u>\$ 84,490,041</u>	<u>\$ 787,095</u>
<u>AUTO 6.25% FUND</u>				
Assets				
Cash and investments	\$ 346,033	\$ 5,215,014	\$ 5,158,269	\$ 402,778
Total assets	<u>\$ 346,033</u>	<u>\$ 5,215,014</u>	<u>\$ 5,158,269</u>	<u>\$ 402,778</u>
Liabilities				
Due to other agencies and individuals	\$ 346,033	\$ 5,215,014	\$ 5,158,269	\$ 402,778
Total liabilities	<u>\$ 346,033</u>	<u>\$ 5,215,014</u>	<u>\$ 5,158,269</u>	<u>\$ 402,778</u>
<u>AUTO FUND</u>				
Assets				
Cash and investments	\$ 419,652	\$ 9,932,047	\$ 9,951,370	\$ 400,329
Total assets	<u>\$ 419,652</u>	<u>\$ 9,932,047</u>	<u>\$ 9,951,370</u>	<u>\$ 400,329</u>
Liabilities				
Due to other agencies and individuals	\$ 419,652	\$ 9,932,047	\$ 9,951,370	\$ 400,329
Total liabilities	<u>\$ 419,652</u>	<u>\$ 9,932,047</u>	<u>\$ 9,951,370</u>	<u>\$ 400,329</u>

HENDERSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>AUTO VEHICLE INVENTORY TAX FUND</u>				
Assets				
Cash and investments	\$ <u>206,648</u>	\$ <u>221,759</u>	\$ <u>190,709</u>	\$ <u>237,698</u>
Total assets	\$ <u>206,648</u>	\$ <u>221,759</u>	\$ <u>190,709</u>	\$ <u>237,698</u>
Liabilities				
Due to other agencies and individuals	\$ <u>206,648</u>	\$ <u>221,759</u>	\$ <u>190,709</u>	\$ <u>237,698</u>
Total liabilities	\$ <u>206,648</u>	\$ <u>221,759</u>	\$ <u>190,709</u>	\$ <u>237,698</u>
<u>SEVEN POINTS SUBSTATION FUND</u>				
Assets				
Cash and investments	\$ <u>1,771</u>	\$ <u>2,297,431</u>	\$ <u>2,287,486</u>	\$ <u>11,716</u>
Total assets	\$ <u>1,771</u>	\$ <u>2,297,431</u>	\$ <u>2,287,486</u>	\$ <u>11,716</u>
Liabilities				
Due to other agencies and individuals	\$ <u>1,771</u>	\$ <u>2,297,431</u>	\$ <u>2,287,486</u>	\$ <u>11,716</u>
Total liabilities	\$ <u>1,771</u>	\$ <u>2,297,431</u>	\$ <u>2,287,486</u>	\$ <u>11,716</u>
<u>CHANDLER SUBSTATION FUND</u>				
Assets				
Cash and investments	\$ <u>4,991</u>	\$ <u>1,022,689</u>	\$ <u>1,023,935</u>	\$ <u>3,745</u>
Total assets	\$ <u>4,991</u>	\$ <u>1,022,689</u>	\$ <u>1,023,935</u>	\$ <u>3,745</u>
Liabilities				
Due to other agencies and individuals	\$ <u>4,991</u>	\$ <u>1,022,689</u>	\$ <u>1,023,935</u>	\$ <u>3,745</u>
Total liabilities	\$ <u>4,991</u>	\$ <u>1,022,689</u>	\$ <u>1,023,935</u>	\$ <u>3,745</u>

HENDERSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>JUVENILE PROBATION FUND</u>				
Assets				
Cash and investments	\$ -	\$ 828,236	\$ 626,187	\$ 202,049
Accounts receivable	<u>51,480</u>	<u>-</u>	<u>51,480</u>	<u>-</u>
Total assets	<u>\$ 51,480</u>	<u>\$ 828,236</u>	<u>\$ 677,667</u>	<u>\$ 202,049</u>
Liabilities				
Due to other agencies and individuals	\$ -	\$ 828,236	\$ 626,187	\$ 202,049
Due to other funds	<u>51,480</u>	<u>-</u>	<u>51,480</u>	<u>-</u>
Total liabilities	<u>\$ 51,480</u>	<u>\$ 828,236</u>	<u>\$ 677,667</u>	<u>\$ 202,049</u>
<u>COUNTY CLERK FEE FUND</u>				
Assets				
Cash and investments	\$ <u>23,156</u>	\$ <u>897,348</u>	\$ <u>873,437</u>	\$ <u>47,067</u>
Total assets	<u>\$ 23,156</u>	<u>\$ 897,348</u>	<u>\$ 873,437</u>	<u>\$ 47,067</u>
Liabilities				
Due to other agencies and individuals	\$ <u>23,156</u>	\$ <u>897,348</u>	\$ <u>873,437</u>	\$ <u>47,067</u>
Total liabilities	<u>\$ 23,156</u>	<u>\$ 897,348</u>	<u>\$ 873,437</u>	<u>\$ 47,067</u>
<u>COUNTY CLERK TRUST FUND</u>				
Assets				
Cash and investments	\$ <u>257,288</u>	\$ <u>909,236</u>	\$ <u>317,858</u>	\$ <u>848,666</u>
Total assets	<u>\$ 257,288</u>	<u>\$ 909,236</u>	<u>\$ 317,858</u>	<u>\$ 848,666</u>
Liabilities				
Due to other agencies and individuals	\$ <u>257,288</u>	\$ <u>909,236</u>	\$ <u>317,858</u>	\$ <u>848,666</u>
Total liabilities	<u>\$ 257,288</u>	<u>\$ 909,236</u>	<u>\$ 317,858</u>	<u>\$ 848,666</u>

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>COUNTY CLERK INTEREST BEARING</u>				
<u>TRUST FUND</u>				
Assets				
Cash and investments	\$ 321,185	\$ 1,111	\$ 97,532	\$ 224,764
Total assets	<u>\$ 321,185</u>	<u>\$ 1,111</u>	<u>\$ 97,532</u>	<u>\$ 224,764</u>
Liabilities				
Due to other agencies and individuals	\$ 321,185	\$ 1,111	\$ 97,532	\$ 224,764
Total liabilities	<u>\$ 321,185</u>	<u>\$ 1,111</u>	<u>\$ 97,532</u>	<u>\$ 224,764</u>
 <u>DISTRICT CLERK FEE FUND</u>				
Assets				
Cash and investments	\$ 584,459	\$ 1,498,828	\$ 1,250,810	\$ 832,477
Total assets	<u>\$ 584,459</u>	<u>\$ 1,498,828</u>	<u>\$ 1,250,810</u>	<u>\$ 832,477</u>
Liabilities				
Due to other agencies and individuals	\$ 584,459	\$ 1,498,828	\$ 1,250,810	\$ 832,477
Total liabilities	<u>\$ 584,459</u>	<u>\$ 1,498,828</u>	<u>\$ 1,250,810</u>	<u>\$ 832,477</u>

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>DISTRICT CLERK TRUST</u>				
<u>INVESTMENT FUND</u>				
Assets				
Cash and investments	\$ 405,320	\$ 120,638	\$ 28,952	\$ 497,006
Total assets	\$ 405,320	\$ 120,638	\$ 28,952	\$ 497,006
Liabilities				
Due to other agencies and individuals	\$ 405,320	\$ 120,638	\$ 28,952	\$ 497,006
Total liabilities	\$ 405,320	\$ 120,638	\$ 28,952	\$ 497,006
<u>COUNTY ATTORNEY HOT CHECK FUND</u>				
Assets				
Cash and investments	\$ 35,190	\$ 210,803	\$ 160,865	\$ 85,128
Total assets	\$ 35,190	\$ 210,803	\$ 160,865	\$ 85,128
Liabilities				
Due to other agencies and individuals	\$ 35,190	\$ 210,803	\$ 160,865	\$ 85,128
Total liabilities	\$ 35,190	\$ 210,803	\$ 160,865	\$ 85,128
<u>INMATE TRUST FUND</u>				
Assets				
Cash and investments	\$ 29,445	\$ 847,140	\$ 847,895	\$ 28,690
Total assets	\$ 29,445	\$ 847,140	\$ 847,895	\$ 28,690
Liabilities				
Due to other agencies and individuals	\$ 29,445	\$ 847,140	\$ 847,895	\$ 28,690
Total liabilities	\$ 29,445	\$ 847,140	\$ 847,895	\$ 28,690

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>SHERIFF COMMISSARY FUND</u>				
Assets				
Cash and investments	\$ 99,623	\$ 79,415	\$ 67,990	\$ 111,048
Total assets	\$ 99,623	\$ 79,415	\$ 67,990	\$ 111,048
Liabilities				
Due to other agencies and individuals	\$ 99,623	\$ 79,415	\$ 67,990	\$ 111,048
Total liabilities	\$ 99,623	\$ 79,415	\$ 67,990	\$ 111,048
<u>DISTRICT ATTORNEY ESCROW FUND</u>				
Assets				
Cash and investments	\$ 4,650	\$ 33,758	\$ 36,824	\$ 1,584
Total assets	\$ 4,650	\$ 33,758	\$ 36,824	\$ 1,584
Liabilities				
Due to other agencies and individuals	\$ 4,650	\$ 33,758	\$ 36,824	\$ 1,584
Total liabilities	\$ 4,650	\$ 33,758	\$ 36,824	\$ 1,584
<u>ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 2,836,048	\$ 109,295,952	\$ 107,410,160	\$ 4,721,840
Accounts receivable	51,480	-	51,480	-
Total assets	\$ 2,887,528	\$ 109,295,952	\$ 107,461,640	\$ 4,721,840
Liabilities				
Due to other agencies and individuals	\$ 2,836,048	\$ 109,295,952	\$ 107,410,160	\$ 4,721,840
Due to other funds	51,480	-	51,480	-
Total liabilities	\$ 2,887,528	\$ 109,295,952	\$ 107,461,640	\$ 4,721,840

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