

COUNTY OF CONCHO  
Annual Financial Report  
Year Ended September 30, 2013

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## FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertandcompany.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

## INDEPENDENT AUDITORS' REPORT

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

### **Report on the Financial Statements**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Section I., Note C.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, as of September 30, 2013, and the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

***Basis of Accounting***

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Other Matters***

*Other Information*

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the TCDRS retirement plan on pages 3 through 7, 28 through 30, and 31, respectively, are presented to supplement the basic financial statements. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Concho's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014, on our consideration of the County of Concho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Concho's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

San Angelo, Texas  
April 24, 2014

**ALLEN AMOS**  
**Concho County Judge**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the County of Concho's financial performance provides an overview of the County's financial activities for the year ended September 30, 2013, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditors' report.

**Financial Highlights - Modified Cash Basis of Accounting**

The County's assets exceeded its liabilities at the end of the current year by \$1,142,401 (net position). Of this amount, \$419,522 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$84,504 or 8% as the result of an increase from current year operations of \$96,763 and a decrease from a prior period adjustment of \$12,259. The County's statement of activities shows total revenues of \$3,750,139 and total expenses of \$3,653,376.

The total fund balance of the General Fund is \$458,811 which is a decrease of \$4,211 or 1% compared to the prior year.

**Overview of the Financial Statements**

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**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.

The statement of net position presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

The governmental activities of the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services.

The County has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Road and Bridge Fund, the Debt Service Fund, the Grant Fund, the Special Fund, and the Nutrition Program Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS** - Continued

**Government-Wide Financial Analysis**

**Net Position** - A summary of the County’s net position is presented below:

NET POSITION - MODIFIED CASH BASIS

|                                   | Governmental Activities |              |
|-----------------------------------|-------------------------|--------------|
|                                   | September 30,           |              |
|                                   | 2013                    | 2012         |
| Current and Other Assets          | \$ 999,254              | \$ 1,038,228 |
| Capital Assets                    | 658,147                 | 667,502      |
| Total Assets                      | \$ 1,657,401            | \$ 1,705,730 |
| Long-Term Liabilities Outstanding | \$ 500,000              | \$ 600,000   |
| Other Liabilities                 | 15,000                  | 47,833       |
| Total Liabilities                 | \$ 515,000              | \$ 647,833   |
| Net Position                      |                         |              |
| Net Investment in Capital Assets  | \$ 658,147              | \$ 667,502   |
| Restricted                        | 64,732                  | 135,051      |
| Unrestricted                      | 419,522                 | 255,344      |
| Total Net Position                | \$ 1,142,401            | \$ 1,057,897 |

A large portion of the County's net position resulting from modified cash basis transactions (\$658,147) reflects the County's investment in capital assets. These assets are not available for future spending. An additional portion of the County's net position (\$64,732) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$419,522) may be used to meet the County's ongoing obligations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the County's net position resulting from modified cash basis transactions by \$96,763 and decreased the County's net position resulting from modified cash basis transactions by \$152,032 for the fiscal years ended September 30, 2013 and 2012, respectively. Key elements of these increases (decreases) are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

|                                    | <u>Governmental Activities</u>  |                     |
|------------------------------------|---------------------------------|---------------------|
|                                    | <u>Year Ended September 30,</u> |                     |
|                                    | <u>2013</u>                     | <u>2012</u>         |
| Revenues                           |                                 |                     |
| Program Revenues                   |                                 |                     |
| Charges for Services               | \$ 797,122                      | \$ 815,560          |
| Operating Grants and Contributions | 729,192                         | 408,494             |
| General Revenues                   |                                 |                     |
| Maintenance and Operations Taxes   | 1,934,444                       | 1,868,354           |
| Debt Service Taxes                 | 117,448                         | 104,995             |
| Sales Taxes                        | 79,910                          | 85,816              |
| Investment Earnings                | 3,060                           | 7,268               |
| Other Revenues                     | <u>88,963</u>                   | <u>9,827</u>        |
| Total Revenues                     | <u>\$ 3,750,139</u>             | <u>\$ 3,300,314</u> |
| Expenses                           |                                 |                     |
| General Government                 | \$ 1,134,249                    | \$ 1,060,495        |
| Roads and Bridges                  | 641,195                         | 935,403             |
| Justice System                     | 372,204                         | 360,305             |
| Public Safety                      | 778,784                         | 682,782             |
| Public Health and Welfare          | 709,444                         | 383,606             |
| Debt Service Interest              | <u>17,500</u>                   | <u>29,755</u>       |
| Total Expenses                     | <u>\$ 3,653,376</u>             | <u>\$ 3,452,346</u> |
| Change in Net Position             | \$ 96,763                       | \$ (152,032)        |
| Net Position - Beginning           | 1,057,897                       | 1,209,929           |
| Prior Period Adjustment            | <u>(12,259)</u>                 | <u>0</u>            |
| Net Position - Ending              | <u>\$ 1,142,401</u>             | <u>\$ 1,057,897</u> |



## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$984,254, an increase of \$6,118 or 1% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$458,811. All of this balance is unassigned.

Special Revenue Funds \$460,711. The entire balance is committed for use in each of the Special Revenue Funds.

Road Bond Fund \$62,476. This balance is restricted for road improvements.

Debt Service Fund \$2,256. This balance is restricted for debt service.

### General Fund Budget

The original and final amended budgets for the General Fund were \$2,349,525. Significant variances between the original budget and the final amended budget include a \$25,134 increase in Courthouse, an \$11,250 decrease in Contingency, and a \$16,803 decrease in Courts - County and District.

The County has adopted a budget for the General Fund in the amount of \$2,450,429 for the fiscal year 2014, which is an increase of \$100,904 from the fiscal year 2013.

### Capital Assets and Debt - Modified Cash Basis

**Capital Assets** - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended September 30, 2013.

**Long-Term Debt** - Financial statement footnote III., E. discloses the County's debt activity for the year ended September 30, 2013.

### Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Allen Amos, County Judge, County of Concho, P.O. Box 158, Paint Rock, TX 76866-0158.

Basic Financial Statements

COUNTY OF CONCHO  
Statement of Net Position - Modified Cash Basis  
September 30, 2013

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <u>ASSETS</u>                                     |                                    |
| Cash and Temporary Investments                    | \$ 956,844                         |
| Due from Fiduciary Funds                          | 27,410                             |
| Receivable - Contract for Deed                    | 15,000                             |
| Capital Assets (Net of Accumulated Depreciation): |                                    |
| Land  | 8,508                              |
| Buildings and Improvements                        | 284,019                            |
| Machinery and Equipment                           | <u>365,620</u>                     |
| Total Assets                                      | <u>\$ 1,657,401</u>                |
| <u>LIABILITIES</u>                                |                                    |
| Unearned Revenue                                  | \$ 15,000                          |
| Long-Term Liabilities:                            |                                    |
| Due Within One Year                               | 100,000                            |
| Due in More than One Year                         | <u>400,000</u>                     |
| Total Liabilities                                 | <u>\$ 515,000</u>                  |
| <u>NET POSITION</u>                               |                                    |
| Net Investment in Capital Assets                  | \$ 658,147                         |
| Restricted for:                                   |                                    |
| Road Improvements                                 | 62,476                             |
| Debt Service                                      | 2,256                              |
| Unrestricted                                      | <u>419,522</u>                     |
| Total Net Position                                | <u><u>\$ 1,142,401</u></u>         |

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

COUNTY OF CONCHO  
Statement of Activities - Modified Cash Basis  
Year Ended September 30, 2013

| <u>FUNCTIONS/PROGRAMS</u>     | <u>Expenses</u>     | <u>Program Revenues</u>         |   | <u>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</u> |
|-------------------------------|---------------------|---------------------------------|---|--|
|                               |                     | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                                   |
| Governmental Activities:      |                     |                                 |   |  |
| General Government            | \$ 1,134,249        | \$ 200,888                      | \$ 14,934   | \$ (918,427)   |
| Roads and Bridges             | 641,195             | 230,201                         | 16,106  | (394,888)  |
| Justice System                | 372,204             | 279,738                         | 26,276  | (66,190)   |
| Public Safety                 | 778,784             | 76,593                          | 16,200  | (685,991)  |
| Public Health and Welfare     | 709,444             | 9,702                           | 655,676   | (44,066)   |
| Debt Service Interest         | 17,500              | 0                               | 0   | (17,500)   |
|                               | <u>\$ 3,653,376</u> | <u>\$ 797,122</u>               | <u>\$ 729,192</u>                                 | <u>\$ (2,127,062)</u>  |
| Total Governmental Activities |                     |                                 |   |  |
| General Revenues:             |                     |                                 |   |  |
|                               |                     |                                 |   | \$ 1,934,444   |
|                               |                     |                                 |   | 117,448  |
|                               |                     |                                 |   | 79,910   |
|                               |                     |                                 |   | 3,060  |
|                               |                     |                                 |   | <u>88,963</u>  |
|                               |                     |                                 |   | <u>\$ 2,223,825</u>  |
|                               |                     |                                 |   | \$ 96,763  |
|                               |                     |                                 |   | 1,057,897  |
|                               |                     |                                 |   | <u>(12,259)</u>  |
|                               |                     |                                 |   | <u>\$ 1,142,401</u>  |

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

COUNTY OF CONCHO  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
September 30, 2013

|  | General           | Road<br>and Bridge | Debt<br>Service  | Grants          | Special           | Nutrition<br>Program | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|------------------|-----------------|-------------------|----------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                   |                    |                  |                 |                   |                      |                                |                                |
| Cash and Temporary Investments             | \$ 428,632        | \$ 318,214         | \$ 10,849        | \$ 1,116        | \$ 131,036        | \$ 0                 | \$ 66,997                      | \$ 956,844                     |
| Due from Other Funds                       | 37,355            | 13,549             | 0                | 0               | 1,233             | 0                    | 0                              | 52,137                         |
| Receivable - Contract for Deed             | 15,000            | 0                  | 0                | 0               | 0                 | 0                    | 0                              | 15,000                         |
| <b>Total Assets</b>                        | <b>\$ 480,987</b> | <b>\$ 331,763</b>  | <b>\$ 10,849</b> | <b>\$ 1,116</b> | <b>\$ 132,269</b> | <b>\$ 0</b>          | <b>\$ 66,997</b>               | <b>\$ 1,023,981</b>            |
| <b>LIABILITIES</b>                         |                   |                    |                  |                 |                   |                      |                                |                                |
| Due to Other Funds                         | \$ 7,176          | \$ 0               | \$ 8,593         | \$ 0            | \$ 0              | \$ 8,958             | \$ 0                           | \$ 24,727                      |
| Unearned Revenue                           | 15,000            | 0                  | 0                | 0               | 0                 | 0                    | 0                              | 15,000                         |
| <b>Total Liabilities</b>                   | <b>\$ 22,176</b>  | <b>\$ 0</b>        | <b>\$ 8,593</b>  | <b>\$ 0</b>     | <b>\$ 0</b>       | <b>\$ 8,958</b>      | <b>\$ 0</b>                    | <b>\$ 39,727</b>               |
| <b>FUND BALANCES</b>                       |                   |                    |                  |                 |                   |                      |                                |                                |
| Restricted Fund Balance:                   |                   |                    |                  |                 |                   |                      |                                |                                |
| Road Bond Fund                             | \$ 0              | \$ 0               | \$ 0             | \$ 0            | \$ 0              | \$ 0                 | \$ 62,476                      | \$ 62,476                      |
| Debt Service Fund                          | 0                 | 0                  | 2,256            | 0               | 0                 | 0                    | 0                              | 2,256                          |
| Committed Fund Balance                     |                   |                    |                  |                 |                   |                      |                                |                                |
| Special Revenue Funds                      | 0                 | 331,763            | 0                | 1,116           | 132,269           | (8,958)              | 4,521                          | 460,711                        |
| Unassigned Fund Balance                    | 458,811           | 0                  | 0                | 0               | 0                 | 0                    | 0                              | 458,811                        |
| <b>Total Fund Balances</b>                 | <b>\$ 458,811</b> | <b>\$ 331,763</b>  | <b>\$ 2,256</b>  | <b>\$ 1,116</b> | <b>\$ 132,269</b> | <b>\$ (8,958)</b>    | <b>\$ 66,997</b>               | <b>\$ 984,254</b>              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 480,987</b> | <b>\$ 331,763</b>  | <b>\$ 10,849</b> | <b>\$ 1,116</b> | <b>\$ 132,269</b> | <b>\$ 0</b>          | <b>\$ 66,997</b>               | <b>\$ 1,023,981</b>            |

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

COUNTY OF CONCHO  
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Statement of Net Position - Modified Cash Basis  
 September 30, 2013

|   |                                   |
|---|-----------------------------------|
| <b>Total Fund Balances - Governmental Funds</b>   | <b>\$ 984,254</b>                 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.   | 667,502                           |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The net effect of including the beginning balances of long-term debt is to decrease net position.  | (600,000)                         |
| Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.   | 119,041                           |
| Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements. The net effect of including long-term debt principal payments and amortization of bond premiums is to increase net position.                    | 100,000                           |
| The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of the adjustments is to decrease net position. | (12,806)                          |
| 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 position.   | <u>(115,590)</u>                  |
| <b>Net Position of Governmental Activities</b>  | <b><u><u>\$ 1,142,401</u></u></b> |

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

COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds  
Year Ended September 30, 2013

|  | General             | Road<br>and Bridge | Debt<br>Service   | Grants            | Special          | Nutrition<br>Program | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------|-------------------|-------------------|------------------|----------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                     |                    |                   |                   |                  |                      |                                |                                |
| Taxes  | \$ 1,674,117        | \$ 340,237         | \$ 117,448        | \$ 0              | \$ 0             | \$ 0                 | \$ 0                           | \$ 2,131,802                   |
| Fees   | 173,328             | 230,201            | 0                 | 0                 | 36,557           | 9,702                | 8,659                          | 458,447                        |
| Fines  | 278,675             | 0                  | 0                 | 0                 | 0                | 0                    | 0                              | 278,675                        |
| Intergovernmental  | 101,210             | 0                  | 0                 | 0                 | 0                | 17,156               | 16,106                         | 134,472                        |
| Grant  | 0                   | 0                  | 0                 | 641,028           | 0                | 13,192               | 500                            | 654,720                        |
| Interest   | 1,801               | 883                | 18                | 0                 | 122              | 0                    | 236                            | 3,060                          |
| Miscellaneous  | 97,224              | 545                | 0                 | 0                 | 0                | 0                    | 0                              | 97,769                         |
| <b>Total Revenues</b>  | <b>\$ 2,326,355</b> | <b>\$ 571,866</b>  | <b>\$ 117,466</b> | <b>\$ 641,028</b> | <b>\$ 36,679</b> | <b>\$ 40,050</b>     | <b>\$ 25,501</b>               | <b>\$ 3,758,945</b>            |
| <b>EXPENDITURES</b>  |                     |                    |                   |                   |                  |                      |                                |                                |
| Current:   |                     |                    |                   |                   |                  |                      |                                |                                |
| General Government   | \$ 1,127,942        | \$ 0               | \$ 0              | \$ 0              | \$ 20,335        | \$ 0                 | \$ 0                           | \$ 1,148,277                   |
| Roads and Bridges  | 0                   | 529,558            | 0                 | 0                 | 0                | 0                    | 85,740                         | 615,298                        |
| Justice System   | 372,204             | 0                  | 0                 | 0                 | 0                | 0                    | 0                              | 372,204                        |
| Public Safety  | 762,269             | 0                  | 0                 | 15,400            | 0                | 0                    | 12,435                         | 790,104                        |
| Public Health and Welfare  | 17,317              | 0                  | 0                 | 625,328           | 0                | 66,799               | 0                              | 709,444                        |
| Debt Service:  |                     |                    |                   |                   |                  |                      |                                |                                |
| Principal  | 0                   | 0                  | 100,000           | 0                 | 0                | 0                    | 0                              | 100,000                        |
| Interest   | 0                   | 0                  | 17,500            | 0                 | 0                | 0                    | 0                              | 17,500                         |
| <b>Total Expenditures</b>  | <b>\$ 2,279,732</b> | <b>\$ 529,558</b>  | <b>\$ 117,500</b> | <b>\$ 640,728</b> | <b>\$ 20,335</b> | <b>\$ 66,799</b>     | <b>\$ 98,175</b>               | <b>\$ 3,752,827</b>            |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>\$ 46,623</b>    | <b>\$ 42,308</b>   | <b>\$ (34)</b>    | <b>\$ 300</b>     | <b>\$ 16,344</b> | <b>\$ (26,749)</b>   | <b>\$ (72,674)</b>             | <b>\$ 6,118</b>                |

OTHER FINANCING SOURCES (USES)

|                                      |                    |                   |                 |                 |                   |                   |                  |                   |
|--------------------------------------|--------------------|-------------------|-----------------|-----------------|-------------------|-------------------|------------------|-------------------|
| Transfers In                         | \$ 0               | \$ 33,334         | \$ 0            | \$ 0            | \$ 0              | \$ 17,500         | \$ 0             | \$ 50,834         |
| Transfers Out                        | <u>(50,834)</u>    | <u>0</u>          | <u>0</u>        | <u>0</u>        | <u>0</u>          | <u>0</u>          | <u>0</u>         | <u>(50,834)</u>   |
| Total Other Financing Sources (Uses) | <u>\$ (50,834)</u> | <u>\$ 33,334</u>  | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>       | <u>\$ 17,500</u>  | <u>\$ 0</u>      | <u>\$ 0</u>       |
| Net Change in Fund Balances          | \$ (4,211)         | \$ 75,642         | \$ (34)         | \$ 300          | \$ 16,344         | \$ (9,249)        | \$ (72,674)      | \$ 6,118          |
| Fund Balances - Beginning            | <u>463,022</u>     | <u>256,121</u>    | <u>2,290</u>    | <u>816</u>      | <u>115,925</u>    | <u>291</u>        | <u>139,671</u>   | <u>978,136</u>    |
| Fund Balances - Ending               | <u>\$ 458,811</u>  | <u>\$ 331,763</u> | <u>\$ 2,256</u> | <u>\$ 1,116</u> | <u>\$ 132,269</u> | <u>\$ (8,958)</u> | <u>\$ 66,997</u> | <u>\$ 984,254</u> |

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



COUNTY OF CONCHO  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Statement of Activities - Modified Cash Basis  
 Year Ended September 30, 2013

|   |                                |
|---|--------------------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>   | <b>\$ 6,118</b>                |
| Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net position.  | 119,041                        |
| Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements. The net effect of removing long-term debt principal payments net of amortization of bond premiums is to increase net position.                  | 100,000                        |
| The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of the adjustments is to decrease net position. | (12,806)                       |
| 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 position.   | <u>(115,590)</u>               |
| <b>Change in Net Position of Governmental Activities</b>  | <b><u><u>\$ 96,763</u></u></b> |

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

COUNTY OF CONCHO  
 Statement of Fiduciary Net Position - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2013

|                                      | Permanent<br>School<br>Fund | Agency<br>Funds |
|--------------------------------------|-----------------------------|-----------------|
| <u>ASSETS</u>                        |                             |                 |
| Cash and Temporary Investments       | \$ 23,764                   | \$ 125,622      |
| Due from Other Funds                 | 0                           | 1,079           |
| Total Assets                         | \$ 23,764                   | \$ 126,701      |
| <u>LIABILITIES</u>                   |                             |                 |
| Due to Other Funds                   | \$ 0                        | \$ 28,489       |
| Due to Other Governments             | 0                           | 62,202          |
| Due to Others                        | 0                           | 36,010          |
| Total Liabilities                    | \$ 0                        | \$ 126,701      |
| <u>NET POSITION</u>                  |                             |                 |
| Restricted for Permanent School Fund | \$ 23,764                   |                 |

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

COUNTY OF CONCHO  
 Statement of Changes in Fiduciary Net Position - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2013

|                          | <u>Permanent<br/>School<br/>Fund</u> |
|--------------------------|--------------------------------------|
| <u>ADDITIONS</u>         |                                      |
| Interest Earned          | \$ 77                                |
| <u>DEDUCTIONS</u>        |                                      |
| None                     | <u>0</u>                             |
| Change in Net Position   | \$ 77                                |
| Net Position - Beginning | <u>23,687</u>                        |
| Net Position - Ending    | <u><u>\$ 23,764</u></u>              |

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Concho, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**A. Reporting Entity**

The County of Concho, Texas, was organized by an Act of the Texas Legislature in 1879. The County is governed by the Commissioners' Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

**C. Measurement Focus and Basis of Accounting**

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

**Measurement Focus**

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

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

**Basis of Accounting**

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

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

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

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Grant Fund - This Fund is a special revenue fund and is used to account for grants which the County receives including Texas Community Development Block Grants.

Special Fund - This Fund accounts for fees which are collected by County officials to be used for specified purposes.

Nutrition Program Fund - This Fund is used to account for grants and fees collected to provide meals for senior citizens.

Additionally, the government reports the following fund type:

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

**D. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds, these balances are eliminated in the statement of net position.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Capital Assets**

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 15-30        |
| Machinery and Equipment    | 5-10         |

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

**F. Long-Term Debt**

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

**G. Compensated Absences**

County employees are entitled to vacation and sick leave based on their length of employment. Vacation does not accumulate or vest. Employees may accumulate up to 480 hours of sick leave. Employees are not paid for unused sick leave upon separation from service and are paid only for the current year's unused vacation.

**H. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Restricted for Road Improvements - This component of net position represents the difference between assets and liabilities of the Road Bond Fund. This consists of this Fund's net position with constraints placed on their use by bond covenants.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of net position with constraints placed on their use by creditors.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Net Position on the Statement of Net Position - Continued**

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets, Restricted for Road Improvements, or Restricted for Debt Service.

**I. Fund Balances**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

**J. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected.

**K. Interfund Transfers**

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

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

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

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

**B. Excess Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following program:

|                      |                  |
|----------------------|------------------|
| General Fund         |                  |
| Justice of the Peace | <u>\$ 10,301</u> |

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) 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, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.



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

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

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

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

**Concentration of Credit Risk:** The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2013, all of the County's investments are in certificates of deposit with its depository bank. The County is not exposed to this risk as described in the preceding paragraph.

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

**Interest Rate Risk:** Not applicable

**Foreign Currency Risk:** Not applicable

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

|                                      |                            |
|--------------------------------------|----------------------------|
| Cash in Bank                         | \$ 771,755                 |
| Certificates of Deposit              | <u>334,475</u>             |
| Total Cash and Temporary Investments | <u><u>\$ 1,106,230</u></u> |

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

**III.DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**B. Interfund Receivables, Payables, and Transfers**

1. The following is a summary of amounts due from and due to other funds:

|                        | <u>Due From</u>  | <u>Due To</u>    | <u>Purpose</u>    |
|------------------------|------------------|------------------|-------------------|
| General Fund           |                  |                  |                   |
| Debt Service Fund      | \$ 8,593         | \$ 0             | Operating Advance |
| Nutrition Program Fund | 8,958            | 0                | Operating Advance |
| Fiduciary Funds        | 19,804           | 0                | Unremitted Fees   |
| Road and Bridge Fund   | 0                | 7,176            | Operating Advance |
|                        | <u>\$ 37,355</u> | <u>\$ 7,176</u>  |                   |
| Road and Bridge Fund   |                  |                  |                   |
| General Fund           | \$ 7,176         | \$ 0             | Operating Advance |
| Fiduciary Funds        | 6,373            | 0                | Unremitted Fees   |
|                        | <u>\$ 13,549</u> | <u>\$ 0</u>      |                   |
| Debt Service Fund      |                  |                  |                   |
| General Fund           | <u>\$ 0</u>      | <u>\$ 8,593</u>  | Operating Advance |
| Special Fund           |                  |                  |                   |
| Fiduciary Funds        | <u>\$ 1,233</u>  | <u>\$ 0</u>      | Unremitted Fees   |
| Nutrition Program Fund |                  |                  |                   |
| Fiduciary Funds        | <u>\$ 0</u>      | <u>\$ 8,958</u>  | Operating Advance |
| Fiduciary Funds        |                  |                  |                   |
| General Fund           | \$ 0             | \$ 19,804        | Unremitted Fees   |
| Road and Bridge Fund   | 0                | 6,373            | Unremitted Fees   |
| Special Fund           | 0                | 1,233            | Unremitted Fees   |
| Fiduciary Funds        | 1,079            | 1,079            | Unremitted Fees   |
|                        | <u>\$ 1,079</u>  | <u>\$ 28,489</u> |                   |
| Totals                 | <u>\$ 53,216</u> | <u>\$ 53,216</u> |                   |

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

2. Interfund transfers consist of the following:

| <u>Transfers From</u> | <u>Transfers To</u>  | <u>Amount</u>    | <u>Purpose</u>        |
|-----------------------|----------------------|------------------|-----------------------|
| General Fund          | Road and Bridge Fund | \$ 33,334        | To Cover Fund Deficit |
| General Fund          | Nutrition Program    | <u>17,500</u>    | To Cover Fund Deficit |
| Total                 |                      | <u>\$ 50,834</u> |                       |

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

**III.DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Capital Assets**

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

| <u>Governmental Activities</u>              | <u>Beginning<br/>Balance</u> | <u>Additions</u>        | <u>Deletions</u>        | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------------|-------------------------|---------------------------|
| Capital Assets Not Being Depreciated        |                              |                         |                         |                           |
| Land  | \$ 8,508                     | \$ 0                    | \$ 0                    | \$ 8,508                  |
| Construction in Progress                    | <u>12,500</u>                | <u>50,000</u>           | <u>62,500</u>           | <u>0</u>                  |
| Total Capital Assets Not Being Depreciated  | <u>\$ 21,008</u>             | <u>\$ 50,000</u>        | <u>\$ 62,500</u>        | <u>\$ 8,508</u>           |
| Capital Assets                              |                              |                         |                         |                           |
| Buildings and Improvements                  | \$ 444,530                   | \$ 62,500               | \$ 12,454               | \$ 494,576                |
| Machinery and Equipment                     | <u>1,459,181</u>             | <u>69,041</u>           | <u>50,904</u>           | <u>1,477,318</u>          |
| Total Capital Assets Being Depreciated      | <u>\$ 1,903,711</u>          | <u>\$ 131,541</u>       | <u>\$ 63,358</u>        | <u>\$ 1,971,894</u>       |
| Total Capital Assets                        | <u>\$ 1,924,719</u>          | <u>\$ 181,541</u>       | <u>\$ 125,858</u>       | <u>\$ 1,980,402</u>       |
| Less Accumulated Depreciation               |                              |                         |                         |                           |
| Buildings and Improvements                  | \$ (199,822)                 | \$ (20,855)             | \$ (10,120)             | \$ (210,557)              |
| Machinery and Equipment                     | <u>(1,057,395)</u>           | <u>(94,735)</u>         | <u>(40,432)</u>         | <u>(1,111,698)</u>        |
| Total Accumulated Depreciation              | <u>\$ (1,257,217)</u>        | <u>\$ (115,590)</u>     | <u>\$ (50,552)</u>      | <u>\$ (1,322,255)</u>     |
| Governmental Activities Capital Assets, Net | <u><u>\$ 667,502</u></u>     | <u><u>\$ 65,951</u></u> | <u><u>\$ 75,306</u></u> | <u><u>\$ 658,147</u></u>  |

Depreciation expense was charged to governmental activities functions as follows:

|                    |                          |
|--------------------|--------------------------|
| General Government | \$ 35,972                |
| Roads and Bridges  | 25,897                   |
| Public Safety      | <u>53,721</u>            |
| Total              | <u><u>\$ 115,590</u></u> |

**D. Capital Leases**

The County entered into lease agreements to finance the acquisition of equipment for the Road and Bridge Department. These lease agreements qualify as capital leases for accounting purposes and are payable from the Road and Bridge Fund. The effective interest rates are 3.5%.

The County entered into a lease agreement to finance the acquisition of equipment for the Road and Bridge Department. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the Road and Bridge Fund. The effective interest rate is 3.20%.

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

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Leases - Continued**

Future minimum lease payments are as follows:

| Year Ending<br>September 30, | Capital Leases    |                  |                  |                 |                   |
|------------------------------|-------------------|------------------|------------------|-----------------|-------------------|
|                              | Road and Bridge   |                  | Road and Bridge  |                 | Total             |
|                              | Principal         | Interest         | Principal        | Interest        |                   |
| 2014                         | \$ 52,458         | \$ 17,542        | \$ 16,110        | \$ 1,597        | \$ 87,707         |
| 2015                         | 54,294            | 15,706           | 16,626           | 1,081           | 87,707            |
| 2016                         | <u>394,446</u>    | <u>13,806</u>    | <u>17,158</u>    | <u>549</u>      | <u>425,959</u>    |
| Totals                       | <u>\$ 501,198</u> | <u>\$ 47,054</u> | <u>\$ 49,894</u> | <u>\$ 3,227</u> | <u>\$ 601,373</u> |

The following is a summary of the changes in capital leases for the year ended September 30, 2013:

|                | Beginning<br>Balance | Additions   | Reductions       | Ending<br>Balance |
|----------------|----------------------|-------------|------------------|-------------------|
| Capital Leases | <u>\$ 600,968</u>    | <u>\$ 0</u> | <u>\$ 49,876</u> | <u>\$ 551,092</u> |

**E. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

|                         | Beginning<br>Balance | Additions   | Reductions        | Ending<br>Balance | Due Within<br>One Year |
|-------------------------|----------------------|-------------|-------------------|-------------------|------------------------|
| Unlimited Tax Road Bond | <u>\$ 600,000</u>    | <u>\$ 0</u> | <u>\$ 100,000</u> | <u>\$ 500,000</u> | <u>\$ 100,000</u>      |

The County's outstanding bond issue is as follows:

Concho County, Texas, Unlimited Tax Road Bond, Series 2011. Issued for road improvements in the original amount of \$675,000. Due in variable installments through February 1, 2018, with interest rates of 2.25% to 3.75%. \$ 500,000

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

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Long-Term Debt - Continued**

The annual debt service requirements are as follows:

| <u>Year Ending<br/>September 30,</u> | <u>Unlimited Tax Road Bond</u> |                  | <u>Total</u>      |
|--------------------------------------|--------------------------------|------------------|-------------------|
|                                      | <u>Principal</u>               | <u>Interest</u>  |                   |
| 2014                                 | \$ 100,000                     | \$ 14,875        | \$ 114,875        |
| 2015                                 | 100,000                        | 12,000           | 112,000           |
| 2016                                 | 100,000                        | 8,875            | 108,875           |
| 2017                                 | 100,000                        | 5,500            | 105,500           |
| 2018                                 | 100,000                        | 1,875            | 101,875           |
| Totals                               | <u>\$ 500,000</u>              | <u>\$ 43,125</u> | <u>\$ 543,125</u> |

**IV. OTHER INFORMATION**

**A. Retirement Plan**

Plan Description - The County provides retirement, disability, and death benefits for its employees through a nontraditional defined benefit pension plan in the statewide Texas County & District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues on a calendar year basis a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

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 ages 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 deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed the actuarially determined rate of 7.34% for the months of the accounting year in 2012. However, the governing body chose to pay a rate of 7.34% in 2013 that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act.

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

**IV. OTHER INFORMATION** - Continued

**A. Retirement Plan** - Continued

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7% 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.

Annual Pension Cost - For the employer's accounting year ended September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$84,648, and the actual contributions were \$84,648.

| Actuarial Valuation Information         |   |   |   |
|---|---|---|---|
| Actuarial Valuation Date                | 12-31-10  | 12-31-11  | 12-31-12  |
| Actuarial Cost Method                   | Entry Age   | Entry Age   | Entry Age   |
| Amortization Method                     | Level Percentage<br>of Payroll, Closed            | Level Percentage<br>of Payroll, Closed            | Level Percentage<br>of Payroll, Closed            |
| Amortization Period in Years            | 20  | 4.1   | 20  |
| Asset Valuation Method                  | SAF: 10-Year<br>Smoothed Value<br>ESF: Fund Value | SAF: 10-Year<br>Smoothed Value<br>ESF: Fund Value | SAF: 10-Year<br>Smoothed Value<br>ESF: Fund Value |
| Actuarial Assumptions:                  |   |   |   |
| Investment Return <sup>1</sup>          | 8.0%  | 8.0%  | 8.0%  |
| Projected Salary Increases <sup>1</sup> | 5.4%  | 5.4%  | 5.4%  |
| Inflation                               | 3.5%  | 3.5%  | 3.5%  |
| Cost-of-Living Adjustments              | 0.0%  | 0.0%  | 0.0%  |

<sup>1</sup> Includes Inflation at the Stated Rate

| Trend Information                 |  |  |                                       |
|-----------------------------------|--|--|---------------------------------------|
| <u>Accounting<br/>Year Ended,</u> | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
| 9-30-11                           | \$ 76,183                                | 100%   | \$ 0                                  |
| 9-30-12                           | 83,106                                   | 100%   | 0                                     |
| 9-30-13                           | 84,648                                   | 100%   | 0                                     |

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 8% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. 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 payroll on an closed basis. The remaining amortization period at December 31, 2012, was 20 years.

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

**IV. OTHER INFORMATION - Continued**

**A. Retirement Plan - Continued**

Funded Status and Funding Progress - As of December 31, 2012, the most recent actuarial valuation date, the plan was 98.58% funded. The actuarial accrued liability for benefits was \$2,992,652, and the actuarial value of assets was \$2,950,243, resulting in an unfunded actuarial accrued liability (UAAL) of \$42,409. The covered payroll (annual payroll of active employees covered by the plan) was \$1,144,000 and the ratio of the UAAL to the covered payroll was 3.71%.

The schedule of funding progress, presented as Other Information 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.

**B. Deficit Fund Balance**

The Nutrition Program fund has a deficit fund balance of \$8,958.

**C. Adjustments to Fund Balances/Net Position**

Net position in the government-wide statements is decreased by \$12,259 due to a prior period adjustment of unamortized debt issuance costs. This adjustment is the result of adopting Governmental Accounting Standards Board Statement No. 65.

**D. Subsequent Events**

The County's management has evaluated subsequent events through April 24, 2014, the date which the financial statements were available for issue.

Other Information



COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Modified Cash Basis - Budget and Actual  
General Fund  
Year Ended September 30, 2013

|                                 | Budget Amounts      |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|---------------------|---------------------|---------------------|---|
|                                 | Original            | Final               |                     |   |
| <b>REVENUES</b>                 |                     |                     |                     |   |
| Taxes                           | \$ 1,666,253        | \$ 1,666,253        | \$ 1,674,117        | \$ 7,864  |
| Fees                            | 100,850             | 100,850             | 173,328             | 72,478  |
| Fines                           | 280,000             | 280,000             | 278,675             | (1,325)   |
| Intergovernmental               | 101,918             | 101,918             | 101,210             | (708)   |
| Interest                        | 1,000               | 1,000               | 1,801               | 801   |
| Miscellaneous                   | 98,500              | 98,500              | 97,224              | (1,276)   |
| <b>Total Revenues</b>           | <b>\$ 2,248,521</b> | <b>\$ 2,248,521</b> | <b>\$ 2,326,355</b> | <b>\$ 77,834</b>  |
| <b>EXPENDITURES</b>             |                     |                     |                     |   |
| General Government              |                     |                     |                     |   |
| County Judge                    | \$ 103,970          | \$ 103,917          | \$ 103,197          | \$ 720  |
| Commissioners' Court            | 159,472             | 159,890             | 159,884             | 6   |
| County and District Clerk       | 72,624              | 71,217              | 69,746              | 1,471   |
| Elections                       | 48,778              | 48,778              | 44,312              | 4,466   |
| County Treasurer                | 122,241             | 122,241             | 119,256             | 2,985   |
| Tax Assessor-Collector          | 112,146             | 111,059             | 110,254             | 805   |
| Courthouse                      | 76,747              | 101,881             | 101,881             | 0   |
| Extension Office                | 105,355             | 102,557             | 100,941             | 1,616   |
| Nondepartmental:                |                     |                     |                     |   |
| Insurance                       | 48,000              | 51,954              | 51,954              | 0   |
| Appraisal District              | 113,000             | 113,483             | 113,483             | 0   |
| Audit                           | 18,000              | 21,729              | 21,729              | 0   |
| Advertising and Legal Notices   | 2,500               | 1,363               | 1,363               | 0   |
| County Trapper                  | 63,000              | 62,400              | 62,400              | 0   |
| Election Expense                | 20,000              | 15,979              | 15,979              | 0   |
| County Services                 | 5,000               | 14,256              | 14,256              | 0   |
| Radio Tower                     | 2,500               | 1,481               | 1,481               | 0   |
| Miscellaneous                   | 15,000              | 3,991               | 3,991               | 0   |
| SWCD                            | 5,000               | 5,000               | 5,000               | 0   |
| Libraries                       | 3,000               | 3,000               | 3,000               | 0   |
| Health Insurance                | 4,000               | 795                 | 795                 | 0   |
| GCG - Technology                | 5,000               | 4,290               | 4,290               | 0   |
| Contingency                     | 30,000              | 18,750              | 18,750              | 0   |
| <b>Total General Government</b> | <b>\$ 1,135,333</b> | <b>\$ 1,140,011</b> | <b>\$ 1,127,942</b> | <b>\$ 12,069</b>  |

COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Modified Cash Basis - Budget and Actual  
 General Fund - Continued  
 Year Ended September 30, 2013

|  | Budget Amounts           |                          | Actual<br>Amounts        | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
|  | Original                 | Final                    |                          |   |
| <u>EXPENDITURES - Continued</u>                                  |                          |                          |                          |   |
| Justice System   |                          |                          |                          |   |
| County and District Clerk  | \$ 72,624                | \$ 71,217                | \$ 69,746                | \$ 1,471  |
| Courts - County and District                                     | 150,713                  | 133,910                  | 120,615                  | 13,295  |
| Justice of the Peace   | 107,225                  | 107,843                  | 118,144                  | (10,301)  |
| County Attorney  | 63,385                   | 63,699                   | 63,699                   | 0   |
| Total Justice System   | <u>\$ 393,947</u>        | <u>\$ 376,669</u>        | <u>\$ 372,204</u>        | <u>\$ 4,465</u>   |
| Public Safety  |                          |                          |                          |   |
| Sheriff  | \$ 482,074               | \$ 487,787               | \$ 486,692               | \$ 1,095  |
| Constable  | 19,835                   | 19,835                   | 18,505                   | 1,330   |
| Highway Patrol Expense   | 4,500                    | 4,656                    | 4,656                    | 0   |
| 911 Expense  | 2,000                    | 2,042                    | 2,042                    | 0   |
| Fire Protection  | 7,500                    | 6,446                    | 6,446                    | 0   |
| Law Enforcement Center   | 234,492                  | 243,928                  | 243,928                  | 0   |
| Total Public Safety  | <u>\$ 750,401</u>        | <u>\$ 764,694</u>        | <u>\$ 762,269</u>        | <u>\$ 2,425</u>   |
| Public Health and Welfare  |                          |                          |                          |   |
| County Health Officer  | \$ 500                   | \$ 500                   | \$ 500                   | \$ 0  |
| Van Driver   | 7,510                    | 7,317                    | 7,317                    | 0   |
| Child Welfare  | 1,000                    | 1,000                    | 1,000                    | 0   |
| Septic Site Inspector  | 5,000                    | 5,500                    | 5,500                    | 0   |
| Septic Site Inspection   | 5,000                    | 3,000                    | 3,000                    | 0   |
| Total Public Health and Welfare                                  | <u>\$ 19,010</u>         | <u>\$ 17,317</u>         | <u>\$ 17,317</u>         | <u>\$ 0</u>   |
| <br>Total Expenditures   | <br><u>\$ 2,298,691</u>  | <br><u>\$ 2,298,691</u>  | <br><u>\$ 2,279,732</u>  | <br><u>\$ 18,959</u>                                    |
| <br>Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <br>\$ (50,170)          | <br>\$ (50,170)          | <br>\$ 46,623            | <br>\$ 96,793   |
| <u>OTHER FINANCING SOURCES (USES)</u>                            |                          |                          |                          |   |
| Transfers In   | 30,000                   | 30,000                   | 0                        | (30,000)  |
| Transfers Out  | <u>(50,834)</u>          | <u>(50,834)</u>          | <u>(50,834)</u>          | <u>101,668</u>  |
| Net Change in Fund Balance                                       | \$ (71,004)              | \$ (71,004)              | \$ (4,211)               | \$ 168,461  |
| Fund Balance - Beginning   | <u>463,022</u>           | <u>463,022</u>           | <u>463,022</u>           | <u>(926,044)</u>  |
| Fund Balance - Ending  | <u><u>\$ 392,018</u></u> | <u><u>\$ 392,018</u></u> | <u><u>\$ 458,811</u></u> | <u><u>\$ (757,583)</u></u>                              |

COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Modified Cash Basis - Budget and Actual  
Road and Bridge Fund  
Year Ended September 30, 2013

|  | <u>Budget Amounts</u>    |                          | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|--------------------------|--------------------------|---------------------------|---|
|  | <u>Original</u>          | <u>Final</u>             |                           |   |
| <b><u>REVENUES</u></b>                                       |                          |                          |                           |   |
| Taxes  | \$ 340,580               | \$ 340,580               | \$ 340,237                | \$ (343)  |
| Fees   | 223,200                  | 223,200                  | 230,201                   | 7,001   |
| Interest   | 200                      | 200                      | 883                       | 683   |
| Miscellaneous  | 1,760                    | 1,760                    | 545                       | (1,215)   |
|  | <u>1,760</u>             | <u>1,760</u>             | <u>545</u>                | <u>(1,215)</u>  |
| Total Revenues   | <u>\$ 565,740</u>        | <u>\$ 565,740</u>        | <u>\$ 571,866</u>         | <u>\$ 6,126</u>   |
| <b><u>EXPENDITURES</u></b>                                   |                          |                          |                           |   |
| Roads and Bridges  |                          |                          |                           |   |
| Salaries   | \$ 222,361               | \$ 222,361               | \$ 211,817                | \$ 10,544   |
| Benefits   | 121,224                  | 121,269                  | 104,881                   | 16,388  |
| Cell Phone   | 2,880                    | 2,880                    | 2,820                     | 60  |
| Parts and Repairs  | 28,500                   | 29,383                   | 26,089                    | 3,294   |
| Fuel   | 44,500                   | 61,193                   | 59,033                    | 2,160   |
| Tires and Batteries  | 12,500                   | 20,177                   | 20,177                    | 0   |
| Shop Supplies  | 7,000                    | 7,000                    | 2,889                     | 4,111   |
| Utilities  | 4,200                    | 5,426                    | 5,267                     | 159   |
| Road Material  | 11,500                   | 15,346                   | 14,240                    | 1,106   |
| Machine Hire   | 4,000                    | 4,000                    | 0                         | 4,000   |
| Capital Lease Payments                                       | 70,000                   | 70,000                   | 70,000                    | 0   |
| Equipment Purchase   | 19,000                   | 17,242                   | 2,041                     | 15,201  |
| Building Repair  | 1,000                    | 1,000                    | 0                         | 1,000   |
| Miscellaneous  | 65,839                   | 37,227                   | 10,304                    | 26,923  |
|  | <u>65,839</u>            | <u>37,227</u>            | <u>10,304</u>             | <u>26,923</u>   |
| Total Expenditures   | <u>\$ 614,504</u>        | <u>\$ 614,504</u>        | <u>\$ 529,558</u>         | <u>\$ 84,946</u>  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>\$ (48,764)</u>       | <u>\$ (48,764)</u>       | <u>\$ 42,308</u>          | <u>\$ 91,072</u>  |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                          |                          |                           |   |
| Transfers In   | <u>33,334</u>            | <u>33,334</u>            | <u>33,334</u>             | <u>0</u>  |
| Net Change in Fund Balance                                   | <u>\$ (15,430)</u>       | <u>\$ (15,430)</u>       | <u>\$ 75,642</u>          | <u>\$ 91,072</u>  |
| Fund Balance - Beginning                                     | <u>256,121</u>           | <u>256,121</u>           | <u>256,121</u>            | <u>0</u>  |
| Fund Balance - Ending  | <u><u>\$ 240,691</u></u> | <u><u>\$ 240,691</u></u> | <u><u>\$ 331,763</u></u>  | <u><u>\$ 91,072</u></u>   |

COUNTY OF CONCHO  
 Schedule of Funding Progress for the TCDRS Retirement Plan  
 September 30, 2013  
 (Unaudited)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>(Overfunded)<br>AAL<br>(UAAL) | Funded<br>Ratio | Annual<br>Covered<br>Payroll <sup>1</sup> | UAAL<br>(OAAL) as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|---|---|-----------------|---|--|
| 12-31-10                       | \$ 2,502,485                    | \$ 2,524,298                            | \$ 21,813                                 | 99.14 %         | \$ 1,043,435                              | 2.09 %   |
| 12-31-11                       | 2,722,245                       | 2,731,440                               | 9,195                                     | 99.66 %         | 1,080,193                                 | 0.85 %   |
| 12-31-12                       | 2,950,243                       | 2,992,652                               | 42,409                                    | 98.58 %         | 1,144,000                                 | 3.71 %   |

<sup>1</sup> The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

Supplementary Information

COUNTY OF CONCHO  
Schedule of Certificates of Deposit  
September 30, 2013

| <u>Description</u>               | <u>Identifying<br/>Number</u> | <u>Interest<br/>Rate<br/>%</u> | <u>Maturity<br/>Date</u> | <u>Amount</u>            |
|----------------------------------|-------------------------------|--------------------------------|--------------------------|--------------------------|
| <b><u>GOVERNMENTAL FUNDS</u></b> |                               |                                |                          |                          |
| General Fund                     |                               |                                |                          |                          |
| First State Bank                 | 6639                          | 0.45                           | 2/2/14                   | <u>\$ 100,000</u>        |
| Special Road and Bridge Fund     |                               |                                |                          |                          |
| First State Bank                 | 6318                          | 0.40                           | 1/22/14                  | \$ 100,000               |
| First State Bank                 | 6621                          | 0.45                           | 9/26/14                  | 75,000                   |
|                                  |                               |                                |                          | <u>\$ 175,000</u>        |
| Courthouse Security Fund         |                               |                                |                          |                          |
| First State Bank                 | 6618                          | 0.35                           | 7/13/14                  | <u>\$ 35,002</u>         |
| Total Governmental Funds         |                               |                                |                          | <u><u>\$ 310,002</u></u> |
| <b><u>FIDUCIARY FUNDS</u></b>    |                               |                                |                          |                          |
| Permanent School Fund            |                               |                                |                          |                          |
| First State Bank                 | 6045                          | 0.35                           | 8/18/14                  | \$ 20,000                |
| Agency Funds                     |                               |                                |                          |                          |
| County Judge/Eola Cemetery       |                               |                                |                          |                          |
| First State Bank                 | 5450                          | 0.30                           | 3/9/14                   | <u>4,473</u>             |
| Total Fiduciary Funds            |                               |                                |                          | <u><u>\$ 24,473</u></u>  |

COUNTY OF CONCHO  
Taxing History  
September 30, 2013

The assessed valuations and taxes levied by the County of Concho for the past ten years are shown below:

| <u>Tax Roll<br/>Year</u> | <u>Assessed<br/>Valuation</u> | <u>Taxes<br/>Levied</u> |
|--------------------------|-------------------------------|-------------------------|
| 2003                     | \$ 184,543,616                | \$ 1,089,197            |
| 2004                     | 184,933,280                   | 1,135,756               |
| 2005                     | 190,690,018                   | 1,232,181               |
| 2006                     | 203,598,465                   | 1,289,813               |
| 2007                     | 226,761,310                   | 1,343,693               |
| 2008                     | 250,780,824                   | 1,484,763               |
| 2009                     | 232,450,430                   | 1,486,559               |
| 2010                     | 253,187,750                   | 1,787,693               |
| 2011                     | 269,170,270                   | 1,969,611               |
| 2012                     | 276,775,995                   | 2,038,905               |

COUNTY OF CONCHO  
Year Ended September 30, 2013

Federal Financial Assistance  
 Federal Grantor: U.S. Department of Housing and Urban Development  
 Pass Through Grantor: Texas Department of Agriculture  
 Type of Grant: Community Development Block Grant/State's Program  
 CFDA Number: 14.228  
 Project Number: 711225  
 Contract Period: 10-1-11 to 9-30-13

|                                    | Budget            | Federal          |                   | Local            | Total             | Variance           |
|------------------------------------|-------------------|------------------|-------------------|------------------|-------------------|--------------------|
|                                    |                   | Prior Years      | Current Year      |                  |                   |                    |
| <b>RECEIPTS</b>                    |                   |                  |                   |                  |                   |                    |
| Federal                            | \$ 500,000        | \$ 40,390        | \$ 325,059        | \$ 0             | \$ 365,449        | \$ 134,551         |
| Local                              | 25,000            | 0                | 0                 | 19,565           | 19,565            | 5,435              |
| Total Receipts                     | <u>\$ 525,000</u> | <u>\$ 40,390</u> | <u>\$ 325,059</u> | <u>\$ 19,565</u> | <u>\$ 385,014</u> | <u>\$ 139,986</u>  |
| <b>DISBURSEMENTS</b>               |                   |                  |                   |                  |                   |                    |
| Federal                            |                   |                  |                   |                  |                   |                    |
| Sewer Facilities                   | \$ 343,750        | \$ 0             | \$ 217,659        | \$ 0             | \$ 217,659        | \$ 126,091         |
| Rehab Single Unit Residential      | 62,250            | 0                | 62,250            | 0                | 0                 | 62,250             |
| Engineering                        | 55,000            | 20,890           | 29,550            | 0                | 50,440            | 4,560              |
| General Administration             | 39,000            | 19,500           | 15,600            | 0                | 35,100            | 3,900              |
| Local                              |                   |                  |                   |                  |                   |                    |
| Rehab Single Unit Residential      | 25,000            | 0                | 0                 | 19,565           | 19,565            | 5,435              |
| Total Disbursements                | <u>\$ 525,000</u> | <u>\$ 40,390</u> | <u>\$ 325,059</u> | <u>\$ 19,565</u> | <u>\$ 322,764</u> | <u>\$ 202,236</u>  |
| Excess Receipts Over Disbursements | <u>\$ 0</u>       | <u>\$ 0</u>      | <u>\$ 0</u>       | <u>\$ 0</u>      | <u>\$ 62,250</u>  | <u>\$ (62,250)</u> |



COUNTY OF CONCHO  
Year Ended September 30, 2013

Federal Financial Assistance  
 Federal Grantor: U.S. Department of Housing and Urban Development  
 Pass Through Grantor: Texas Department of Agriculture  
 Type of Grant: Community Development Block Grant/State's Program  
 CFDA Number: 14.228  
 Project Number: 711335  
 Contract Period: 9-16-11 to 9-16-13

|                                    | <u>Budget</u>      | <u>Federal</u>         |                         | <u>Total</u>       | <u>Variance</u>    |
|------------------------------------|--------------------|------------------------|-------------------------|--------------------|--------------------|
|                                    |                    | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> |                    |                    |
| <u>RECEIPTS</u>                    |                    |                        |                         |                    |                    |
| Federal                            | <u>\$ 27,000</u>   | <u>\$ 0</u>            | <u>\$ 27,000</u>        | <u>\$ 27,000</u>   | <u>\$ 0</u>        |
| <u>DISBURSEMENTS</u>               |                    |                        |                         |                    |                    |
| Federal                            |                    |                        |                         |                    |                    |
| Planning                           | <u>\$ 27,000</u>   | <u>\$ 0</u>            | <u>\$ 27,000</u>        | <u>\$ 27,000</u>   | <u>\$ 0</u>        |
| Excess Receipts Over Disbursements | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u>     | <u><u>\$ 0</u></u>      | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

COUNTY OF CONCHO  
Year Ended September 30, 2013

Federal Financial Assistance  
 Federal Grantor: U.S. Department of Housing and Urban Development  
 Pass Through Grantor: Texas Department of Agriculture  
 Type of Grant: Community Development Block Grant/State's Program  
 CFDA Number: 14.228  
 Project Number: 712047  
 Contract Period: 6-13-12 to 6-13-14

|                                    | <u>Budget</u> | <u>Federal</u>         |                         | <u>Total</u> | <u>Variance</u> |
|------------------------------------|---------------|------------------------|-------------------------|--------------|-----------------|
|                                    |               | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> |              |                 |
| <u>RECEIPTS</u>                    |               |                        |                         |              |                 |
| Federal                            | \$ 350,000    | \$ 42,953              | \$ 273,269              | \$ 316,222   | \$ 33,778       |
| <u>DISBURSEMENTS</u>               |               |                        |                         |              |                 |
| Federal                            |               |                        |                         |              |                 |
| Water Facilities                   | \$ 268,000    | \$ 0                   | \$ 254,604              | \$ 254,604   | \$ 13,396       |
| Engineering                        | 47,000        | 28,953                 | 4,000                   | 32,953       | 14,047          |
| General Administration             | 35,000        | 14,000                 | 14,665                  | 28,665       | 6,335           |
| Total Disbursements                | \$ 350,000    | \$ 42,953              | \$ 273,269              | \$ 316,222   | \$ 33,778       |
| Excess Receipts Over Disbursements | \$ 0          | \$ 0                   | \$ 0                    | \$ 0         | \$ 0            |

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertandcompany.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

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

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Concho, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 24, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Concho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Concho's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Concho's internal control.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Concho's 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*.

The Honorable County Judge  
and Commissioners' Court  
Page 2

**Purpose of This Report**

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

*Eckert & Company, LLP*

San Angelo, Texas  
April 24, 2014



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Michael E. Oliphant, CPA  
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(325) 944-3571  
FAX: (325) 942-1093  
www.eckertandcompany.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

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

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion of Each Major Federal Program***

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

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

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

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

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

### **Purpose of This Report**

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

*Eckert & Company, LLP*

San Angelo, Texas  
April 24, 2014

COUNTY OF CONCHO  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the County of Concho.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the County of Concho, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB *Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the County of Concho expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the County of Concho.
7. The program tested as a major program was:

CFDA Number 14.228      Texas Community Development Block Grant
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County of Concho was not determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**D. Findings - State Compliance**

None



COUNTY OF CONCHO  
Schedule of Expenditure of Federal Awards  
Year Ended September 30, 2013

| <u>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</u>                              | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity Identifying<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|---|---------------------------------|
| U.S. Department of Housing and Urban Development<br>Passed Through the Texas Department of Agriculture |                                    |   |                                 |
| Texas Community Development Block Grant  | 14.228                             | 711225  | \$ 325,059                      |
| Texas Community Development Block Grant  | 14.228                             | 711335  | 27,000                          |
| Texas Community Development Block Grant  | 14.228                             | 712047  | <u>273,269</u>                  |
| <br>Total Expenditures of Federal Awards   |                                    |   | <br><u>\$ 625,328</u>           |

COUNTY OF CONCHO  
Notes to the Schedule of Expenditures of Federal Awards  
September 30, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Concho and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.