

**BOSQUE COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2012**

**BOSQUE COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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## **INTRODUCTORY SECTION**

**BOSQUE COUNTY, TEXAS  
PRINCIPAL COUNTY OFFICIALS  
SEPTEMBER 30, 2012**

COLE WORD	COUNTY JUDGE
KENT HARBISON	COMMISSIONER, PRECINCT 1
DURWOOD KOONSMAN	COMMISSIONER, PRECINCT 2
GARY ARNOLD	COMMISSIONER, PRECINCT 3
JIMMY SCHMIDT	COMMISSIONER, PRECINCT 4
ARLENE SWINEY	TAX ASSESSOR-COLLECTOR
B. J. SHEPHERD	DISTRICT ATTORNEY
NATALIE KOEHLER	COUNTY ATTORNEY
JUANITA MILLER	DISTRICT CLERK
BETTY OUTLAW	COUNTY CLERK
DIANA WELLBORN	COUNTY TREASURER
ANTHONY MALOTT	COUNTY SHERIFF
ELIZABETH DIETERICH	COUNTY AUDITOR

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Members  
of the Commissioners' Court  
Bosque County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bosque County, Texas' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

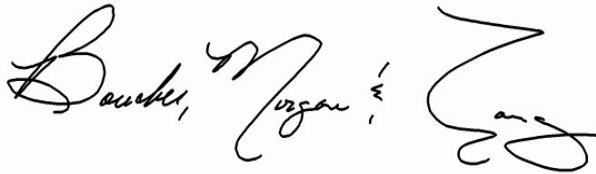
In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2013, on our consideration of the Bosque County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension funding progress information on pages 4 through 9, and page 42 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bosque County's financial statements as a whole. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor 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 financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Stephenville, Texas  
April 10, 2013

The image shows three handwritten signatures in black ink. From left to right, they appear to be 'Baubel', 'Morgan', and 'Lang'. The signatures are written in a cursive, flowing style.

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



**BOSQUE COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2012**

The management of Bosque County presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2012.

**FINANCIAL HIGHLIGHTS**

- The assets of Bosque County exceed its liabilities at the close of the most recent fiscal year by \$9.3 million. Of this amount, \$1.4 million in unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the County's fiscal policies.
- The County's total net assets increased by \$678 thousand. Much of the increase is attributed to a spending and hiring freeze implemented by the commissioners' court.
- As of the close of the current fiscal year, the Bosque County's governmental funds reported an ending fund balance of \$1,947,747 of which \$1,288,960 is reserved for special purposes and \$105,941 has been applied to prepaid expenses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of 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 the County's finances, in a manner similar to a private-sector business. This includes the statement of net assets and the statement of activities.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs (accrual basis), 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 such as uncollected taxes and earned but unused compensation absences.

**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 for objectives. The 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 categorized as governmental funds. The focus of the fund financial statements is on major funds that meet minimum criteria (a percentage of assets,

liabilities, revenue or expenditures of fund category and of the governmental funds combined), or those that the County wishes to report as major.

Nonmajor funds are aggregated and shown in a single column. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge, and Capital Projects, which are considered to be major funds. Data from the other 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.

The governmental fund financial statements can be found on pages 14-18 of this report.

**Fiduciary Funds** — Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

The Fiduciary Fund financial statement can be found on page 20 of this report.

**Notes to Financial Statements** — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40.

**Required Supplementary Information Other than MD&A — Auditing standards generally accepted in the United States of America** require, in addition to the basic financial statements and accompanying notes, the report present certain required supplementary information. Retirement plan funding progress is included in this section along with schedules of actual and budgetary comparisons of the County's General Fund and major Special Revenue Funds.

**Combining Statements and Schedules** — The combining statements in connection with nonmajor governmental funds are presented immediately following required supplementary information in the County's financials.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$9.3 million of September 30, 2012.

The largest portion of the County's net assets (75%) reflected its investments in capital assets (e.g., land, building, and equipment), less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, the 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. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

### BOSQUE COUNTY'S NET ASSETS

	Governmental Activities	
	2012	2011
Current and other assets	\$ 2,727,714	\$ 1,904,061
Capital assets	7,308,151	7,505,369
Total Assets	<u>\$ 10,035,865</u>	<u>\$ 9,409,430</u>
Current liabilities	\$ 470,836	\$ 437,966
Noncurrent liabilities	264,903	349,378
Total Liabilities	<u>\$ 735,739</u>	<u>\$ 787,344</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 6,949,681	\$ 7,054,789
Restricted	951,149	1,264,903
Unrestricted	1,399,296	302,394
Total Net Assets	<u>\$ 9,300,126</u>	<u>\$ 8,622,086</u>

As of September 30, 2012, the County is able to report positive balances in all government wide categories of net assets as well as for the separate governmental activities. During the current fiscal year, the County's net assets increased by \$678 thousand. This increase was caused principally by a spending and hiring freeze implemented by the commissioners' court.

## BOSQUE COUNTY'S CHANGES IN NET ASSETS

	2012	2011
Revenues:		
Program Revenues		
Charges for Services	\$ 2,254,901	\$ 2,310,889
Operating Grants & Contributions	366,365	308,263
Capital Grants	-	253,208
General Revenues		
Property Taxes	4,938,263	4,926,789
Other Taxes	665,905	437,867
Investment Earnings	2,434	2,146
Miscellaneous	46,367	57,142
Gain in sale of fixed assets	13,623	-
Total Revenues	8,287,858	8,296,304
Expenses:		
Governmental activities	7,609,817	7,896,607
Change in net assets	678,040	399,697
Net assets-beginning	8,622,086	8,222,389
Net assets-ending	\$ 9,300,126	\$ 8,622,086

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS:

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the General Fund was \$673,308, while total fund balance for all governmental funds was \$1,947,747.

During the current fiscal year, the fund balance of the County's General Fund increased by \$632,843 primarily due to a spending and hiring freeze implemented by the commissioners' court.

**General Fund Budgetary Highlights** - Differences between the original budget and the final amended budget resulted in no effect to the planned change in fund balance. Deficit budgets were adopted by the County for the year ended September 30, 2012.

## CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$6.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

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

- Radio Tower contributed by another governmental entity
- Software for District Clerk and Tax Assessor/Collector

Capital assets at year-end, net of accumulated depreciation were as follows:

### BOSQUE COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities	
	2012	2011
Land	\$ 82,479	\$ 82,479
Buildings & improvements	5,418,335	5,612,655
Furniture and equipment	1,750,411	1,748,371
Infrastructure	56,926	61,864
Total	<u>\$7,308,151</u>	<u>\$7,505,369</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

## LONG-TERM DEBT

At the end of the current fiscal year, the County's total long-term debt outstanding was solely comprised of capital leases payable with maturity dates from 2013 through 2016. Lease balances outstanding for leased equipment, were as follows:

	Governmental Activities	
	2012	2011
Cars	\$ 77,734	\$ 40,085
Video equipment for cars	63,195	-
120 motorgrader	-	35,284
140 motorgrader	-	44,448
Trailer mounted spray patcher	-	5,182
Cab tractor	-	3,277
670D motorgrader	67,522	98,635
NetData software	143,402	195,073
Tractor	4,932	16,364
Shredder	1,685	5,590
	<u>\$ 358,470</u>	<u>\$ 443,938</u>

During the current fiscal year, Bosque County's total debt decreased by \$85,450 (24%). This decrease was due primarily to scheduled repayment of leases.

Additional information on Bosque County's long-term debt can be found in the notes to the financial statements of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In the fiscal year 2012-13 budget, General Fund revenues are budgeted to increase by 2.68% from the 2011-12 budget. The increase is due to increases in budgeted tax and intergovernmental revenues. Property taxes make up 72.99% of the General Fund budgeted revenues. Budgeted General Fund expenditures decreased by 0.93% in the 2012-13 budget.

The 2012-13 budget for Road and Bridge Fund revenues increased by 5.9% from the 2011-12 budget. Budgeted expenditures were decreased for 2012-13 by 1.82% through personnel reductions.

### **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the County's finances. If you have any questions about this report or need any additional information, contact the County Auditor, P.O. Box 874, Meridian, Texas 76665, or call (254) 435-2611.

## **BASIC FINANCIAL STATEMENTS**

**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2012**

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 325,516
Investments-current	1,357,023
Taxes receivable (net of allowances for uncollectible)	276,773
Fines receivable	232,563
Due from agency fund	162,240
Due from other governments	233,598
Prepaid items	140,001
Capital Assets (net of accumulated depreciation):	
Land	82,479
Infrastructure	56,926
Buildings, net	5,418,335
Furniture and equipment, net	1,750,411
Total Assets	<u>10,035,865</u>
<b>LIABILITIES</b>	
Accounts payable	201,145
Accrued liabilities	49,610
Due to other funds	19,873
Noncurrent liabilities	
Due within one year	200,208
Due in more than one year	264,903
Total Liabilities	<u>735,739</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	6,949,681
Restricted for:	
Restricted for prepaid items	140,001
Restricted for special revenue funds	29,327
Restricted for capital projects	781,821
Unrestricted net assets	1,399,296
Total Net Assets	<u>\$ 9,300,126</u>

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



**BOSQUE COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>			
Governmental Activities:			
Public finance	\$ 623,143	\$ 427,422	\$ -
General administration	2,369,022	274,731	166,250
Judicial	1,111,427	833,657	6,365
Law enforcement	2,175,973	128,372	193,750
Roads	1,311,615	590,719	-
Other debt interest	18,637	-	-
Total Governmental Activities	\$ 7,609,817	\$ 2,254,901	\$ 366,365

General Revenues:

Property Taxes, levied for general purposes

Sales and other taxes

Miscellaneous revenue

Investment earnings

Gain on sale of fixed assets

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Capital Grants and Contributions</u>		<u>Primary Governmental Activities</u>	
\$	-	\$	(195,721)
	-		(1,928,042)
	-		(271,405)
	-		(1,853,851)
	-		(720,896)
	-		(18,637)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>(4,988,552)</u>

4,938,263
665,905
46,367
2,434
13,623
<u>5,666,592</u>
678,040
<u>8,622,086</u>
<u>\$ 9,300,126</u>

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

**BOSQUE COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	General Fund	Road and Bridge	Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 425,159	\$ 723,574
Investments-current	1,152,368	67,585	40,992
Taxes receivable	297,090	27,642	1,653
Intergovernmental receivables	113,161	120,437	-
Due from other funds	142,368	-	19,044
Prepaid items	105,941	32,285	-
Total Assets and Other Debits	<u>\$ 1,810,928</u>	<u>\$ 673,108</u>	<u>\$ 785,263</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficit cash	\$ 630,976	\$ 332,800	\$ -
Accounts payable	151,960	38,803	3,442
Due to other funds	19,043	-	-
Wages and salaries payable	38,551	7,702	-
Deferred revenues	297,090	27,642	1,653
Total Liabilities	<u>1,137,620</u>	<u>406,947</u>	<u>5,095</u>
Fund Balances:			
Nonspendable	105,116	-	-
Restricted	-	266,161	780,168
Unassigned	568,192	-	-
Total Fund Balances	<u>673,308</u>	<u>266,161</u>	<u>780,168</u>
Total Liabilities and Fund Balances	<u>\$ 1,810,928</u>	<u>\$ 673,108</u>	<u>\$ 785,263</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 174,663	\$ 1,323,396
96,078	1,357,023
32	326,417
-	233,598
-	161,412
2,600	140,826
<u>\$ 273,373</u>	<u>\$ 3,542,672</u>

\$ 34,104	\$ 997,880
6,940	201,145
830	19,873
3,357	49,610
32	326,417
<u>45,263</u>	<u>1,594,925</u>

-	105,941
242,631	1,288,960
(14,521)	552,846
<u>228,110</u>	<u>1,947,747</u>
<u>\$ 273,373</u>	<u>\$ 3,542,672</u>

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

**BOSQUE COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

<b>Total Fund Balances - Governmental Funds</b>	\$ 1,947,747
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$13,956,888 and the accumulated depreciation was \$6,553,998. In addition, long-term liabilities, including capital lease payables, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	6,938,572
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets with reductions in long-term debt in the Statement of Net Assets. Lease proceeds are reported as other financing sources in the fund financial statements but are increases in long-term debt in the government wide financial statements. The net effect of including the 2012 capital outlays and debt principal changes is to increase net assets.	255,686
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	525,557
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(367,436)
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 9,300,126</u></u>

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

**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Road and Bridge	Capital Projects
<b>REVENUE</b>			
Taxes:			
Property taxes	\$ 4,549,310	\$ 418,736	\$ 25,415
General sales and use taxes	665,905	-	-
Auto registrations	-	371,592	-
Intergovernmental revenue and grants	637,763	164,890	-
Fines and fees	518,691	564,502	-
Forfeitures	8,274	-	-
Investment earnings	1,551	133	74
Other revenue	58,332	27,267	-
Total Revenues	<u>6,439,826</u>	<u>1,547,120</u>	<u>25,489</u>
<b>EXPENDITURES</b>			
Current:			
General Government:			
Public finance	605,639	-	-
General administration	2,018,544	-	9,560
Judicial	822,801	-	-
Law Enforcement	2,059,901	-	-
Roads	-	1,151,373	-
Debt Service:			
Debt principal-capital leases	95,895	134,748	-
Debt interest-capital leases	12,587	6,050	-
Capital Outlay:			
Capital Outlay	336,791	27,490	-
Total Expenditures	<u>5,952,158</u>	<u>1,319,661</u>	<u>9,560</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>487,668</u>	<u>227,459</u>	<u>15,929</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from capital leases	145,175	-	-
Other revenue	-	-	-
Transfers in	-	330,260	-
Transfers out (use)	-	(330,260)	-
Total Other Financing Sources (Uses)	<u>145,175</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	632,843	227,459	15,929
Fund Balances - Beginning	40,465	38,702	764,239
Fund Balances - Ending	<u>\$ 673,308</u>	<u>\$ 266,161</u>	<u>\$ 780,168</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,976	\$ 4,998,437
-	665,905
-	371,592
254,580	1,057,233
107,755	1,190,948
1,656	9,930
676	2,434
-	85,599
<u>369,643</u>	<u>8,382,078</u>
17,504	623,143
82,430	2,110,534
288,626	1,111,427
-	2,059,901
-	1,151,373
-	230,643
-	18,637
<u>15,695.00</u>	<u>379,976</u>
<u>404,255</u>	<u>7,685,634</u>
<u>(34,612)</u>	<u>696,444</u>
-	145,175
566	566
-	330,260
-	(330,260)
<u>566.00</u>	<u>145,741</u>
(34,046)	842,185
262,156	1,105,562
<u>\$ 228,110</u>	<u>\$ 1,947,747</u>

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

**BOSQUE COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b>Total Net Change in Fund Balances-Governmental Funds</b>	\$	842,185
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Proceeds from capital leases are shown as financial resources in fund financial statements but are increases in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and changes in long-term debt principal is to increase net assets.		439,270
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(551,020)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, net of uncollectible taxes, eliminating interfund transactions, and recognizing the liabilities associated with long-term debt interest. The net effect of these reclassifications and recognitions is to increase net assets.		(52,395)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>678,040</u>

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



**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2012**

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,213,745
Investments-current	36,134
Total Assets	<u>\$ 1,249,879</u>
<b>LIABILITIES</b>	
Due to other funds	\$ 142,367
Due to others	1,107,512
Total Liabilities	<u>\$ 1,249,879</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bosque County was created in 1854 by the Texas Legislature under the provisions of Article 9, Section 1, of the Texas Constitution. The County operates under a commission form of government in which the Commissioners' Court composed of four County Commissioners, presided over by the County Judge, is the governing body. The Commissioners' Court is a court of limited jurisdiction empowered to do only those things which are specifically authorized by the State Constitution or by statute.

The financial statements of Bosque County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of these accounting policies are described below with subsequent pronouncements referred.

**A. REPORTING ENTITY**

The County is an independent political subdivision of the State of Texas governed by an elected four-member Commissioners' Court and County Judge and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity. Based on these considerations, no other entities have been included in the County's reporting entity. Additionally, as the County is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity is based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets 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

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are to be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County has no business-type activities or any component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied, net of estimated uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 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, sales 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.

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of general major capital assets. Financing is provided primarily by the sale of general obligation bonds and grants.

Additionally, the County reports the following fund types:

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

Agency Funds are used to account for assets that the County holds on behalf of others as their agent.

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, and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**Cash and Investments**

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

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**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).

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

The County's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraisal values are established by the Appraisal District at market value and assessed at 100% of appraised value less exemptions. The County's property taxes are billed and collected by the Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are prorated between operations, road and bridge, and debt service based on rates adopted for the year of the levy. For the current year, the County levied property taxes of \$0.4056 per \$100 of assessed valuation that were prorated between General, Road and Bridge, Capital Projects and Jury Funds. The resulting adjusted tax levies were based on a total adjusted taxable valuation of approximately \$1,231,476,085 for the 2011 tax year.

**Prepaid Expenditures**

When payment is made to a supplier of goods or services prior to the receipt of the goods or realization of the service, then the amount expended in excess of value received is recorded as a prepaid item.

**Capital Assets**

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

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

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Assets	Years
Buildings	40
Furniture and Equipment	5-15
Infrastructure	20

**Compensated Absences**

The county's employees earn vacation and compensatory time which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave and compensatory time pay are accrued when incurred in the government-wide 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.

The current policy for vacation pay is that vacation pay accrues as of the "annual" anniversary date of each employee. Vacation leave from 10 to 15 days per year may be earned, based on longevity. Compensatory time accrues at 5 days a year up to a maximum paid benefit for entitlement of 10 days.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, would be deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable would be reported net of the applicable bond premium or discount. There was no bonded debt of the County as of September 30, 2012.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current periods. 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. There was no bonded indebtedness payments made by the County during the year ended September 30, 2012.

**Net Assets and Fund Equity**

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Net

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are considered unrestricted.

When both restricted and unrestricted sources are available for use, it is the County's policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$951,149 of restricted assets, primarily restricted by enabling legislation.

**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 purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form or ; b) legally or contractually required to be maintained intact.

**Restricted** – Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

**Unassigned** – Resources which cannot be properly classified in one of the other four categories. There are no governmental funds that reported a positive unassigned fund balance amount at year end. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.



**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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

**A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets**

The *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets* provides a summary of differences in accounting for funds and the total government net assets. The primary elements reported differently are capital assets which are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. Following are details of the summarized reconciliation amounts:

Beginning of year capital assets and debt:	
Capital assets	\$ 14,039,367
Accumulated depreciation	(6,533,998)
Long-term capital leases	(443,938)
Accumulated compensated absences	(122,859)
Total capital asset debt adjustment beginning of year	<u>\$ 6,938,572</u>
Current year capital outlay and debt service:	
Capital outlay	\$ 379,977
Fixed asset disposals	(209,759)
Proceeds capital leases	(145,175)
Debt principal payments	230,643
Total capital asset debt adjustment current year	<u>\$ 255,686</u>
Other reclassification reconciliation items:	
Decrease in compensated absences	\$ 16,218
Record allowance for uncollectible taxes	(49,641)
Record fines receivable	232,563
Eliminate deferred revenue on taxes	326,417
Total other summarized adjustments	<u>\$ 525,557</u>

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The *Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities* provides summarized reconciliation amounts indicating differences in accounting methods between the net changes in fund balance as shown on the governmental fund statement and the changes in net assets of governmental activities as reported on the government-wide statement of activities. The differences are again primarily related to current year capital outlays and debt principal payments presented as expenditures in the fund financial statements, but shown as increases in capital assets and decreases in long-term debt in the government-wide statements. Details of the various summarized amounts from the reconciliation are as follows:

Current year capital outlay and debt service:	
Capital outlay	\$ 379,977
Proceeds from sale of fixed assets	(39,798)
Gain on sale of fixed assets	13,623
Proceeds capital leases	(145,175)
Debt principal payments	230,643
Total capital asset debt adjustment current year	<u>\$ 439,270</u>
Various other reclassifications current year changes:	
Change in deferred revenue	\$ (61,747)
Increase in allowance for uncollectible taxes	1,570
Change in fines receivable	(8,436)
Change in compensated absences	16,218
Total other reclassifications	<u>\$ (52,395)</u>

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGET DATA**

The budget amounts presented in the required supplementary information include the original and final authorized amounts as amended during the year. In accordance with state statutes, an annual budget is adopted for certain governmental funds of the County in accordance with generally accepted accounting principles. The procedures followed by Bosque County in establishing the budgetary data reflected in the financial statements are presented below.

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Budget Preparation**

The County Judge, as the responsible budget officer, causes budget guidelines to be issued. Upon receiving operating requests from County officials, the County Judge submits a proposed operating budget covering the General, Road and Bridge, Special Revenue, and Debt Service Funds to the Commissioners' Court. The budget includes the proposed expenditures and the means of financing them.

**Public Hearings**

After proper publication of notices in compliance with various state statutes, a budget hearing for the purpose of obtaining public and taxpayer comments is conducted by the Commissioners' Court. Related public hearings are held regarding the proposed tax rates required to finance the proposed budget.

**Budget Adoption**

Following the public hearings, the Commissioners' Court makes such changes as may be warranted in the budget and adopts the budget through the passage of an order at one of its regularly scheduled meetings.

**Budget Amendments**

The Commissioners' Court, at its discretion, can transfer expenditures from one appropriation to another. The total expenditures may not be increased without additional public hearings.

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

**Legal and Contractual Provisions Governing Deposits and Investments**

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

For the period of December 31, 2010 to December 31, 2012, the Dodd-Frank Act provides for unlimited deposit insurance coverage on noninterest-bearing transaction accounts at all FDIC-insured depository institutions. As of September 30, 2012, the County's deposits were entirely covered by FDIC insurance, pledged collateral held by the County's bank in the County's name, or the Dodd-Frank Act.

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool’s Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Investments held by the County at September 30, 2012 consisted of the following:

<u>Investment Type</u>	<u>Historic Cost</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Tex Pool	<u>\$1,404,669</u>	<u>\$1,404,669</u>	<u>AAAm</u>

**Policies Governing Deposits and Investments**

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

**Custodial Credit Risk – Deposits:** This is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2012 were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County's securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other Credit Risk - There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2012 TexPool's investments credit quality rating was AAAM (Standard & Poor's).

The County's general policy is to report nonparticipating interest-earning investment contracts using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with the market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

**B. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables and payables at September 30, 2012 except for agency funds of the County to the respective fund. The interfund receivables have not been eliminated from the statement of net assets because agency funds assets and liabilities are not reported as assets owned by the government.

A pooled cash account is used to account for many of the governmental funds cash in bank. Several of the funds have a deficit cash balance included in the pooled cash account. The governmental fund financial statements present the negative cash balances as deficit cash rather than as having temporarily borrowed the cash from other governmental funds with positive cash balances. The government-wide financial statements present the cash at the consolidated balance of cash in the bank at year end.

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2012, government-wide were as follows:

	General	Road and Bridge	Capital Projects	Nonmajor Funds	Totals
Receivables:					
Taxes receivable, net of uncollectible	\$ 247,446	\$ 27,642	\$ 1,653	\$ 32	\$ 276,773
Intergovernmental	113,161	120,437	-	-	233,598
Net total receivables	<u>\$ 360,607</u>	<u>\$ 148,079</u>	<u>\$ 1,653</u>	<u>\$ 32</u>	<u>\$ 510,371</u>

Current liabilities and deferred revenue, government-wide at September 30, 2012 were as follows:

	General	Road and Bridge	Capital Projects	Nonmajor Funds	Totals
Liabilities					
Accounts payable	\$ 151,960	\$ 38,803	\$ 3,442	\$ 6,940	\$ 201,145
Wages payable	38,551	7,702	-	3,357	49,610
Total	<u>\$ 190,511</u>	<u>\$ 46,505</u>	<u>\$ 3,442</u>	<u>\$ 10,297</u>	<u>\$ 250,755</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and government-wide financial statements report deferred revenues for amounts received that have not been earned. The deferred revenues above were grant proceeds not earned as of September 30, 2012. The amounts presented as deferred revenues in the governmental funds balance sheet included the amount above and, in addition, \$326,417 relative to delinquent property taxes receivable unavailable to liquidate liabilities of the current period.

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**D. CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended September 30, 2012 was as follows:

	October 1, 2011	Increase	Decrease	September 30, 2012
Government activities capital assets:				
Non-depreciable assets:				
Land	\$ 82,479	\$ -	\$ -	\$ 82,479
Total non-depreciable assets	<u>82,479</u>	<u>-</u>	<u>-</u>	<u>82,479</u>
Depreciable assets:				
Buildings	8,147,589	-	-	8,147,589
Furniture and equipment	5,489,380	379,977	209,759	5,659,598
Infrastructure	319,919	-	-	319,919
Total depreciable assets	<u>13,956,888</u>	<u>379,977</u>	<u>209,759</u>	<u>14,127,106</u>
Totals at historic cost	<u>14,039,367</u>	<u>379,977</u>	<u>209,759</u>	<u>14,209,585</u>
Less accumulated depreciation:				
Buildings	2,534,934	194,320	-	2,729,254
Furniture and equipment	3,741,009	348,443	180,265	3,909,187
Infrastructure	258,055	8,257	3,319	262,993
Total accumulated depreciation	<u>6,533,998</u>	<u>551,020</u>	<u>183,584</u>	<u>6,901,434</u>
Total capital assets, being depreciated, net	<u>7,422,890</u>	<u>(171,043)</u>	<u>26,175</u>	<u>7,225,672</u>
Governmental capital assets, net	<u>\$ 7,505,369</u>	<u>\$ (171,043)</u>	<u>26,175</u>	<u>\$ 7,308,151</u>

Fixed asset additions are all capital outlays and include \$8,490 for the purchase of voting machines from a Help America Vote Act (HAVA) grant, and a communications tower for \$166,000 from a grant from the Texas Department of Public Safety.

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

There were equipment disposals of depreciable capital assets of \$209,759 during the year ended September 30, 2012. At the time of disposal, those assets had accumulated depreciation of \$183,584.

Current year depreciation expense was charged to governmental functions as follows:

General administration	\$ 274,706
Law enforcement	116,072
Road and bridge	160,242
Total Depreciation Expense	<u>\$ 551,020</u>

**E. ACCUMULATED UNPAID ANNUAL LEAVE**

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Assets. At September 30, 2012, accrued employee benefits recorded on the Statement of Net Assets were for accumulated vacation pay and amounted to \$106,641 a decrease of \$16,218 from the previous year end.

**F. LONG-TERM DEBT**

During the year ended September 30, 2012, the County entered into new capital lease agreements totaling \$145,175 for vehicles and video equipment for vehicles. The monthly principal and interest payments combined will be \$4,303. The terms are from 2012 to 2015.

Capital lease agreements made in previous years are also secured by equipment and continue to require payments expiring between 2012 and 2016. The required payments were made as scheduled for the year that ended September 30, 2012.



**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Capital lease debt service requirements are as follows:

<u>Year Ended September 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2013	150,436	13,182	163,618
2014	141,341	6,099	147,439
2015	60,051	1,378	61,429
2016	6,642	187	6,829
Total	<u>\$ 358,470</u>	<u>\$ 20,846</u>	<u>\$ 379,315</u>

Long-term debt activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases payable, secured by equipment	\$ 443,938	\$ 145,175	\$ 230,643	\$ 358,470	\$ 146,887
Other Liabilities:					
Compensated absences	<u>122,859</u>	<u>-</u>	<u>(16,218)</u>	<u>106,641</u>	<u>53,321</u>
Total governmental activities long-term liabilities	<u>\$ 566,797</u>	<u>\$ 145,175</u>	<u>\$ 214,425</u>	<u>\$ 465,111</u>	<u>\$ 200,208</u>

**G. RISK MANAGEMENT**

*Health Insurance*

During the year ended September 30, 2012 employees of Bosque County were covered by a health insurance plan (the Plan). The County paid annual health insurance premiums of \$552,898. Employees, at their option, authorized payroll to pay any additional cost for dependent coverage. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

*Workers' Compensation*

During the year ended September 30, 2012, employees of Bosque County were covered by a workers' compensation plan administered by the Texas Association of Counties. The County paid a contribution of \$43,256 for the year ended September 30, 2012. These figures are subject to change based upon actual payroll figures.

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

*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 financial statements for such contingencies.

*Litigation*

The County's Attorney has indicated that there are various claims and lawsuits filed and pending against the County. The claims are being strongly defended by the County. As of September 30, 2012, the potential liability of the County cannot be reasonably estimated, but are not expected to have a material impact on the County's financial position.

**H. RETIREMENT PLAN**

*Plan Description:*

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for 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, TX 78768-2034.

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

**BOSQUE COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Funding Policy:*

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

The employer contributed using the actuarially determined rate of 2.5% for the accounting year ending in 2012.

The deposit rate payable by the employee members for calendar year 2012 is the rate of 5% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 30 years or to reduce benefits earned in the future.

*Annual Pension Cost:*

For the employer's accounting year ending September 30, 2012, the annual pension cost for the TCDRS plan was \$99,506 which equaled the actual contributions made by the County.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

Employee contributions to the retirement plan for the years ended September 30, 2012, 2011 and 2010, amount to approximately \$171,229, \$177,531 and \$180,839, respectively.

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

*Funded Status and Funding Progress:*

As of December 31, 2011, the most recent actuarial valuation date, the plan was 113.13 percent funded. The actuarial accrued liability for benefits was \$4,761,146, and the actuarial value of assets was \$5,386,106, resulting in an overfunded actuarial accrued liability (OAAL) of \$624,960. The covered payroll (annual payroll of active employees covered by the plan) was \$3,500,655, and the ratio of the OAAL to the covered payroll was -17.74 percent.

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

Actuarial Valuation Information:

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period	30 years	30 years	30 years
Asset valuation method	SAF: 10 years smoothed value EFS: Fund value	SAF: 10 years smoothed value EFS: Fund value	SAF: 10 years smoothed value EFS: Fund value
Actuarial assumptions			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
Actuarial value of assets	\$4,615,238	\$5,093,551	\$5,386,106
Actuarial accrued liability (AAL)	\$3,983,763	\$4,385,300	\$4,761,146
Overfunded (OAAL)	\$ (631,475)	\$ (708,251)	\$ (624,960)
Funded ratio	115.85%	116.15%	113.13%
Annual covered payroll	\$3,517,872	\$3,605,722	\$3,522,655
OAAL as % of covered payroll	(17.95)%	(19.64)%	(17.74)%

**BOSQUE COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Trend Information for the Retirement Plan for the Employees of Bosque County, Texas:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/08	\$154,387	100%	\$ -
9/30/09	177,593	100%	-
9/30/10	236,313	100%	-
9/30/11	126,205	100%	-
9/30/12	99,506	100%	-

**REQUIRED SUPPLEMENTARY INFORMATION**

**BOSQUE COUNTY, TEXAS**

Required Supplementary Information

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
ANALYSIS OF FUNDING PROGRESS - RETIREMENT PLAN  
FOR THE EMPLOYEES OF THE COUNTY**

**(Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	3,788,116	3,156,236	(631,880)	120.02%	2,812,073	-22.47%
12/31/07	4,275,571	3,546,063	(729,508)	120.57%	2,946,780	-24.76%
12/31/08	3,984,238	3,479,924	(504,314)	114.49%	3,182,250	-15.85%
12/31/09	4,615,238	3,983,763	(631,475)	115.85%	3,517,872	-17.95%
12/31/10	5,093,551	4,385,300	(708,251)	116.15%	3,605,722	-19.64%
12/31/11	5,386,106	4,761,146	(624,960)	113.13%	3,522,655	-17.74%

Historical trend information designed to illustrate the Government's progress made in accumulating sufficient assets to pay benefits when due is available for plan years 2006 through 2011.

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

**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 4,598,406	\$ 4,598,406	\$ 4,549,310	\$ (49,096)
General sales and use taxes	464,000	464,000	665,905	201,905
Intergovernmental revenue and grants	949,690	949,690	637,763	(311,927)
Fines and fees	722,200	722,200	518,691	(203,509)
Forfeitures	10,000	10,000	8,274	(1,726)
Investment earnings	1,300	1,300	1,551	251
Other revenue	38,100	38,100	58,332	20,232
Total Revenues	<u>6,783,696</u>	<u>6,783,696</u>	<u>6,439,826</u>	<u>(343,870)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Public finance	431,243	431,243	605,639	(174,396)
General administration	2,856,764	2,856,764	2,018,544	838,220
Judicial	1,127,042	1,127,042	822,801	304,241
Law enforcement	2,408,874	2,408,874	2,059,901	348,973
Debt Service:				
Debt principal-capital leases	169,743	169,743	95,895	73,848
Debt interest-capital leases	-	-	12,587	(12,587)
Capital Outlay:				
Capital outlay	1,000	1,000	336,791	(335,791)
Total Expenditures	<u>6,994,665</u>	<u>6,994,665</u>	<u>5,952,158</u>	<u>1,042,507</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(210,969)</u>	<u>(210,969)</u>	<u>487,668</u>	<u>698,637</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from capital leases	131,000	131,000	145,175	14,175
Insurance proceeds	100	100	-	(100)
Total Other Financing Sources (Uses)	<u>131,100</u>	<u>131,100</u>	<u>145,175</u>	<u>14,075</u>
Change in Fund Balance	(79,869)	(79,869)	632,843	712,712
Fund Balance-Beginning	40,465	40,465	40,465	-
Fund Balance-Ending	<u>\$ (39,404)</u>	<u>\$ (39,404)</u>	<u>\$ 673,308</u>	<u>\$ 712,712</u>

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



**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 418,000	\$ 418,000	\$ 418,736	\$ 736
Auto registrations	440,000	440,000	371,592	(68,408)
Intergovernmental revenue and grants	30,000	30,000	164,890	134,890
Fines and fees	582,000	582,000	564,502	(17,498)
Investment earnings	160	160	133	(27)
Total Revenues	<u>1,470,160</u>	<u>1,470,160</u>	<u>1,519,853</u>	<u>49,693</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	1,593,556	1,593,556	1,151,373	442,183
Debt Service:				
Debt principal-capital leases	154,079	154,079	134,748	19,331
Debt interest-capital leases	-	-	6,050	(6,050)
Capital Outlay:				
Capital outlay	<u>112,500</u>	<u>112,500</u>	<u>27,490</u>	<u>85,010</u>
Total Expenditures	<u>1,860,135</u>	<u>1,860,135</u>	<u>1,319,661</u>	<u>540,474</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(389,975)</u>	<u>(389,975)</u>	<u>200,192</u>	<u>590,167</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other revenue	26,600	26,600	27,267	667
Proceeds from capital leases	-	-	-	-
Transfers in	350,000	350,000	330,260	(19,740)
Transfers out (use)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(330,260)</u>	<u>19,740</u>
Total Other Financing Sources (Uses)	<u>26,600</u>	<u>26,600</u>	<u>27,267</u>	<u>667</u>
Change in Fund Balance	(363,375)	(363,375)	227,459	590,834
Fund Balance-Beginning	<u>38,702</u>	<u>38,702</u>	<u>38,702</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (324,673)</u>	<u>\$ (324,673)</u>	<u>\$ 266,161</u>	<u>\$ 590,834</u>

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

**BOSQUE COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 5,000	\$ 5,000	\$ 25,415	\$ 20,415
Investment earnings	300	300	74	(226)
Total Revenues	<u>5,300</u>	<u>5,300</u>	<u>25,489</u>	<u>20,189</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Major repairs	51,000	51,000	9,560	41,440
Capital Outlay:				
Capital outlay	<u>80,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
Total Expenditures	<u>131,000</u>	<u>101,000</u>	<u>9,560</u>	<u>(8,560)</u>
Change in Fund Balance	(125,700)	(95,700)	15,929	11,629
Fund Balance-Beginning	<u>764,239</u>	<u>764,239</u>	<u>764,239</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 638,539</u>	<u>\$ 668,539</u>	<u>\$ 780,168</u>	<u>\$ 11,629</u>

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

**BOSQUE COUNTY, TEXAS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL BUDGET POLICIES**

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

- The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means for financing them for the fiscal year beginning October 1, and submits the proposed budget to the Commissioners' Court. The budget is prepared on the modified accrual basis, which is consistent with the fund financial statements.
- The Commissioners' Court holds budget hearings for the public to make comments.
- The Commissioners' Court, prior to October 1, formally adopts the budget in an open court meeting.
- The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.

The formally adopted budget may be legally amended by commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

The County maintains its legal level of budgetary control at the department level. Amendments to the 2012 budget were approved by the Commissioners' Court as provided by law throughout the year. All departmental expenditures remained within the appropriations budgets for the year.

**ENCUMBRANCES**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget. There were no end-of year outstanding encumbrances that were provided for in the subsequent year's budget.

## **COMBINING STATEMENTS**

### **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

**BOSQUE COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012**

	Probation	Record Preservation	Jury	Law Library
<b>ASSETS</b>				
Cash and cash equivalents	20	-	7,379	23,701
Investments-current	309	18,454	16,721	23,969
Taxes receivable	-	-	32	-
Due from other government	-	-	-	-
Prepaid items	-	2	3	-
<b>Total Assets</b>	<b>329</b>	<b>18,456</b>	<b>24,135</b>	<b>47,670</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Deficit cash	-	7,874	-	-
Accounts payable	-	3,994	-	328
Due to other funds	-	-	-	400
Wages and salaries payable	-	128	-	-
Deferred revenues	-	-	32	-
<b>Total Liabilities</b>	<b>-</b>	<b>11,996</b>	<b>32</b>	<b>728</b>
<b>Fund Balances:</b>				
Restricted	329	6,460	24,103	46,942
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>329</b>	<b>6,460</b>	<b>24,103</b>	<b>46,942</b>
<b>Total Liabilities and Fund Balances</b>	<b>329</b>	<b>18,456</b>	<b>24,135</b>	<b>47,670</b>

County Attorney's Hot Check	Drug Forfeiture	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security
4,082	-	-	8,515	26,182	3,148	11,512
-	-	2,882	-	-	10,523	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,455	-	-	-	140
<u>4,082</u>	<u>-</u>	<u>5,337</u>	<u>8,515</u>	<u>26,182</u>	<u>13,671</u>	<u>11,652</u>
-	-	12,509	-	-	-	13,721
-	-	1,621	-	300	-	-
-	-	430	-	-	-	-
-	-	2,727	-	-	-	502
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>17,287</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>14,223</u>
4,082	-	-	8,515	25,882	13,671	-
-	-	(11,950)	-	-	-	(2,571)
<u>4,082</u>	<u>-</u>	<u>(11,950)</u>	<u>8,515</u>	<u>25,882</u>	<u>13,671</u>	<u>(2,571)</u>
<u>4,082</u>	<u>-</u>	<u>5,337</u>	<u>8,515</u>	<u>26,182</u>	<u>13,671</u>	<u>11,652</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,552	\$ 3,802	\$ 1,224	\$ -
Investments-current	-	-	-	-
Taxes receivable	-	-	-	-
Due from other government	-	-	-	-
Prepaid items	-	-	-	-
<b>Total Assets</b>	<u><u>\$ 4,552</u></u>	<u><u>\$ 3,802</u></u>	<u><u>\$ 1,224</u></u>	<u><u>\$ -</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Deficit cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Wages and salaries payable	-	-	-	-
Deferred revenues	-	-	-	-
<b>Total Liabilities</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Fund Balances:</b>				
Restricted	4,552	3,802	1,224	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u><u>4,552</u></u>	<u><u>3,802</u></u>	<u><u>1,224</u></u>	<u><u>-</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,552</u></u>	<u><u>\$ 3,802</u></u>	<u><u>\$ 1,224</u></u>	<u><u>\$ -</u></u>



Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 & District Clerk Tech Fees	Voting Machines	Pre-Trial Fees	Total Nonmajor Governmental Funds
\$ 24,317	\$ 43,672	\$ (2,422)	\$ 697	\$ 14,282	\$ 174,663
-	-	23,220	-	-	96,078
-	-	-	-	-	32
-	-	-	-	-	-
-	-	-	-	-	2,600
<u>\$ 24,317</u>	<u>\$ 43,672</u>	<u>\$ 20,798</u>	<u>\$ 697</u>	<u>\$ 14,282</u>	<u>\$ 273,373</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,104
-	-	-	697	-	6,940
-	-	-	-	-	830
-	-	-	-	-	3,357
-	-	-	-	-	32
<u>-</u>	<u>-</u>	<u>-</u>	<u>697</u>	<u>-</u>	<u>45,263</u>
24,317	43,672	20,798	-	14,282	242,631
-	-	-	-	-	(14,521)
<u>24,317</u>	<u>43,672</u>	<u>20,798</u>	<u>-</u>	<u>14,282</u>	<u>228,110</u>
<u>\$ 24,317</u>	<u>\$ 43,672</u>	<u>\$ 20,798</u>	<u>\$ 697</u>	<u>\$ 14,282</u>	<u>\$ 273,373</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Probation	Record Preservation	Jury	Law Library
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ 4,976	\$ -
Intergovernmental revenue and grants	-	-	4,510	-
Fines and fees	-	55,816	-	13,540
Forfeitures	-	-	1,575	-
Investment earnings	-	35	32	46
Total Revenues	<u>-</u>	<u>55,851</u>	<u>11,093</u>	<u>13,586</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	-	66,067	-	-
Judicial	-	-	9,038	3,908
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>66,067</u>	<u>9,038</u>	<u>3,908</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>-</u>	<u>(10,216)</u>	<u>2,055</u>	<u>9,678</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other revenue	2		564	
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>2</u>	<u>-</u>	<u>564</u>	<u>-</u>
Net Change in Fund Balance	2	(10,216)	2,619	9,678
Fund Balance-Beginning	<u>327</u>	<u>16,676</u>	<u>21,484</u>	<u>37,264</u>
Fund Balance-Ending	<u>\$ 329</u>	<u>\$ 6,460</u>	<u>\$ 24,103</u>	<u>\$ 46,942</u>

County Attorney's Hot Check	Drug Forfeiture	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	250,070	-	-	-	-
3,077	-	-	742	-	4,175	14,026
-	-	-	-	81	-	-
-	-	6	-	-	20	22
<u>3,077</u>	<u>-</u>	<u>250,076</u>	<u>742</u>	<u>81</u>	<u>4,195</u>	<u>14,048</u>
-	-	-	-	17,504	-	-
2,488	1,896	257,676	-	-	7,032	15,366
-	-	-	-	-	-	-
<u>2,488</u>	<u>1,896</u>	<u>257,676</u>	<u>-</u>	<u>17,504</u>	<u>7,032</u>	<u>15,366</u>
<u>589</u>	<u>(1,896)</u>	<u>(7,600)</u>	<u>742</u>	<u>(17,423)</u>	<u>(2,837)</u>	<u>(1,318)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
589	(1,896)	(7,600)	742	(17,423)	(2,837)	(1,319)
3,493	1,896	(4,350)	7,773	43,305	16,508	(1,252)
<u>\$ 4,082</u>	<u>\$ -</u>	<u>\$ (11,950)</u>	<u>\$ 8,515</u>	<u>\$ 25,882</u>	<u>\$ 13,671</u>	<u>\$ (2,571)</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-	-
Fines and fees	-	-	-	-
Forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	300	-	-	-
Judicial	-	-	-	-
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other revenue				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(300)	-	-	-
Fund Balance-Beginning	<u>4,852</u>	<u>3,802</u>	<u>1,224</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 4,552</u>	<u>\$ 3,802</u>	<u>\$ 1,224</u>	<u>\$ -</u>

Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 & District Clerk Tech Fees	Voting Machines	Pre-Trial Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,976
-	-	-	-	-	254,580
-	-	12,792	-	3,587	107,755
-	-	-	-	-	1,656
-	471	44	-	-	676
<u>-</u>	<u>471</u>	<u>12,836</u>	<u>-</u>	<u>3,587</u>	<u>369,643</u>
-	-	-	-	-	17,504
-	-	-	697	-	82,430
-	-	6,501	-	87	288,626
-	-	15,695	-	-	15,695
<u>-</u>	<u>-</u>	<u>22,196</u>	<u>697</u>	<u>87</u>	<u>404,255</u>
-	471	(9,360)	(697)	3,500	(34,612)
-	-	-	-	-	566
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>566</u>
-	471	(9,360)	(697)	3,500	(34,046)
24,317	43,201	30,158	697	10,782	262,156
<u>\$ 24,317</u>	<u>\$ 43,672</u>	<u>\$ 20,798</u>	<u>\$ -</u>	<u>\$ 14,282</u>	<u>\$ 228,110</u>

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

**ROAD AND BRIDGE FUND**

**BOSQUE COUNTY, TEXAS  
COMBINING BALANCE SHEET  
ROAD AND BRIDGE FUNDS  
SEPTEMBER 30, 2012**

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 125,011	\$ -
Investments-current	-	51,847	-
Taxes receivable	5,718	8,509	7,665
Intergovernmental receivables	7,490	7,490	7,490
Prepaid items	8,154	9,397	7,177
Total Assets	<u>\$ 21,362</u>	<u>\$ 202,254</u>	<u>\$ 22,332</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficit cash	\$ 186,421	\$ -	\$ 153,021
Accounts payable	1,742	20,972	6,422
Wages and salaries payable	1,274	2,697	1,975
Deferred revenues	5,718	8,509	7,665
Total Liabilities	<u>195,155</u>	<u>32,178</u>	<u>169,083</u>
Fund Balances:			
Restricted	-	170,076	-
Unassigned	<u>(173,793)</u>	<u>-</u>	<u>(146,751)</u>
Total Fund Balances	<u>(173,793)</u>	<u>170,076</u>	<u>(146,751)</u>
Total Liabilities and Fund Balances	<u>\$ 21,362</u>	<u>\$ 202,254</u>	<u>\$ 22,332</u>

Road and Bridge #4	Road ad Bridge Maintenance	Fema Funds	ORCA Funds	Total Road and Bridge Funds
\$ -	\$ 226,059	\$ 74,089	\$ -	\$ 425,159
8	15,730	-	-	67,585
5,718	32	-	-	27,642
7,490	29,636	60,841	-	120,437
7,557	-	-	-	32,285
<u>\$ 20,773</u>	<u>\$ 271,457</u>	<u>\$ 134,930</u>	<u>\$ -</u>	<u>\$ 673,108</u>
\$ (6,642)	\$ -	\$ -	\$ -	\$ 332,800
2,144	7,523	-	-	38,803
1,756	-	-	-	7,702
5,718	32	-	-	27,642
<u>2,976</u>	<u>7,555</u>	<u>-</u>	<u>-</u>	<u>406,947</u>
-	263,902	134,930	-	568,908
<u>17,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,747)</u>
<u>17,797</u>	<u>263,902</u>	<u>134,930</u>	<u>-</u>	<u>266,161</u>
<u>\$ 20,773</u>	<u>\$ 271,457</u>	<u>\$ 134,930</u>	<u>\$ -</u>	<u>\$ 673,108</u>

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



**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - ROAD AND BRIDGE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
<b>REVENUES:</b>			
Taxes:			
Property taxes	\$ 88,386	\$ 118,494	\$ 118,494
Auto registrations	92,898	92,898	92,898
Intergovernmental revenue and grants	7,490	7,490	7,490
Fines and fees	42,265	42,265	42,265
Investment earnings	-	99	-
Total Revenues	<u>231,039</u>	<u>261,246</u>	<u>261,147</u>
<b>EXPENDITURES:</b>			
Current:			
Roads	261,817	307,591	306,131
Debt Service:			
Debt principal - capital leases	41,471	-	61,130
Debt interest - capital leases	665	-	1,396
Capital Outlay:			
Capital outlay	-	-	-
Total Expenditures	<u>303,953</u>	<u>307,591</u>	<u>368,657</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>(72,914)</u>	<u>(46,345)</u>	<u>(107,510)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Other revenue	648	2,220	13,808
Proceeds from capital leases			
Transfers in	82,565	82,565	82,565
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>83,213</u>	<u>84,785</u>	<u>96,373</u>
Net Change in Fund Balance	10,299	38,440	(11,137)
Fund Balance-Beginning	<u>(184,092)</u>	<u>131,636</u>	<u>(135,614)</u>
Fund Balance-Ending	<u>\$ (173,793)</u>	<u>\$ 170,076</u>	<u>\$ (146,751)</u>

Road and Bridge #4	Road ad Bridge Maintenance	Fema Funds	ORCA Funds	Total Road and Bridge Funds
\$ 88,386	\$ 4,976	\$ -	\$ -	\$ 418,736
92,898	-	-	-	371,592
7,490	-	134,930	-	164,890
42,265	395,442	-	-	564,502
4	30	-	-	133
<u>231,043</u>	<u>400,448</u>	<u>134,930</u>	<u>-</u>	<u>1,519,853</u>
239,651	36,183	-	-	1,151,373
32,147	-	-	-	-
3,989	-	-	-	134,748
				6,050
27,490	-	-	-	-
<u>303,277</u>	<u>36,183</u>	<u>-</u>	<u>-</u>	<u>27,490</u>
				1,319,661
(72,234)	364,265	134,930	-	200,192
10,591	-	-	-	27,267
82,565	-	-	-	330,260
-	(330,260)	-	-	(330,260)
<u>93,156</u>	<u>(330,260)</u>	<u>-</u>	<u>-</u>	<u>27,267</u>
20,922	34,005	134,930	-	227,459
(3,125)	229,897	-	-	38,702
<u>\$ 17,797</u>	<u>\$ 263,902</u>	<u>\$ 134,930</u>	<u>\$ -</u>	<u>\$ 266,161</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 1**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 88,225	\$ 88,225	\$ 88,386	\$ 161
Auto registrations	110,000	110,000	92,898	(17,102)
Intergovernmental revenue and grants	7,500	7,500	7,490	(10)
Fines and fees	45,000	45,000	42,265	(2,735)
Investment earnings	-	-	-	-
Total Revenues	<u>250,725</u>	<u>250,725</u>	<u>231,039</u>	<u>(19,686)</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	317,310	317,310	261,817	55,493
Debt Service:				
Debt principal-capital leases	44,000	44,000	41,471	2,529
Debt interest-capital leases	-	-	665	(665)
Capital Outlay:				
Capital outlay	5,000	5,000	-	5,000
Total Expenditures	<u>366,310</u>	<u>366,310</u>	<u>303,953</u>	<u>62,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(115,585)</u>	<u>(115,585)</u>	<u>(72,914)</u>	<u>42,671</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Revenue	-	-	-	-
Sale of real and personal property	2,000	2,000	648	(1,352)
Transfers in	87,500	87,500	82,565	(4,935)
Total Other Financing Sources (Uses)	<u>89,500</u>	<u>89,500</u>	<u>83,213</u>	<u>(6,287)</u>
Change in Fund Balance	(26,085)	(26,085)	10,299	36,384
Fund Balance-Beginning	<u>(184,092)</u>	<u>(184,092)</u>	<u>(184,092)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (210,177)</u>	<u>\$ (210,177)</u>	<u>\$ (173,793)</u>	<u>\$ 36,384</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 2**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 118,275	\$ 118,275	\$ 118,494	\$ 219
Auto registrations	110,000	110,000	92,898	(17,102)
Intergovernmental revenue and grants	7,500	7,500	7,490	(10)
Fines and fees	45,000	45,000	42,265	(2,735)
Investment earnings	50	50	99	49
Total Revenues	<u>280,825</u>	<u>280,825</u>	<u>261,246</u>	<u>(19,579)</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	458,839	458,839	307,591	151,248
Debt Service:				
Debt principal-capital leases	9,500	9,500	-	9,500
Capital Outlay:				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>498,339</u>	<u>498,339</u>	<u>307,591</u>	<u>190,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,514)</u>	<u>(217,514)</u>	<u>(46,345)</u>	<u>171,169</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	7,000	7,000	2,220	(4,780)
Transfers in	87,500	87,500	82,565	(4,935)
Transfers out (use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>94,500</u>	<u>94,500</u>	<u>84,785</u>	<u>(9,715)</u>
Change in Fund Balance	(123,014)	(123,014)	38,440	161,454
Fund Balance-Beginning	<u>131,636</u>	<u>131,636</u>	<u>131,636</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 8,622</u>	<u>\$ 8,622</u>	<u>\$ 170,076</u>	<u>\$ 161,454</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 118,275	\$ 118,275	\$ 118,494	\$ 219
Auto registrations	110,000	110,000	92,898	(17,102)
Intergovernmental revenue and grants	7,500	7,500	7,490	(10)
Fines and fees	45,000	45,000	42,265	(2,735)
Investment earnings	-	-	-	-
Total Revenues	<u>280,775</u>	<u>280,775</u>	<u>261,147</u>	<u>(19,628)</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	351,019	351,019	306,131	44,888
Debt Service:				
Debt principal-capital leases	62,579	62,579	61,130	1,449
Debt interest-capital leases	-	-	1,396	(1,396)
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	<u>413,598</u>	<u>413,598</u>	<u>368,657</u>	<u>44,941</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(132,823)</u>	<u>(132,823)</u>	<u>(107,510)</u>	<u>25,313</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	10,000	10,000	13,808	3,808
Transfers in	<u>87,500</u>	<u>87,500</u>	<u>82,565</u>	<u>(4,935)</u>
Total Other Financing Sources (Uses)	<u>97,500</u>	<u>97,500</u>	<u>96,373</u>	<u>(1,127)</u>
Change in Fund Balance	(35,323)	(35,323)	(11,137)	24,186
Fund Balance-Beginning	<u>(135,614)</u>	<u>(135,614)</u>	<u>(135,614)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (170,937)</u>	<u>\$ (170,937)</u>	<u>\$ (146,751)</u>	<u>\$ 24,186</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 88,225	\$ 88,225	\$ 88,386	\$ 161
Auto registrations	110,000	110,000	92,898	(17,102)
Intergovernmental revenue and grants	7,500	7,500	7,490	(10)
Fines and fees	45,000	45,000	42,265	(2,735)
Investment earnings	10	10	4	(6)
Total Revenues	<u>250,735</u>	<u>250,735</u>	<u>231,043</u>	<u>(19,692)</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	361,388	361,388	239,651	121,737
Debt Service:				
Debt principal-capital leases	38,000	38,000	32,147	5,853
Debt interest-capital leases	-	-	3,989	(3,989)
Capital Outlay:				
Capital outlay	<u>27,500</u>	<u>27,500</u>	<u>27,490</u>	<u>10</u>
Total Expenditures	<u>426,888</u>	<u>426,888</u>	<u>303,277</u>	<u>123,611</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(176,153)</u>	<u>(176,153)</u>	<u>(72,234)</u>	<u>103,919</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	7,500	7,500	10,591	3,091
Transfers in	<u>87,500</u>	<u>87,500</u>	<u>82,565</u>	<u>(4,935)</u>
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>95,000</u>	<u>93,156</u>	<u>(1,844)</u>
Change in Fund Balance	(81,153)	(81,153)	20,922	102,075
Fund Balance-Beginning	<u>(3,125)</u>	<u>(3,125)</u>	<u>(3,125)</u>	<u>-</u>
Fund Balance-Ending	<u><u>\$ (84,278)</u></u>	<u><u>\$ (84,278)</u></u>	<u><u>\$ 17,797</u></u>	<u><u>\$ 102,075</u></u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE MAINTENANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 5,000	\$ 5,000	\$ 4,976	\$ (24)
Fines and fees	402,000	402,000	395,442	(6,558)
Investment earnings	100	100	30	(70)
Total Revenues	<u>407,100</u>	<u>407,100</u>	<u>400,448</u>	<u>(6,652)</u>
<b>EXPENDITURES:</b>				
Current:				
Roads	105,000	105,000	36,183	68,817
Debt Service:				
Debt principal-capital leases	-	-	-	-
Debt interest-capital leases	-	-	-	-
Capital Outlay:				
Capital outlay	50,000	50,000	-	(50,000)
Total Expenditures	<u>155,000</u>	<u>155,000</u>	<u>36,183</u>	<u>18,817</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>252,100</u>	<u>252,100</u>	<u>364,265</u>	<u>12,165</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	100	100	-	(100)
Transfers out (use)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(330,260)</u>	<u>19,740</u>
Total Other Financing Sources (Uses)	<u>(349,900)</u>	<u>(349,900)</u>	<u>(330,260)</u>	<u>19,640</u>
Change in Fund Balance	(97,800)	(97,800)	34,005	31,805
Fund Balance-Beginning	<u>229,897</u>	<u>229,897</u>	<u>229,897</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 132,097</u>	<u>\$ 132,097</u>	<u>\$ 263,902</u>	<u>\$ 31,805</u>

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - FEMA FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS	Final Budget
			(See Note)	Positive
				(Negative)
<b>REVENUES:</b>				
Taxes:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ 134,930	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>134,930</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Roads				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	134,930	-
Fund Balance-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>134,930</u></u>	<u><u>\$ -</u></u>

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



### **FIDUCIARY FUNDS**

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>SHERIFF'S DEPARTMENT</b>				
Assets:				
Cash and cash equivalents	\$ 7,295	\$ 71,721	\$ 74,200	\$ 4,816
Liabilities:				
Due to others	\$ 7,295	\$ 71,721	\$ 74,200	\$ 4,816
<b>COUNTY ATTORNEY</b>				
Assets:				
Cash and cash equivalents	\$ 25,652	\$ 22,082	\$ 19,189	\$ 28,545
Liabilities:				
Due to others	\$ 25,652	\$ 22,082	\$ 19,189	\$ 28,545
<b>COUNTY CASH BOND</b>				
Assets:				
Cash and cash equivalents	\$ 20,093	\$ 5,740	\$ -	\$ 25,833
Liabilities:				
Due to others	\$ 20,093	\$ 5,740	\$ -	\$ 25,833
<b>DISTRICT CASH BOND</b>				
Assets:				
Cash and cash equivalents	\$ 9,287	\$ -	\$ 8,937	\$ 350
Liabilities:				
Due to others	\$ 9,287	\$ -	\$ 8,937	\$ 350
<b>DISTRICT CLERK</b>				
Assets:				
Cash and cash equivalents	\$ 322,594	\$ 1,048,496	\$ 978,895	\$ 392,195
Liabilities:				
Due to general fund	\$ 13,934	\$ -	\$ 4,991	\$ 8,943
Due to others	308,660	1,048,496	973,904	383,252
Total liabilities	\$ 322,594	\$ 1,048,496	\$ 978,895	\$ 392,195
<b>COUNTY CLERK</b>				
Assets:				
Cash and cash equivalents	\$ 169,669	\$ 398,299	\$ 359,887	\$ 208,081
Liabilities:				
Due to general fund	\$ 27,927	\$ 4,587	\$ -	\$ 32,514
Due to others	141,742	393,712	359,887	175,567
Total liabilities	\$ 169,669	\$ 398,299	\$ 359,887	\$ 208,081

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>TAX ASSESSOR/COLLECTOR</b>				
Assets:				
Cash and cash equivalents	\$ 409,577	\$ 22,153,255	\$ 22,118,877	\$ 443,956
Liabilities:				
Due to general fund	\$ 55,792	\$ -	\$ 9,629	\$ 46,163
Due to others	353,785	22,153,255	22,109,248	397,792
Total liabilities	\$ 409,577	\$ 22,153,255	\$ 22,118,877	\$ 443,956
<b>HISTORICAL COMMISSION</b>				
Assets:				
Cash and cash equivalents	\$ 13,530	\$ 23,968	\$ 27,167	\$ 10,331
Liabilities:				
Due to others	\$ 13,530	\$ 23,968	\$ 27,167	\$ 10,331
<b>JUSTICE OF THE PEACE #1</b>				
Assets:				
Cash and cash equivalents	\$ 24,839	\$ 229,444	\$ 234,737	\$ 19,546
Liabilities:				
Due to general fund	\$ 18,082	\$ -	\$ 601	\$ 17,481
Due to others	6,757	229,444	234,136	2,065
Total liabilities	\$ 24,839	\$ 229,444	\$ 234,737	\$ 19,546
<b>JUSTICE OF THE PEACE #2</b>				
Assets:				
Cash and cash equivalents	\$ 15,360	\$ 163,299	\$ 147,570	\$ 31,089
Liabilities:				
Due to general fund	\$ -	\$ 12,794	\$ -	\$ 12,794
Due to others	15,360	150,505	147,570	18,295
Total liabilities	\$ 15,360	\$ 163,299	\$ 147,570	\$ 31,089
<b>DISTRICT ATTORNEY</b>				
Assets:				
Cash and cash equivalents	\$ 1,031	\$ -	\$ -	\$ 1,031
Liabilities:				
Due to others	\$ 1,031	\$ -	\$ -	\$ 1,031
<b>TREASURER'S COURT COSTS</b>				
Assets:				
Cash and cash equivalents	\$ 125,002	\$ -	\$ 83,747	\$ 41,255
Investments	36,067	67	-	36,134
Total Assets	\$ 161,069	\$ 67	\$ 83,747	\$ 77,389
Liabilities:				
Due to general fund	\$ 89,871	\$ -	\$ 65,399	\$ 24,472
Due to others	71,198	-	18,281	52,917
Total Liabilities	\$ 161,069	\$ -	\$ 83,680	\$ 77,389

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

**BOSQUE COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>CONSTABLE #1</b>				
Assets:				
Cash and cash equivalents	\$ 3,869	\$ 2,003	\$ 3,869	\$ 2,003
Liabilities:				
Due to others	\$ 3,869	\$ 2,003	\$ 3,869	\$ 2,003
<b>BOSQUE CO. AGRICULTURE</b>				
Assets:				
Cash and cash equivalents	\$ 4,578	\$ 7,873	\$ 8,466	\$ 3,985
Liabilities:				
Due to others	\$ 4,578	\$ 7,873	\$ 8,466	\$ 3,985
<b>EXTENSION PROGRAM COUNCIL</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 3,832	\$ 3,102	\$ 730
Liabilities:				
Due to others	\$ -	\$ 3,832	\$ 3,102	\$ 730
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and cash equivalents	\$ 1,152,376	\$ 24,130,012	\$ 24,068,643	\$ 1,213,745
Investments	36,067	67	-	36,134
Total Assets	\$ 1,188,443	\$ 24,130,079	\$ 24,068,643	\$ 1,249,879
Liabilities:				
Due to general fund	\$ 205,606	17,381	\$ 80,620	\$ 142,367
Due to others	982,837	24,112,631	23,987,956	1,107,512
Total Liabilities	\$ 1,188,443	\$ 24,130,012	\$ 24,068,576	\$ 1,249,879

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

## **INTERNAL CONTROL AND COMPLIANCE**



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

To the Honorable Members  
of the Commissioners' Court  
Bosque County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the Bosque County, Texas basic financial statements and have issued our report thereon dated April 10, 2013. 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.

Internal Control Over Financial Reporting

Management of Bosque County, Texas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bosque County, Texas's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bosque County, Texas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bosque County, Texas's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Bosque County, Texas, in a separate letter dated April 10, 2013.

This report is intended solely for the information and use of management, the Commissioners' Court, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephenville, Texas

April 10, 2013

The image shows three handwritten signatures in black ink. The first signature on the left is 'Barker', the middle one is 'Morgan', and the one on the right is 'Lang'. The signatures are written in a cursive, flowing style.