

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



For the Fiscal Year
Ended September 30, 2013
BURNET COUNTY, TEXAS

BURNET COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended September 30, 2013

Prepared By

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BURNET COUNTY, TEXAS
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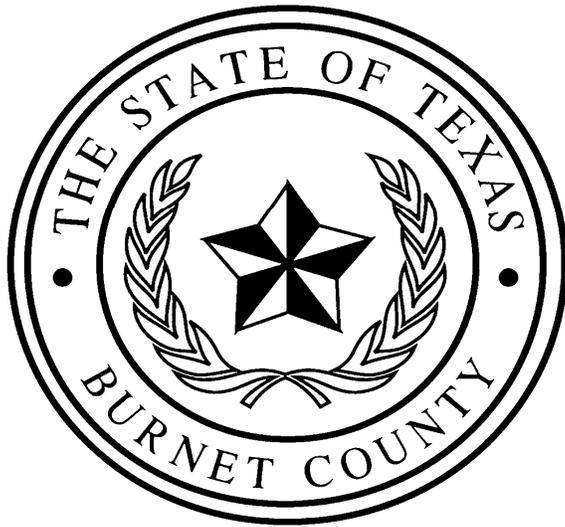
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INTRODUCTORY SECTION

BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2013

COMMISSIONERS

Bill Neve
Russell Graeter
Ronny Hibler
Joe Don Dockery

COUNTY ADMINISTRATIVE JUDGE

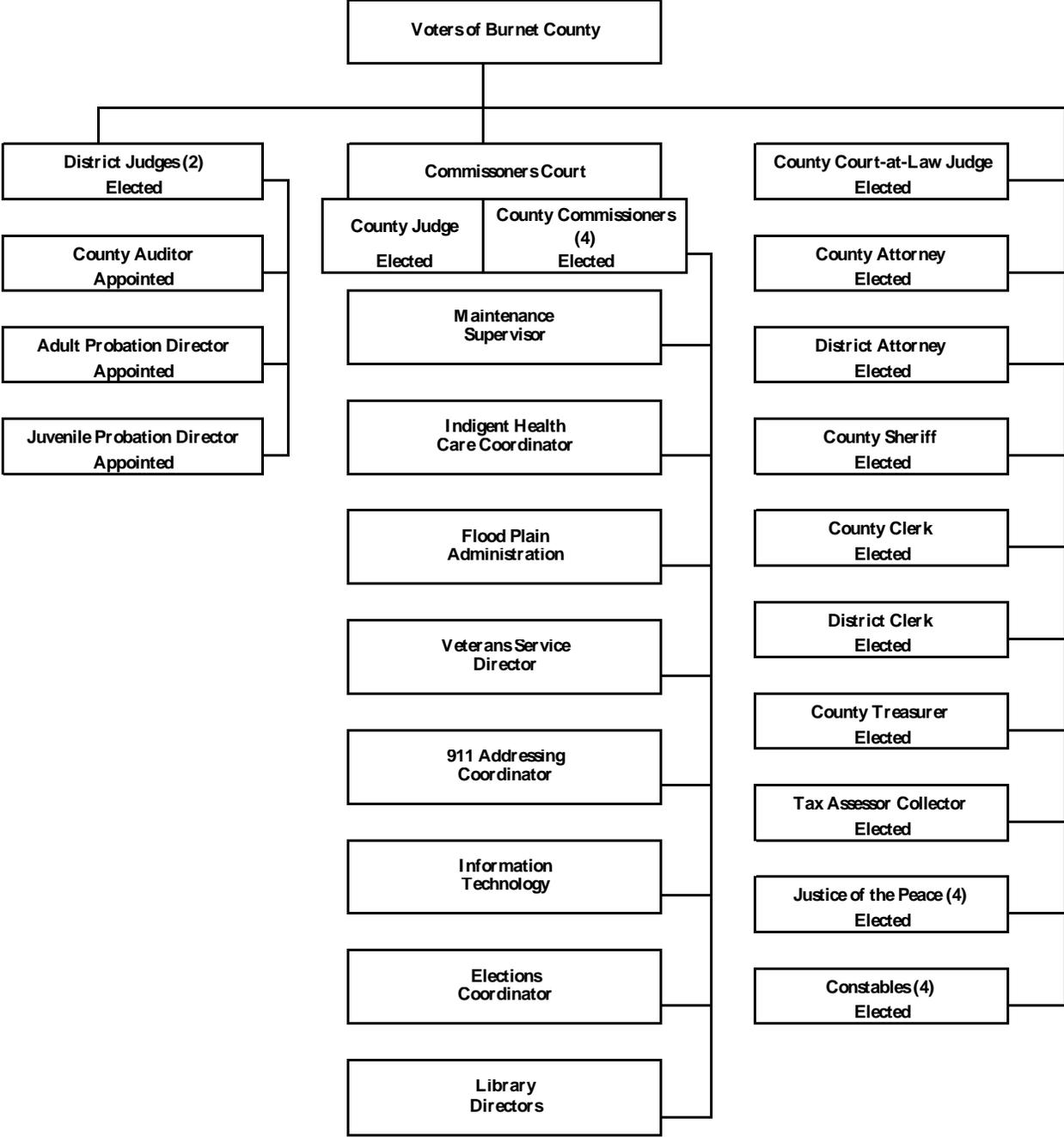
Donna Klaeger

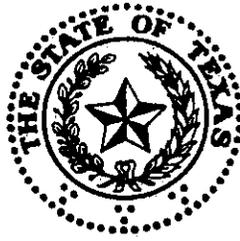
OTHER OFFICIALS

William Savage	County Court-at-Law Judge
Eduardo Arredondo	County Attorney
Janet Parker	County Clerk
Casie Walker	District Clerk
Karen Lester	County Auditor
Karrie Crownover	County Treasurer
Sheri Frazier	Tax Assessor-Collector
W.T. Smith	County Sheriff
Calvin Boyd	Justice of Peace, Precinct 1
Lisa Whitehead	Justice of Peace, Precinct 2
Peggy Simon	Justice of Peace, Precinct 3
Edward Cutchin	Justice of Peace, Precinct 4
Mike Harnisch	Constable, Precinct 1
Garry Adams	Constable, Precinct 2
Robert Ballard	Constable, Precinct 3
Chris Jett	Constable, Precinct 4

BURNET COUNTY ORGANIZATIONAL CHART

SEPTEMBER 2013





THE COUNTY OF BURNET
BURNET, TEXAS 78611

April 30, 2014

To the Honorable District Judges, County Judge, County Commissioners and the Citizens of the County of Burnet:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the County of Burnet for the year ended September 30, 2013. This report is prepared by the County Auditor's office which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). To demonstrate further public accountability, the independent accounting firm of Neffendorf, Knopp, Doss & Company, P.C., Independent Certified Public Accountants, whose report is included herein, has audited the County's financial statements. The independent auditors' report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the auditor's report.

PROFILE OF BURNET COUNTY

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the County that constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Burnet County).

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the County and District Court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare,

aiding conservation and maintaining County roads and bridges. The costs associated with these services are presented within the financial statements in detail and summary form.

The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Government Accounting and Financial Reporting Standards, since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Burnet County Government is administered under a Commissioners’ Court system. The five-member Court is comprised of the County Judge and four Commissioners. The Commissioners are elected by precinct and the County Judge is elected at large. The County Judge is the presiding officer of the County Commissioners’ Court. The Court is responsible for setting the County’s annual tax rate, approving the tax roll and supervising all expenditures of County money. The Court is also responsible for issuing bonds to finance capital improvements. The County Judge is elected to a four-year term. Commissioners are elected to four-year staggered terms with two Commissioners elected every two years.

Internal Controls

The County’s internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. A fulltime staff internal auditor has been assigned to perform these internal reviews, greatly enhancing the internal control process.

Budgetary Controls

The annual budget serves as the foundation for the County’s planning and control. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners’ Court. Activities of the General Fund, Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within each fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

The budgetary basis of accounting required by Local Government Code differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the County’s budget is developed according to the statutorily required fund structure that differs extensively from the fund structure used in financial statements.

ECONOMIC CONDITION AND OUTLOOK

Community Profile

Burnet County, located in the Texas Hill Country, is 55 miles west of Austin and 100 miles north of San Antonio. The County covers 996 square miles with the Colorado River serving as the western boundary. The Llano River merges with the Colorado River in the southern portion of the County. A network of flood control dams has been built along this watershed creating a chain of five lakes in the county. The lakes coupled along with the excellent whitetail deer hunting and beautiful landscape make Burnet County one of the “hot spots” for tourism in the State of Texas.

The County, traversed by U.S. Highways 29, 71, 183 and 281, has a limited economy based on stone processing, tourism and agriculture. Activities that attract tourists to Burnet include hunting, fishing, water sports, Longhorn Caverns and Inks Lake State Park.

The duties and specific responsibilities of county government are unlike those of other entities, be they school, or special districts, however the differentiations are complimentary and not conflicting nor repetitive. Therefore, the role of the County and how its public servants are bringing those services to the citizens is our focus.

The primary components of the County’s services are public administration, criminal justice, facilities and infrastructure and public health and safety. Intertwined and commingled among these are the same guiding criteria as stated in our Mission Statement, as given below that apply to all of our service endeavors.

Mission Statement

The mission of Burnet County is to maintain overall efficient and financial management of county resources and provide services desired by the people of Burnet County and mandated by state and federal law. We are here to serve.

The County’s budget has maintained consistent service levels with a steady tax rate without taking on large amounts of bonded debt, all being accomplished in the face of an ever erratic economy, increasing operational expenses and diminishing available revenues.

The criminal justice requirements for County government account for more than one-half of all expenditures, excluding debt service. Included in this category are law enforcement, jail, prosecution and judiciary. Numerous policy, procedures and projects, implemented and planned, will hopefully hold the expenditures relatively constant or possibly reduce the costs for these services with increased efficiencies.

The value of the public’s tangible assets, excluding cash, such as land, buildings, equipment and vehicles exceeds \$32 million. The County continues to upgrade and maintain all these assets, with additional capital improvements to County facilities including the County jail, facility and equipment upgrades in the Road and Bridge and County radio communications towers and systems.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

The economy in the County remained somewhat steady in 2013. The construction industry continues to provide many jobs in the Central Texas area. Burnet has estimated its population to be 42,750 at September 2010. This represents a 25% increase in population since the 2000 census. The growth can be attributed to factors such as a large influx of retirement age citizens and the County's close proximity to the City of Austin. Numerous small businesses and some nationally recognized chains have opened in direct response to the growth of the county.

The cities of Burnet and Marble Falls continue to make aggressive efforts to attract job-producing industries into the County. A new 60-bed full hospital located in the south end of the county is expected to be completed by August 2014. The long anticipated TXDOT project of widening of the Hwy 281 bridge in Marble Falls began construction late in 2010, with three plus years completion date, and expects to bring new jobs to the area along with increased usage of hotels, restaurants and other businesses in the area.

Increasing growth creates challenges such as demand for increased services. Property values for FY 2012-2013 reflected an increase for the twenty-first year in a row. The certified tax roll shows a slight increase of \$55,444,733 in value over the 2011-2012 roll. The County relies heavily on ad valorem taxes for its operating resources. Tax revenues generated from new construction were increased slightly over the last year. The Burnet and Marble Falls school districts are also realizing some growing pains due to the slight rise in school enrollments.

There are two pressing issues that will have a financial impact on the County and its citizens:

- 1) Legislative activities to cap or restrict Ad Valorem taxes and appraisals.
- 2) Program and facility expansions to keep up with growth and demand on services.

The last three sessions of the Texas Legislature has been primarily focused on legislation that would limit local governments' ability to increase its Ad Valorem taxes as well as limiting the appraisal values on homesteads. Texas Counties rely primarily on Ad Valorem taxes as its major funding source for operational expenses. Local governments have been successful so far in battling the potential budget buster bills from passing; however, this next session promises to have a more united front and may get the necessary support to enact such legislation. If this type of legislation was to pass, counties across the state will be forced to reduce, if not eliminate, programs that are non-mandated (i.e. libraries, fire departments, EMS) in order to balance the budget.

Long-Term Financial Planning

The County has previously authorized the issuance of Certificates of Obligation, Limited Tax Notes, and General Obligation Bonds. Proceeds from issues have been used for building renovation projects, right-of-way projects, technology equipment, and phone system upgrades.

The County also works with its financial advisor to monitor the conditions of the tax-exempt credit market and issue refunding debt to defease outstanding obligations, when it can lower its cost of money.

At September 30, 2013, Burnet County had three (3) debt issues outstanding. The outstanding principal balance of the issues is \$3,400,000 and interest of \$114,679, for a grand total outstanding debt of \$3,514,679 in certificates of obligation, refunding bonds and tax notes. According to the Constitution of the State of Texas, Burnet County's outstanding bonded debt is limited to an amount not exceeding 25% of the assessed taxable value of real property in the County.

The County has issued debt obligations, and in the process submitted financial information to various rating agencies. Based on the submission of that information, the Burnet County Commissioners' Court has determined that the County maintain adequate reserves for operating expense in the amount of not less than 25 percent of the operating expense in the General Fund.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Burnet County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the County Auditor's office and the competent services of the independent auditors. We also thank the members of the Commissioners' Court and their staff and all other County officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,



Karen L. Lester, CPA

County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

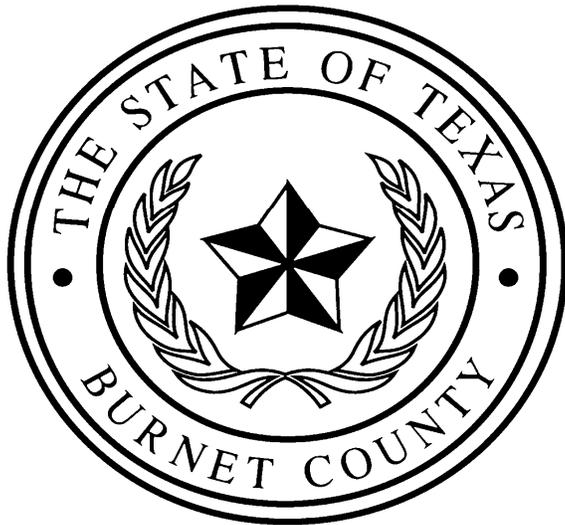
Presented to

**Burnet County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



FINANCIAL SECTION

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge and Members
of the Commissioners' Court
Burnet County, Texas
Burnet, TX 78611

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Road and Bridge Fund, and the Grants Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for the Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burnet County, Texas' basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements of Burnet County, Texas. 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 financial statements.

The combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for the special revenue funds, debt service fund, capital project fund, and internal service fund, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2014, on our consideration of Burnet County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Burnet County, Texas' internal control over financial reporting and compliance.

Neffendorf, Knopp, Dooss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

April 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Burnet County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2013. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the County's financial statements.

FINANCIAL HIGHLIGHTS

- Burnet County's total combined net position was \$21.2 million at September 30, 2013. The actual increase from current year operations is \$1.4 million. Of this amount, \$8.7 million (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designation fiscal policies.
- During the year, the County's governmental fund expenditures were \$1.1 million less than the \$22.7 million generated in taxes and other revenues.
- The General Fund reported a fund balance this year of \$8 million. All but \$1.1 million is available for spending at the government's discretion.
- Burnet County's revenues from grant sources were \$1.3 million in FY2013, a decrease of \$700 thousand or 35% less than last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *Government-Wide Financial Statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
- The *Governmental Funds* statements tell how general government services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary Fund* statements provide information about the financial relationships in which the County acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**FIGURE A-1
MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

<i>Type of Statement</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self-insurance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net positions Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net positions Statement of revenues, expenses and changes in net positions Statement of cash flows	Statement of fiduciary net positions Statement of Changes in fiduciary net positions
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The Government-Wide Statements are designed to provide readers with a broad overview of Burnet County's finances, using accounting methods similar to those used by private-sector companies. The *statement of net positions* (page 1) presents information on all of Burnet County's assets and liabilities, with the difference between the two reported as net positions. Over time, increases or decreases in net positions may serve as a useful indicator of whether Burnet County's financial position is improving or deteriorating when examined in conjunction with non-financial factors. The *statement of activities* (page 3) presents information showing how the government's net positions changed during the fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of these Government-Wide Financial Statements distinguish functions of Burnet County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, public transportation, health and welfare, culture and recreation, conservation and debt service. These activities are financed primarily by property taxes.

Burnet County has a discretely-presented component unit (Burnet County Public Facilities Corporation). The Burnet County Public Facilities Corporation is a nonprofit corporation created under Texas Local Government Code Section 303 on November 2, 2007. During 2008 the Corporation issued revenue bonds totaling \$35,380,000 to fund the construction of a new jail. The jail was completed in 2009 and started operating in April of that year.

Further information regarding this discretely-presented component unit is included in the Summary of Significant Accounting Policies in Note 1 of the Notes to the Financial Statements.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Burnet County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Burnet County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes. The County has three kinds of funds: governmental, proprietary and fiduciary.

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the 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 government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*. These reconciliations can be found on pages 7 and 11 of the basic financial statements section.

The County maintains twenty-one individual governmental funds; however, four road and bridge funds are consolidated for report purposes, resulting in a report total of seventeen governmental funds. Information is presented separately in the governmental fund statements for the general fund and road and bridge fund (consolidated), which are considered to be major funds. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided on pages 49-51 and pages 59-65 to demonstrate compliance with this budget.

- **Proprietary funds** – Proprietary funds consist of two types of funds, enterprise and internal service funds. At this time, Burnet County has no enterprise funds. *Internal service funds* report activities that provide services and supplies for the County's other programs and activities. The two internal service funds are presented in the proprietary fund financial statements on pages 15-16.
- **Fiduciary funds** – The County is the trustee, or *fiduciary*, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net positions and statement of changes in fiduciary net positions, found on page 17. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Burnet County's combined net position was approximately \$21.2 million at September 30, 2013. By far the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (approximately 10 %) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net positions may be used to meet the County's ongoing obligations to citizens and creditors.

**Table A-1
Burnet County's Net Position**

	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 11,910,664	\$ 10,923,720
Capital Assets	13,910,048	15,064,411
Total Assets	25,820,712	25,988,131
Current Liabilities	911,983	2,588,292
Long Term Liabilities	3,843,258	3,632,379
Total Liabilities	4,755,241	6,220,671
Net position		
Invested in Capital Assets, net of related debt	10,397,590	10,130,715
Restricted	2,066,761	1,854,763
Unrestricted	8,754,048	7,781,982
Total Net positions	\$ 21,218,399	\$ 19,767,460

A portion of the County's net position \$2.0 million, represents resources that are subject to external restriction on how they may be used. The remaining balance \$8.7 million of unrestricted net position may be used to meet the County's ongoing obligation to citizens and creditors in accordance with the County's fund designation and fiscal policies. The overall financial condition of the county remained steady from FY2012 to FY2013.

Governmental Activities – Total revenues for the fiscal year ended September 30th were \$22.7 million. Approximately 76% of the County's revenue comes from taxes, with 79% from property taxes alone. Property tax revenue increased 7% due to an increase in the tax base. Expenses increased by \$276 thousand from the prior year. For the most part, this reflects an increase in the demand for services due to an expanding population in the County. The graph below shows the sources of revenues for FY2012. Table A-2 shows the changes in Net positions between FY2012 and FY2013.

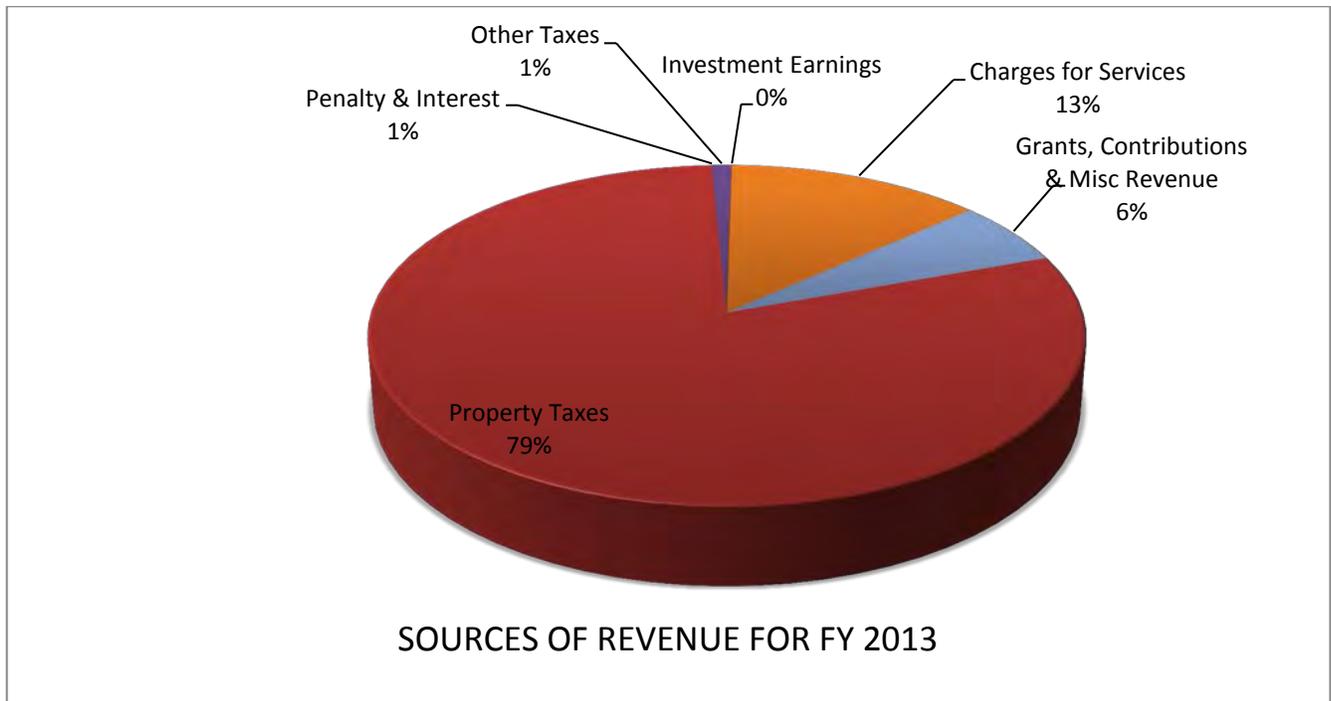


Table A-2 Burnet County Changes in Net Position

	Governmental Activities	
	2013	2012
REVENUES:		
Program Revenues		
Charges for Services	\$ 3,401,905	\$ 3,214,173
Grants and Contributions	1,234,617	2,010,403
General Revenues		
Property Taxes	17,141,317	16,079,528
Other Taxes	318,621	321,095
Investment Earnings	98,537	117,275
Other Revenue, Not Restricted	331,739	289,184
Total Revenues	<u>22,526,736</u>	<u>22,031,658</u>
EXPENSES:		
General Government	8,911,433	9,689,816
Public Safety	7,579,400	5,807,933
Public Transportation	2,858,087	2,601,488
Health and Welfare	531,660	609,570
Culture and Recreation	779,946	697,018
Conservation	449,112	516,942
Debt Service	118,286	163,462
Total Expenses	<u>21,197,924</u>	<u>20,086,229</u>
INCREASE IN NET POSITION	1,600,815	1,945,429
NET POSITION, BEGINNING	19,767,460	17,948,219
Prior Period Adjustment	(149,876)	
NET POSITION, ENDING	<u>\$ 21,218,399</u>	<u>\$ 19,767,460</u>

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

As of the end of the fiscal year, Burnet County’s governmental funds reported a *combined* fund balance of \$10.1 million, an increase of \$1.3 million or 14% in comparison with the prior year. Approximately 67% of this total amount (\$6.8 million) is *unassigned* fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is divided among assigned fund balance of \$341 thousand, committed fund balance of \$841 thousand, restricted fund balance of \$2.0 million, and nonspendable fund balance of \$38 thousand. The County’s ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$6.8 million of the total fund balance of \$8.0 million is unassigned. As a measure of the fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45% of total general fund expenditures, while total fund balance represents 53% of that same amount.

The County’s General Fund balance increased by \$1.1million during the current fiscal year attributable to tightened budget policies and limited capital purchases for equipment. The Grants Fund increased by \$7 thousand, mainly attributable to increased grant spending and improving equipment of grant funded departments. The Road & Bridge Fund increased by \$176 thousand mainly due to limited capital purchases. The Debt Service Fund has a total fund balance of \$271 thousand, which is all restricted for the payment of debt service. This fund balance decreased by \$8 thousand which was budgeted to reduce the fund balance in order to be able to service the current debt payments.

General Fund Budgetary Highlights – Over the course of the year, the County made revisions to the original appropriations budget approved by the Commissioners’ Court. Overall, these changes resulted in an increase from the original budget by \$1.1million.

Following are the main components of the increase:

- To reflect department year end projections and re-appropriate funds within or between departments,
- To re-appropriate funds from other governmental units received during the year (grants),
- To re-appropriate funds to pay for commitments in the form of encumbrances established prior to September 30th, but not paid by that date.

Although the total amended budget expenditures totaled \$17.2 million, actual expenditures totaled \$15 million, a \$2.2 million positive variance. This is a result of all departments not expending their total appropriations. Revenues also increased from the original budget of \$17.5 million to a final of \$16.8 million an increase of \$674 thousand reflected from intergovernmental revenue and grants that are not budgeted until received along with a slight increase in charges for services and other revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2013, the County had invested \$32 million in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$350 thousand or 1.1% over last year as you can see in Table A-3 below.

Major capital asset events affecting capital assets during the year were:

- Additional equipment purchases for the sheriff, maintenance, and road and bridge departments.
- Road and bridge improvement projects.
- Improved radio communication tower systems.

Table A-3
Burnet County's Capital Assets

	Governmental Activities		Percent Change
	2013	2012	
Land	\$ 831,013	\$ 831,013	---
Construction In Progress	---	---	---
Infrastructure	6,989,050	7,148,393	(2.2%)
Buildings & Other Improvements	14,161,550	14,057,704	.7%
Office & Miscellaneous Equipment	5,268,563	4,997,607	6.0%
Road Equipment	5,536,741	5,401,723	2.0%
Total	32,786,917	32,436,440	1.1%
Total Accumulated Depreciation	18,876,869	17,372,029	8.7%
Net Capital Assets	\$ 13,910,047	\$ 15,064,411	(7.7%)

Additional information about the County's capital assets can be found in Note 9 of this report.

Component Unit – Capital Assets – As of September 30, 2013, the Burnet County Public Facilities Corporation (discretely –presented component unit) had invested \$32 million in capital assets, including building, improvements, and equipment. Additional information about the Component's Unit capital assets can be found in Note 22.C of this report.

Long Term Debt – At the end of the fiscal year, the County had \$3.7 million of outstanding debt. Of this amount, \$287 thousand is debt backed by the full faith and credit of the government and \$3.4 million represents bonds secured solely by specified revenue sources.

Burnet County’s Long Term Debt

	Governmental Activities		Percent Change
	2013	2012	
Bonds Payable	\$ 3,400,000	\$ 4,790,000	(29%)
Capital Leases Payable	169,423	225,075	28%
Total Bonds, Notes and Leases Payable	\$ 3,569,423	\$ 5,015,075	(26%)

During the year, Burnet County’s bond and capital lease debt decreased by a total of \$1.3 million. Capital leases had a net increase of \$63 thousand.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is close to \$1.0 billion, which is significantly higher than the County’s outstanding general obligation debt.

More detailed information about the County’s long-term liabilities can be found in Note 12 of this report.

Component Unit – Long Term Debt – At September 30, 2013, the Burnet County Public Facilities Corporation (discretely-presented component unit) had \$31,326,544 in revenue bonds outstanding.

Additional information about the Component Unit’s long term debt can be found in Notes 22.D and 22.E of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The taxable value used for the FY2014 budget preparation is estimated to be up slightly to \$109.5 million or 2.3% from FY2013.
- The tax rate established for the FY2014 budget is \$.3951, which is the effective rate.
- Burnet County’s unemployment rate is currently 4.9%, which is a decrease from a rate of 5.0% one year ago. Burnet County’s rate is favorable to the state’s average unemployment rate of 6.3%.
- Inflationary trends in the region are comparable to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2014 fiscal year.

Amounts available for appropriation in the FY2014 governmental fund budgets are \$22.3 million, an increase of 7.7% over the FY2013 budget of \$20.7 million. Property taxes (benefiting from increases in assessed valuations) and licenses and permit revenue are expected to lead to this increase.

Budgeted expenditures are expected to increase approximately 8.2% to \$23.7 million.

If these estimates are realized, the County’s budgetary General Fund balance is expected to remain the same.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

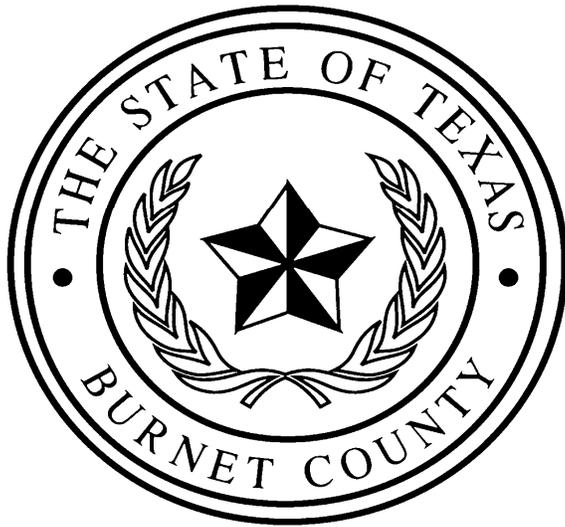
This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Burnet County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of Burnet County Auditor, 220 South Pierce, Burnet, TX 78611.

BASIC FINANCIAL STATEMENTS

BURNET COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government	Component Unit
	Governmental Activities	Burnet County Public Facilities Co
ASSETS		
Cash and Cash Equivalents	\$ 8,802,917	\$ 1,339,361
Investments	781,028	3,455,337
Receivables (net of allowance for uncollectibles)	2,193,623	1,216,858
Due from Others	94,913	-
Inventories	561	-
Prepaid Items	37,622	-
Capital Assets:		
Land	831,013	-
Infrastructure, net	2,663,715	-
Buildings, net	6,210,905	25,234,718
Improvements other than Buildings, net	280,482	-
Machinery and Equipment, net	3,923,933	425,970
Total Assets	<u>25,820,712</u>	<u>31,672,244</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Charge for Refunding	76,464	-
Total Deferred Outflows of Resources	<u>76,464</u>	<u>-</u>
LIABILITIES		
Accounts Payable	813,795	387,552
Intergovernmental Payable	4,704	-
Accrued Interest Payable	12,095	421,650
Other Current Liabilities	4,925	-
Noncurrent Liabilities		
Due Within One Year	1,336,113	1,595,000
Due in More Than One Year	2,507,145	29,557,630
Total Liabilities	<u>4,678,777</u>	<u>31,961,832</u>
NET POSITION		
Net Investment in Capital Assets	10,397,590	(5,401,942)
Restricted for:		
Records Management	375,509	-
Court Programs	258,809	-
Technology Programs	103,301	-
Road & Bridge Maintenance & Construction	916,156	-
Debt Service	270,771	3,524,648
Capital Projects	33,614	-
Federal and State Grants	38,354	-
Other Purposes	70,247	-
Unrestricted Net Position	8,754,048	1,587,706
Total Net Position	<u>\$ 21,218,399</u>	<u>\$ (289,588)</u>

The notes to the Financial Statements are an integral part of this statement.



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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 8,911,433	\$ 1,085,961	\$ 593,245	\$ 134,601
Public Safety	7,579,400	452,797	367,306	137,402
Public Transportation	2,828,087	1,811,333	34,275	-
Health and Welfare	531,660	19,578	36,564	-
Culture and Recreation	779,946	32,236	203,227	-
Conservation	449,112	-	-	-
Bond Interest	117,036	-	-	-
Fiscal Agent's Fees	1,250	-	-	-
TOTAL PRIMARY GOVERNMENT:	\$ 21,197,924	\$ 3,401,905	\$ 1,234,617	\$ 272,003
Component Unit:				
Burnet County Public Facilities Corporaton	\$ 8,646,122	\$ 9,092,095	\$ -	\$ -
TOTAL COMPONENT UNITS:	\$ 8,646,122	\$ 9,092,095	\$ -	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Assets - Beginning

Prior Period Adjustment

Net Position--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government	Component Unit
Governmental Activities	Burnet County Public Facilities Co
\$ (7,097,626)	\$ -
(6,621,895)	-
(982,479)	-
(475,518)	-
(544,483)	-
(449,112)	-
(117,036)	-
(1,250)	-
<u>(16,289,399)</u>	<u>-</u>
-	445,973
<u>-</u>	<u>445,973</u>
15,468,364	-
1,433,465	-
318,621	-
239,488	-
139,048	-
192,691	72,841
98,537	94,008
<u>17,890,214</u>	<u>166,849</u>
1,600,815	612,822
19,767,460	(418,752)
(149,876)	(483,658)
<u>\$ 21,218,399</u>	<u>\$ (289,588)</u>

BURNET COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Road and Bridge Fund	Grants Fund
ASSETS			
Cash and Cash Equivalents	\$ 6,929,981	\$ 938,048	\$ -
Investments - Current	637,378	15,607	-
Taxes Receivable	857,055	91,068	-
Allowance for Uncollectible Taxes (credit)	(257,116)	(27,320)	-
Receivables (Net)	213,565	11,903	-
Intergovernmental Receivables	406,779	8,121	562,054
Due from Other Funds	450,967	91,463	-
Due from Others	33,151	44,986	-
Inventories	561	-	-
Prepaid Items	33,712	762	2,470
Total Assets	\$ 9,306,033	\$ 1,174,638	\$ 564,524
LIABILITIES			
Accounts Payable	\$ 312,027	\$ 95,743	\$ 13,947
Wages and Salaries Payable	291,267	20,745	14,476
Intergovernmental Payable	4,371	333	-
Due to Other Funds	74,035	17,428	450,967
Due to Others	5,219	-	44,310
Accrued Interest Payable	-	-	-
Other Current Liabilities	-	-	-
Total Liabilities	686,919	134,249	523,700
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	599,938	63,747	-
Total Inflows of Resources	599,938	63,747	-
FUND BALANCES			
Non-Spendable	34,273	762	2,470
Restricted	758,096	916,156	38,354
Committed	92,748	-	-
Assigned	281,616	59,724	-
Unassigned	6,852,443	-	-
Total Fund Balances	8,019,176	976,642	40,824
Total Liabilities, Deferred Inflows & Fund Balances	\$ 9,306,033	\$ 1,174,638	\$ 564,524

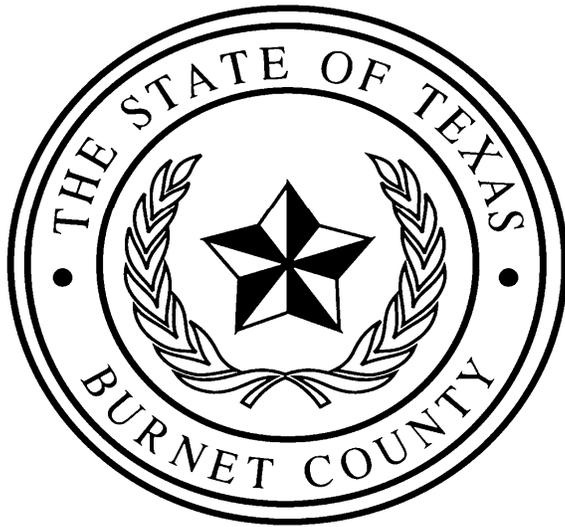
The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	934,888	\$ 8,802,917
	128,043	781,028
	61,220	1,009,343
	(15,305)	(299,741)
	55,544	281,012
	-	976,954
	-	542,430
	16,776	94,913
	-	561
	678	37,622
\$	<u>1,181,844</u>	<u>\$ 12,227,039</u>
\$	4,041	\$ 425,758
	12,020	338,508
	-	4,704
	-	542,430
	-	49,529
	12,095	12,095
	4,925	4,925
	<u>33,081</u>	<u>1,377,949</u>
	45,915	709,600
	<u>45,915</u>	<u>709,600</u>
	678	38,183
	354,155	2,066,761
	748,015	840,763
	-	341,340
	-	6,852,443
	<u>1,102,848</u>	<u>10,139,490</u>
\$	<u>1,181,844</u>	<u>\$ 12,227,039</u>

BURNET COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total Fund Balances - Governmental Funds	\$	10,139,490
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.</p>		
		-0-
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$32,436,440 and the accumulated depreciation was \$17,372,029. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>		
		9,940,549
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.</p>		
		2,133,878
<p>The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,751,968)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		756,450
Net Position of Governmental Activities	\$	21,218,399

The notes to the Financial Statements are an integral part of this statement.



BURNET COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Road and Bridge Fund	Grants Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 13,766,019	\$ 1,683,876	\$ -
Other Taxes	54,681	-	-
Penalty and Interest on Taxes	196,038	23,228	-
Licenses and Permits	471,083	880,744	-
Intergovernmental Revenue and Grants	130,598	67,640	1,317,827
Charges for Services	1,431,395	-	-
Fines	516,973	-	-
Forfeits	-	-	-
Investment Earnings	80,320	10,682	-
Rents and Royalties	25,659	-	-
Contributions & Donations	29,750	1,000	20,772
Other Revenue	109,054	17,916	-
Total Revenues	<u>16,811,570</u>	<u>2,685,086</u>	<u>1,338,599</u>
EXPENDITURES:			
Current:			
General Government	7,052,616	-	938,662
Public Safety	6,791,633	-	114,212
Public Transportation	-	2,347,796	-
Health and Welfare	528,166	-	-
Culture and Recreation	4,164	-	4,209
Conservation	237,702	-	191,739
Debt Service:			
Debt Principal	71,548	67,134	-
Debt Interest	1,846	1,130	-
Fiscal Agent's Fees	-	-	-
Capital Outlay:			
Capital Outlay	312,174	135,113	221,287
Total Expenditures	<u>14,999,849</u>	<u>2,551,173</u>	<u>1,470,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,811,721</u>	<u>133,913</u>	<u>(131,510)</u>
OTHER FINANCING SOURCES (USES):			
Sale of Capital Assets	8,347	24,783	-
Issuance of Capital Leases	83,028	-	-
Transfers In	41,195	9,813	182,705
Proceeds from Insurance Settlements	41,612	7,239	-
Transfers Out (Use)	(890,490)	-	(44,282)
Total Other Financing Sources (Uses)	<u>(716,308)</u>	<u>41,835</u>	<u>138,423</u>
Net Change in Fund Balances	<u>1,095,413</u>	<u>175,748</u>	<u>6,913</u>
Fund Balance - October 1 (Beginning)	6,923,763	800,894	33,911
Fund Balance - September 30 (Ending)	<u>\$ 8,019,176</u>	<u>\$ 976,642</u>	<u>\$ 40,824</u>

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,448,789	\$ 16,898,684
263,940	318,621
20,222	239,488
-	1,351,827
34,216	1,550,281
43,393	1,474,788
18,342	535,315
41,974	41,974
7,535	98,537
-	25,659
4,000	55,522
16,176	143,146
<u>1,898,587</u>	<u>22,733,842</u>
274,072	8,265,350
39,332	6,945,177
-	2,347,796
-	528,166
751,560	759,933
-	429,441
1,390,000	1,528,682
89,644	92,620
1,250	1,250
<u>19,652</u>	<u>688,226</u>
<u>2,565,510</u>	<u>21,586,641</u>
<u>(666,923)</u>	<u>1,147,201</u>
517	33,647
-	83,028
679,473	913,186
-	48,851
-	(934,772)
<u>679,990</u>	<u>143,940</u>
13,067	1,291,141
<u>1,089,781</u>	<u>8,848,349</u>
<u>\$ 1,102,848</u>	<u>\$ 10,139,490</u>

BURNET COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	1,291,141
 The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease the change in net position.		-0-
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase the change in net position.		2,133,878
 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 the change in net position.		(1,751,968)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(72,236)
 Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,600,815</u>

The notes to the Financial Statements are an integral part of this statement.

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 14,194,533	\$ 14,194,533	\$ 13,766,019	\$ (428,514)
Other Taxes	49,000	49,000	54,681	5,681
Penalty and Interest on Taxes	170,000	170,000	196,038	26,038
Licenses and Permits	400,000	400,000	471,083	71,083
Intergovernmental Revenue and Grants	115,200	240,669	130,598	(110,071)
Charges for Services	1,064,207	1,454,640	1,431,395	(23,245)
Fines	420,000	420,000	516,973	96,973
Investment Earnings	100,000	100,000	80,320	(19,680)
Rents and Royalties	24,210	24,210	25,659	1,449
Contributions & Donations	-	67,310	29,750	(37,560)
Other Revenue	50,000	365,670	109,054	(256,616)
Total Revenues	<u>16,587,150</u>	<u>17,486,032</u>	<u>16,811,570</u>	<u>(674,462)</u>
EXPENDITURES:				
Current:				
General Government	8,897,342	8,179,265	7,052,616	1,126,649
Public Safety	5,976,946	7,161,445	6,791,633	369,812
Health and Welfare	879,085	879,110	528,166	350,944
Culture and Recreation	5,050	24,812	4,164	20,648
Conservation	221,040	281,475	237,702	43,773
Debt Service:				
Debt Principal	39,675	72,502	71,548	954
Debt Interest	1,158	1,874	1,846	28
Capital Outlay:				
Capital Outlay	125,000	600,684	312,174	288,510
Total Expenditures	<u>16,145,296</u>	<u>17,201,167</u>	<u>14,999,849</u>	<u>2,201,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>441,854</u>	<u>284,865</u>	<u>1,811,721</u>	<u>1,526,856</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	2,000	2,000	8,347	6,347
Issuance of Capital Leases	-	83,028	83,028	-
Transfers In	-	41,195	41,195	-
Proceeds from Insurance Settlements	-	37,412	41,612	4,200
Transfers Out (Use)	(976,539)	(973,265)	(890,490)	82,775
Total Other Financing Sources (Uses)	<u>(974,539)</u>	<u>(809,630)</u>	<u>(716,308)</u>	<u>93,322</u>
Net Change in Fund Balances	(532,685)	(524,765)	1,095,413	1,620,178
Fund Balance - October 1 (Beginning)	<u>6,923,763</u>	<u>6,923,763</u>	<u>6,923,763</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,391,078</u>	<u>\$ 6,398,998</u>	<u>\$ 8,019,176</u>	<u>\$ 1,620,178</u>

The notes to the Financial Statements are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,699,217	\$ 1,699,217	\$ 1,683,876	\$ (15,341)
Penalty and Interest on Taxes	15,000	15,000	23,228	8,228
Licenses and Permits	950,000	950,000	880,744	(69,256)
Intergovernmental Revenue and Grants	45,600	45,600	67,640	22,040
Investment Earnings	6,000	6,000	10,682	4,682
Contributions & Donations	-	1,000	1,000	-
Other Revenue	-	64,593	17,916	(46,677)
Total Revenues	2,715,817	2,781,410	2,685,086	(96,324)
EXPENDITURES:				
Current:				
Public Transportation	2,606,722	2,658,811	2,347,796	311,015
Debt Service:				
Debt Principal	80,675	80,675	67,134	13,541
Debt Interest	3,170	3,170	1,130	2,040
Capital Outlay:				
Capital Outlay	93,000	210,113	135,113	75,000
Total Expenditures	2,783,567	2,952,769	2,551,173	401,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,750)	(171,359)	133,913	305,272
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	3,000	17,644	24,783	7,139
Transfers In	-	6,726	9,813	3,087
Proceeds from Insurance Settlements	-	7,239	7,239	-
Total Other Financing Sources (Uses)	3,000	31,609	41,835	10,226
Change in Fund Balance	(64,750)	(139,750)	175,748	315,498
Fund Balance - October 1 (Beginning)	800,894	800,894	800,894	-
Fund Balance - September 30 (Ending)	\$ 736,144	\$ 661,144	\$ 976,642	\$ 315,498

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 972,464	\$ 1,779,206	\$ 1,317,827	\$ (461,379)
Contributions & Donations	-	-	20,772	20,772
Total Revenues	<u>972,464</u>	<u>1,779,206</u>	<u>1,338,599</u>	<u>(440,607)</u>
EXPENDITURES:				
Current:				
General Government	955,197	947,072	938,662	8,410
Public Safety	50,371	127,011	114,212	12,799
Culture and Recreation	35,745	35,745	4,209	31,536
Conservation	-	648,193	191,739	456,454
Capital Outlay:				
Capital Outlay	110,755	222,566	221,287	1,279
Total Expenditures	<u>1,152,068</u>	<u>1,980,587</u>	<u>1,470,109</u>	<u>510,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(179,604)</u>	<u>(201,381)</u>	<u>(131,510)</u>	<u>69,871</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	179,604	289,269	182,705	(106,564)
Transfers Out (Use)	-	(41,195)	(44,282)	(3,087)
Total Other Financing Sources (Uses)	<u>179,604</u>	<u>248,074</u>	<u>138,423</u>	<u>(109,651)</u>
Change in Fund Balance	-	46,693	6,913	(39,780)
Fund Balance - October 1 (Beginning)	<u>33,911</u>	<u>33,911</u>	<u>33,911</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 33,911</u>	<u>\$ 80,604</u>	<u>\$ 40,824</u>	<u>\$ (39,780)</u>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Governmental Activities Total Internal Service Funds
OPERATING EXPENSES:	
Insurance Claims and Reimbursements	\$ 16,190
Administrative Fees	<u>5,396</u>
Total Operating Expenses	21,586
Operating Income (Loss)	<u>(21,586)</u>
Income (Loss) Before Transfers	<u>(21,586)</u>
Transfer In	<u>21,586</u>
Change In Net Position	-
Total Net Position - October 1 (Beginning)	<u>-</u>
Total Net Position - September 30 (Ending)	<u><u>\$ -</u></u>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Total Internal Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Claims and Reimbursements	\$ (17,894)
Cash Payments for Administrative Fees	(5,396)
Net Cash Provided by (Used for) Operating Activities	<u>(23,290)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer In	<u>21,586</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(1,704)
Cash and Cash Equivalents at Beginning of the Year:	<u>1,704</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ -</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss):	\$ (21,586)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>(1,704)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (23,290)</u>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 983,440
Total Assets	<u>\$ 983,440</u>
LIABILITIES	
Due to Others	\$ 983,440
Total Liabilities	<u>\$ 983,440</u>

The accompanying notes are an integral part of this statement.

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Burnet County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

A. Reporting Entity

The Commissioners' Court has governance responsibilities over all activities related to Burnet County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity", since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no separate organizations for which the County is financially accountable. There are no separate organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Burnet County's financial statements to be misleading or incomplete.

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

Discretely Presented Component Unit

Burnet County Public Facility Corporation

Burnet County Public Facility Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the County in 2007 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the County. The Board of Directors is appointed by and serves at the discretion of the Commissioners Court of the County. The operations of the Corporation are presented in the Government Wide Financial Statements. Separate financial statements of the Corporation may be obtained from the County Auditor's office. Additional information regarding this component unit is presented in Note 21.

B. Government-wide and fund financial statements

The Statement of Net position and the Statement of Activities are government-wide financial statements. They report information on all of the Burnet County nonfiduciary activities with most of the interfund activities removed. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental Activities* include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods and services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Fiduciary funds also utilize the accrual basis of accounting; however, the economic resources measurement focus is not applicable to agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both *measurable* and *available*. Available means collectible within the current period or expected to be collected within 60 days after year-end to be used to pay liabilities of the current period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable and available until cash is received by the government. Investment earnings are recorded on the accrual basis in all funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the county, revenues are recognized as the expenditures or expenses recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position. Fiduciary Funds, such as agency funds, have no measurement focus.

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund – The Road & Bridge Fund is a special revenue fund that accounts for and reports the financial resources received from a designated part of the annual property tax levy and auto registration fees and traffic fines, which are used for operating and maintaining County owned roads and bridges.

Grants Fund – To account for federal, state and local monies provided for the enhancement of programs not fully funded by the County.

Additionally, the County reports the following fund types:

Governmental Funds:

Special Revenue Funds – The County uses these funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for principal and interest and related costs.

Capital Project Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Proprietary Funds:

Internal Service Fund – The County uses this fund to account for and report the County’s reimbursement to employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year in order to reduce the County’s premium. The funds are transferred from the General Fund per the budget.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fiduciary Funds:

Trust and Agency Funds – The County accounts for and reports resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. Agency funds are used to account for court costs due to the State, monies received for waste sewage facility inspections due to the Texas Department of Health, bond money received and held for others as a result of action in the County or District Courts, and to account for monies received and held in trust for other individuals or entities as a result of action in County and District Courts.

D. Assets, liabilities, and net position of equity

1. *Deposits and investments*

For purposes of the statement of cash flow for proprietary and similar fund types, the County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments in the Local Government Investment Cooperative (LOGIC), the Texas Local Government Investment Pool (TexPool) and Texas CLASS are recorded at fair value for all funds.

2. *Receivables and payables*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

3. *Inventories and prepaid items*

Inventory is valued at cost using the first in/first out (FIFO) method. Inventory in the governmental funds consists of expendable supplies held for consumption and the cost is recorded as expenditures when consumed rather than when purchased. Reported inventories are offset by nonspendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net position.

Prepaid items are recorded using the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Reported prepaid items are offset by nonspendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Capital Assets

Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20
Buildings	22
Improvements (Other than Buildings)	20
Vehicles and Road Equipment	5-10
Office Equipment	3-15
Computer Equipment	5-6

5. Fund Equity

Beginning with fiscal year end September 30, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts that are constrained for specific purposes which are internally imposed by the County through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to action passed by the County Commissioner's Court. These amounts cannot be used for other purpose unless the Commissioner's Court removes or changes the constraints via the same type of action used to initially commit them.
 - *The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment of fund balance can only be imposed with a Commissioners' Court Order and can only be modified or removed by the same formal action.*

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- Assigned fund balance – amounts the County intends to use for a specific purpose, but which do not qualify for classification as either restricted or committed. The intent can be expressed by the county or by an official or body to which the County Commissioners delegates the authority.
 - *When it is appropriate for fund balance to be assigned, it is the policy of the Commissioner’s Court to delegate the responsibility to assign funds to the County Auditor or his/her designee by approving the authorization of the responsibility annually in Commissioner’s Court. Assignments may occur subsequent to the fiscal year-end.*
- Unassigned fund balance – amounts that are available for any purpose or the residual fund balance of the General Fund.
- Order of Spending: Where appropriate, Burnet County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but it reserves the right to deviate from this general strategy.

6. Health Insurance

Health insurance is provided to the County’s employees through a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, that “beginning capital assets and long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported in the funds.” The details of this \$9,940,549 difference are as follows:

Beginning capital assets, net	\$ 15,064,411
Beginning capitalized debt issuance costs	33,949
Beginning long-term liabilities	<u>(5,157,811)</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u>9,940,549</u>

Another element of that reconciliation explains that “current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.” The net effect of including the 2013 capital outlays and debt principal payments are to increase net position. The details of this \$2,133,878 difference are as follows:

Current year debt issued	\$ (83,028)
Current year principal payments	1,528,680
Current year additions to capital assets	<u>688,226</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u>2,133,878</u>

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
continued**

Another element of that reconciliation states that “various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting.” The details of this \$756,450 difference are as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (14,559)
Record donated and seized assets	39,865
Record prior period adjustment to capital assets	(115,927)
Record prior period adjustment to debt issuance costs	(33,949)
Current year amortization of deferred charge for refunding bonds	(32,770)
Current year amortization of premium on bonds	8,356
Current year increase in compensated absences	(30,221)
Record court fees & fines receivable	226,055
Remove unavailable revenues for property taxes	<u>709,600</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ 756,450</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays and long-term debt principal payments as expenditures, but they should be shown as increases in capital assets and reduction in long-term debt in the government-wide financial statements.” The net effect of removing the 2013 capital outlays and debt principal payments is to increase net position. The details of this \$2,133,878 difference are as follows:

Current year debt issued	\$ (83,028)
Current year principal payments	1,528,680
Current year capital outlay	<u>688,226</u>
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	<u>\$ 2,133,878</u>

Another element of that reconciliation states that “various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.” The details of this (\$14,969) difference are as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (21,286)
Current year debt issuance costs	(10,666)
Current year amortization of accounting loss on refunding bonds	(32,770)
Current year amortization of premium on bonds	8,356
Current year increase in compensated absences	(3,882)
Record decrease in court fees & fines receivable	(29,359)
Recognize unearned property taxes	<u>74,638</u>
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net position-governmental activities</i>	<u>\$ (14,969)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

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

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in an open court meeting. Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Project Funds, and the Debt Service Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Formal budgetary integration is not employed for the proprietary funds. The County adopts an annual, informal budget as a financial plan for all proprietary funds. As no legal requirement exists, a budget to actual comparison is not presented in the financial statements.

5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation. Expenditures may not legally exceed appropriations at the departmental level for each legally adopted annual operating budget. Amendments to the 2013 budget were approved by the Commissioners' Court as provided by law. The reported budgetary data has been revised for amendments legally authorized during the year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes. Management does not amend the budget above the departmental level without approval by the Commissioners' Court. The legal level of budgetary control is at the departmental level. The budgetary comparison schedule for the General Fund that demonstrates compliance at the legal level of budgetary control is included in the Other Supplementary Information; the schedule for Road and Bridge Funds that is included with the Basic Financial Statements sufficiently demonstrates compliance.

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1st of each year.

NOTE 4: PROPERTY TAXES

Property taxes are levied by October 1 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.

NOTE 4: PROPERTY TAXES, continued

For 2012 tax roll, the total assessed valuation was \$4,774,552,618 and the taxes assessed amounted to \$16,877,089. The total tax rate was \$0.3934 per \$100 valuation and allocated \$0.3182 to General Fund maintenance and operations; \$0.0417 to Road & Bridge Fund maintenance and operations; and \$0.0335 to interest and sinking funds.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board which commenced operation in January, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the county-wide appraisal district. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. Through a contractual arrangement with the County, the Burnet Central Appraisal District is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

Statutory maximums for the County's various tax rates and restrictions on the use of the tax proceeds are as follows:

\$.80 ___ - Limit imposed by Texas Constitution for all purposes of General Fund, Permanent Improvement Fund, and Jury Fund, including debt service obligations issued against such funds.

\$.15 ___ - Limit imposed by Article 6790, V.A.C.S., for road maintenance, no part of which may be used for debt service.

\$.30 ___ - Limit imposed by Article 7048A, V.A.C.S., for farm-to-market and lateral roads and/or flood control purposes.

\$1.25 ___ - Total legal limit per \$100 of assessed valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end.

NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Legal and Contractual Provisions Governing Deposits and Investments, continued

At September 30, 2013, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,802,917 and the bank balance was \$9,304,265.

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

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

The county's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The County had the following investments at September 30, 2013:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 629,106	55
TexPool	69,304	60
Texas CLASS	82,618	40
TOTAL INVESTMENTS	<u>\$ 781,028</u>	

Local Government Investment Cooperative (LOGIC) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fund is administered by First Southwest Asset Management, Inc. and JP Morgan Chase.

NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS, continued

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

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. KPMG Peat Marwick, 111 Congress Avenue, Suite 1100, Austin, Texas 78701 performs the annual audit. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Texas CLASS was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian.

Policies Governing Deposits and Investments

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

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policies are governed by State statutes. In addition, the County has its own written investment policies. County funds are deposited in FDIC insured banks located within the County and in LOGIC, TexPool and Texas CLASS. Permissible investments include the following:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies.
3. Other obligations, the principal and interest of which are unconditionally guaranteed by the State of Texas or the United States.
4. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to the investment quality by a nationally recognized investment firm and having received a rating of not less than A or its equivalent.
5. Certificates of deposit issued by state and national banks domiciled in the State of Texas that are guaranteed or insured by the FDIC or secured by other obligations that have a market value of not less than the principal amount of the certificates.

NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS, continued

Policies Governing Deposits and Investments, continued

To minimize credit risk, TexPool's, LOGIC's and Texas CLASS investment policies allow the portfolio's investment managers to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, TexPool investments credit quality rating was AAAM (Standard & Poor's), LOGIC's investments credit quality rating was AAAM (Standard & Poor's), and Texas CLASS investments credit quality rating was AAAM (Standard & Poor's).

NOTE 6: DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2013 were as follows:

	<u>Property Taxes</u>	<u>Accounts Receivable</u>	<u>Intergovern- mental Receivable</u>	<u>Due From Other Funds</u>	<u>Due From Others</u>	<u>Total Receivables</u>
Governmental Activities:						
General Fund	857,055	\$ 213,565	\$ 406,779	\$ 450,967	\$ 33,151	\$ 1,961,517
Road & Bridge Fund	91,068	11,903	8,121	91,463	44,986	247,541
Grants Fund	-	-	562,054	-	-	562,054
Non-major Governmental Funds	61,220	55,544	-	-	16,776	133,540
Total Governmental Activities	<u>\$ 1,009,343</u>	<u>\$ 281,012</u>	<u>\$ 976,954</u>	<u>\$ 542,430</u>	<u>\$ 94,913</u>	<u>\$ 2,904,652</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 299,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,741</u>

Payables at September 30, 2013 were as follows:

	<u>Accounts Payable</u>	<u>Payroll Expense Payable</u>	<u>Intergovern- mental Payable</u>	<u>Due to Other Funds</u>	<u>Due to Others</u>	<u>Accrued Interest Payable</u>	<u>Total</u>
Governmental Activities:							
General Fund	\$ 312,027	\$ 291,267	\$ 4,371	\$ 74,035	\$ 5,519	-\$ -	\$ 687,219
Road & Bridge Fund	95,743	20,745	333	17,428	-	-	134,249
Grants Fund	13,947	14,476	-	450,967	44,310	-	523,700
Non-major Governmental Funds	4,041	12,020	-	-	-	12,095	28,156
Total Governmental Activities	<u>\$ 425,758</u>	<u>\$ 338,508</u>	<u>\$ 4,704</u>	<u>\$ 542,430</u>	<u>\$ 49,829</u>	<u>\$ 12,095</u>	<u>\$ 1,373,324</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7: COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$1,543,766 which represents amounts owed and outstanding. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$1,317,711, resulting in a net receivable of \$226,055.

NOTE 8: INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2013 consisted of the following individual fund balances:

<u>Governmental Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:	\$ 450,967	\$ 74,035
Road and Bridge Fund	91,463	17,428
Grants Fund	-	450,967
Non Major Governmental Funds	-	-
Total Governmental Funds	<u>\$ 542,430</u>	<u>\$ 542,430</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be collected in the subsequent year.

Interfund transfers during the year ended September 30, 2013 consisted of the following:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Funds	\$ 41,195	\$ 890,490
Road and Bridge Fund	9,813	-
Grants Fund	182,705	44,282
Non Major Governmental Funds	679,473	-
Internal Service Funds	<u>21,586</u>	<u>-</u>
Total Governmental Activities	<u>\$ 934,772</u>	<u>\$ 934,772</u>

The transfers from the General Fund were made to cover operating expenses of the Special Revenue Funds and the Internal Service Fund. The transfers from the Grants Fund were made to reimburse the General Fund and other Special Revenue Funds for payroll expenditures.

NOTE 9: CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Increases	Decreases	Reclassifications & Prior Period Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 831,013	\$ -	\$ -	\$ -	831,013
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	831,013	-	-	-	831,013
Capital Assets, Being Depreciated					
Infrastructure	7,148,393	92,696	-	(252,039)	6,989,050
Buildings and Building Improvements	13,440,782	90,859	-	-	13,531,641
Other Improvements	616,922	12,987	-	-	629,909
Office and Miscellaneous Equipment	4,997,607	201,553	(53,942)	123,345	5,268,563
Road Equipment	5,401,723	329,996	(194,978)	-	5,536,741
Total Capital Assets, Being Depreciated	31,605,427	728,091	(248,920)	(128,694)	31,955,904
Less Accumulated Depreciation for:					
Infrastructure	(4,106,654)	(276,128)	-	57,447	(4,325,335)
Buildings and Building Improvements	(6,699,224)	(515,897)	-	(105,615)	(7,320,736)
Other Improvements	(315,352)	(34,075)	-	-	(349,427)
Office and Miscellaneous Equipment	(2,178,326)	(584,531)	55,137	35,909	(2,671,811)
Road Equipment	(4,072,473)	(341,337)	179,224	25,026	(4,209,560)
Total Accumulated Depreciation	(17,372,029)	(1,751,968)	234,361	12,767	(18,876,869)
Total Capital Assets Being Depreciated, Net	14,233,398	(1,023,877)	(14,559)	(115,927)	13,079,035
Total Capital Assets, Net	\$ 15,064,411	\$ (1,023,877)	\$ (14,559)	\$ (115,927)	\$ 13,910,048

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

General Government	\$ 597,297
Public Safety	634,223
Public Transportation	477,270
Conservation	19,671
Culture & Recreation	20,013
Health & Welfare	3,494
Total Depreciation Expense	\$ 1,751,968

NOTE 10: COMMITMENTS UNDER LEASES

Capital Leases

During July 2011, the County agreed to enter into a lease with Chase Equipment Leasing Corporation for three (3) 2011 Chevy Tahoe SUV's, one (1) 2011 Chevy Silverado 2WD Pick Up Truck and two (2) 2000 Freightliner FL80 12 yd Dump Trucks. This lease agreement meets the criteria of a capital lease. An additional \$186,473 has been recorded to the government-wide Statement of Net position to record the capital assets acquired. The lease commitment total is \$186,473. The capital lease agreement requires quarterly payments of \$15,991, including interest at 2.10% through April 2014.

During October 2012, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for three (3) 2012 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$77,589 has been recorded to the government-wide Statement of Net position to record the capital assets acquired. The lease commitment total is \$77,589. The capital lease agreement requires quarterly payments of \$6,620, including interest at 1.47% through July 2015.

During August 2013, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for three (3) 2013 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$83,028 has been recorded to the government-wide Statement of Net position to record the capital assets acquired. The lease commitment total is \$83,028. The capital lease agreement requires quarterly payments of \$7,062, including interest at 1.50% through May 2016.

The assets acquired through capital leases are as follows:

Road equipment	\$	366,445
Less: accumulated depreciation		<u>(128,626)</u>
Total	\$	<u><u>237,819</u></u>

A summary of the commitments, by year, follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 94,482	\$ 2,046	\$ 96,528
2015	53,912	816	54,728
2016	<u>21,029</u>	<u>158</u>	<u>21,187</u>
Total	\$ <u><u>169,423</u></u>	\$ <u><u>3,020</u></u>	\$ <u><u>172,443</u></u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2013 are as follows:

Year Ending September 30,	
2014	\$ 43,980
2015	39,181
2016	28,521
2017	17,978
2018	<u>5,479</u>
Total Minimum Rentals	\$ <u><u>135,139</u></u>
Rental Expenditures in Current Year	\$ <u><u>46,220</u></u>

NOTE 11: LONG-TERM DEBT

Bonds and Certificates of Obligation

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

On February 1, 2001, the County issued \$7,000,000 in Certificates of Obligation, Series 2001, with interest rates ranging from 4.25% to 5.75%, maturing in 2016. The proceeds from the sale of the Certificates were used to build a new courthouse annex in Burnet, Texas, a new courthouse annex in Marble Falls, Texas, and for the renovation of the existing courthouse in Burnet, Texas. Both courthouse annexes were completed in May 2002. The renovation of the existing courthouse began in June 2002 and was completed in May 2003.

On November 1, 2006, the County issued \$235,000 in Tax Notes, Series 2006, with interest rates ranging from 3.58% to 3.80%, maturing in 2014. The proceeds from the sale of the Tax Notes were used for the construction of a Records Storage and Elections Building.

On February 1, 2010, the County issued \$1,195,000 in Tax Notes, Series 2010, with interest rates ranging from 2.00% to 3.00%, maturing in 2015. The proceeds from the sale of the Tax Notes were used for purchasing new software for the courts system, new telephone system and road upgrade projects in the precincts.

Long Term Debt-Advance Refunding

During 2010, the County advance refunded two of the County's obligations with the issue of Burnet County, Texas Limited Tax Refunding Bonds - Series 2010 (\$5,075,000). The bonds were called and were redeemed on March 25, 2010 by purchasing \$4,742,750 in U.S. State and Local Government securities and by depositing \$398,871 into an escrow account. The various bonds have been defeased and removed as a liability of the County. The Series 2010 bonds mature on February 1, in each of the years 2011 through 2016, bearing interest at 2.00% - 2.50%. The refunding bonds resulted in a gross debt service savings of \$257,231 and the net present value savings of \$241,034. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/2013
Burnet County, Texas Certificates of Obligation – Series 1996	\$ 395,000	\$ -
Burnet County, Texas Certificates of Obligation – Series 2001	<u>4,550,000</u>	<u>2,870,000</u>
Total Amount Refunded	<u>\$ 4,945,000</u>	<u>\$ 2,870,000</u>

The following table summarizes the annual debt service requirements at September 30, 2013 to maturity:

Year Ending September 30,	Principal	Interest	Total Requirements
2014	\$ 1,215,000	\$ 64,694	\$ 1,279,694
2015	1,210,000	37,800	1,247,800
2016	<u>975,000</u>	<u>12,188</u>	<u>987,188</u>
Total	<u>\$ 3,400,000</u>	<u>\$ 114,682</u>	<u>\$ 3,514,682</u>

NOTE 11: LONG-TERM DEBT, continued

Long-term debt activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds, Loans and Leases Payable:					
General Obligation Bonds	\$ 4,790,000	\$ -	\$ 1,390,000	\$ 3,400,000	\$ 1,215,000
Premium on Bond Issuance	27,855	-	8,356	19,499	-
Capital Leases	<u>225,075</u>	<u>83,028</u>	<u>138,680</u>	<u>169,423</u>	<u>94,482</u>
Total Bonds, Loans and Leases Payable	<u>5,042,930</u>	<u>83,028</u>	<u>1,537,036</u>	<u>3,588,922</u>	<u>1,309,482</u>
Other Liabilities:					
Compensated Absences	<u>224,115</u>	<u>350,999</u>	<u>320,778</u>	<u>254,336</u>	<u>26,631</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 5,267,045</u>	<u>\$ 434,027</u>	<u>\$ 1,857,814</u>	<u>\$ 3,843,258</u>	<u>\$ 1,336,113</u>

NOTE 12: DEFERRED INFLOWS OF RESOURCES

Unavailable revenue at year-end as reported on the Balance Sheet of the funds statements consisted of the following:

	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Unavailable Revenue – Property Taxes	<u>\$ 599,938</u>	<u>\$ 63,747</u>	<u>\$ 45,915</u>	<u>\$ 709,600</u>

Adjustments required for government-wide Statement of Net position decreased unearned revenue by \$709,600.

NOTE 13: FUND BALANCE

As of September 30, 2013, governmental fund balance is composed of the following:

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Grants Fund</u>	<u>Other Non- Major Funds</u>	<u>Total</u>
Fund Balances:					
Non-spendable:					
Inventories	\$ 561	\$ -	\$ -	\$ -	\$ 561
Prepaid Items	33,712	762	2,470	678	37,622
Total Non-spendable	<u>34,273</u>	<u>762</u>	<u>2,470</u>	<u>678</u>	<u>37,622</u>
Restricted for:					
Records Management	375,509	-	-	-	375,509
Court Programs	222,146	-	-	36,663	258,809
Technology Programs	103,301	-	-	-	103,301
Property Purchasing & Improvements	57,140	-	-	13,107	70,247
Road & Bridge Maintenance & Construction	-	916,156	-	-	916,156
Federal and State Grants	-	-	38,354	-	38,354
Retirement of Long Term Debt	-	-	-	270,771	270,771
Capital Asset Acquisition	-	-	-	33,614	33,614
Total Restricted	<u>758,096</u>	<u>916,156</u>	<u>38,354</u>	<u>354,155</u>	<u>2,066,761</u>
Committed to:					
Property Purchasing & Improvements	59,756	-	-	-	59,756
Court Programs	32,992	-	-	-	32,992
Economic Development	-	-	-	469,417	469,417
Special Operations Unit	-	-	-	227,483	227,483
Library System	-	-	-	51,115	51,115
Total Committed	<u>92,748</u>	<u>-</u>	<u>-</u>	<u>748,015</u>	<u>840,763</u>
Assigned to:					
Property Purchasing & Improvements	281,616	-	-	-	281,616
Road and Bridge Maintenance & Construction	-	59,724	-	-	59,724
Total Assigned	<u>281,616</u>	<u>59,724</u>	<u>-</u>	<u>-</u>	<u>341,340</u>
Unassigned:	<u>6,852,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,852,443</u>
Total Fund Balances	<u>\$ 8,019,176</u>	<u>\$ 976,642</u>	<u>\$ 40,824</u>	<u>\$ 1,102,848</u>	<u>\$ 10,139,490</u>

NOTE 14: HEALTH INSURANCE AND WORKERS' COMPENSATION

Health Insurance

During the year ended September 30, 2013 employees of Burnet County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of \$619 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

NOTE 14: HEALTH INSURANCE AND WORKERS' COMPENSATION, continued

Workers' Compensation

The County is a member of the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Fund is sponsored by the Texas Association of Counties and was originally established on March 28, 1974 by the entry into interlocal participation agreements by member political subdivisions of the State of Texas. The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Chapter 504, V.T.C.A., Labor Code, Art. 715(c), Rev. Civ. Stat. Ann., and Chapter 791, V.T.C.A., Government Code. The contribution amount for the Fund Member is based upon gross payroll, classification rates for types of positions, and experience modifier. During the year ended September 30, 2013 the County contributed a total of \$166,019 to the Fund.

NOTE 15: RISK MANAGEMENT

The County's risk management program includes coverage for property, general liability, automobile liability, law enforcement liability, public officials' liability, unemployment insurance, and employee dishonesty bonds. The County participates in the Texas Association of Counties Risk Management Pool. The premiums paid to the Texas Association of Counties (TAC) result in the transfer of risk to the pool.

NOTE 16: SELF-INSURANCE

Health Care Reimbursement (HRA)

The County has elected to create a Health Care Reimbursement Account to reimburse employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year, per employee, so as to reduce the County's premium. The funds are transferred from the general fund per the budget. For the year ended September 30, 2013, a total of \$16,190 was paid in health care insurance deductible claims and \$5,396 in administrative fees.

NOTE 17: COMPENSATED ABSENCES

Accumulated unpaid annual leave, compensatory time and holiday leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Position. At September 30, 2013, \$234,521; Holiday pay - \$15,171; Compensated time - \$4,644; for a total accumulated employee benefits amounted to \$254,336. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. The liability has typically been liquidated primarily in the General Fund and Road and Bridge Fund.

NOTE 18: DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The program is administered by Nationwide Retirement Solutions, Inc. The National Association of Counties (NACO) Deferred Compensation Program, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment company that administers the program. Under these trust arrangements, all amounts of compensation deferred under the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with this investment company are not included in the County's basic financial statements.

NOTE 19: EMPLOYEES' RETIREMENT PLAN

Plan Description:

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

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

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

Funding Policy:

Burnet County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and Burnet County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of Burnet County is actuarially determined annually. Burnet County contributed using the actuarially determined rate of 11.61% for the months of the accounting year in 2012, and 12.15% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar years 2012 and 2013 is the rate of 7.0% as adopted by the governing body of Burnet County. The employee deposit rate and the employer contribution rate may be changed by the governing body of Burnet County 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 \$907,355, and the actual contributions were \$907,355.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2012 and 2013. The December 31, 2012 actuarial valuation is the most recent valuation.

NOTE 19: EMPLOYEES' RETIREMENT PLAN, continued

Actuarial Valuation Information

Actuarial valuation date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value
Actuarial Assumptions			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

**Trend Information
for the Retirement Plan for the Employees of Burnet County, Texas**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/08	\$ 685,579	100%	-0-
9/30/09	723,147	100%	-0-
9/30/10	748,904	100%	-0-
9/30/11	778,915	100%	-0-
9/30/12	836,353	100%	-0-
9/30/13	907,355	100%	-0-

**Schedule of Funding Progress for the Retirement Plan
For the Employees of Burnet County, Texas**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/12	\$ 22,116,719	\$ 28,062,935	\$ 5,946,216	78.81%	\$ 9,384,204	63.36%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 20: GROUP TERM LIFE FUND

Plan Description

Burnet County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Burnet County does not provide group term life insurance coverage to retired employees.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at 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 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Burnet County contributions to the GTLF for the years ended September 30, 2013, 2012 and 2011 were \$34,618, \$30,610, and \$28,975, respectively, which equaled the contractually required contributions each year.

NOTE 21: CONTINGENT LIABILITIES

The County is involved in several lawsuits and other threatened litigation claims. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 22: COMPONENT UNIT – BURNET COUNTY PUBLIC FACILITIES CORPORATION

On November 2, 2007 Burnet County formed the creation of Burnet County Public Facility Corporation (the "Corporation") under the Public Facility Corporation Act Chapter 303 (the "Act") of the Texas Local Government Code. The Corporation is legally separate from the County, but the County appoints all of the board members and has the ability to remove those board members at will. The Corporation provides housing for County prisoners.

22.A: Component Unit - Financing Agreements and Practical Considerations

The Corporation was formed for the initial purpose of building and equipping a county jail (the "Facility"). The project was initially financed with the issuance of the Project Revenue Bonds Series, 2008 (the "2008 bond issue"). The bonds are secured by the mortgage on the Facility and the Facility's revenues and are not secured by the full faith and credit of the County or tax revenues. In connection with these issuances on January 14, 2008, the Corporation and/or the County entered into a number of legal agreements for the financing of the project, many of which are designed to provide additional security to the bond holders.

The Corporation entered into the Trust Indenture with U.S. Bank National Association (the "Trustee") to serve as the Trustee related to the bond issues. The Trust Indenture is primarily for the benefit of the owners of the bonds and calls for the creation of a number of funds and accounts, including the Construction Fund, Bond Fund, Reserve Fund, and Project Fund. In addition, the Trust Indenture specifies the amounts of pledged revenues to be placed into each of the funds established by the Trustee and the order of priority of the disposition of the pledged revenues.

The Corporation entered into the Lease Agreement (the "Lease") with the option to purchase with Burnet County, Texas (the "County"), whereas the Corporation constructed and equipped the Facility which is being leased to the County. The term of the agreement is effectively concurrent with the related bonds. Under the Lease the County pledges all revenues to the Trust fund established under the Trust Indenture.

The County entered into the Facility Operation and Management Agreement with Southwestern Correctional, LLC, (the "Operator") for five years, containing options for both early cancellation and renewal. The Operator's compensation is payable solely from and to the extent monies are available in the operating account, as established in the Trust account in accordance with the Trust Indenture.

The form of the legal agreements was structured to ensure compliance with the local government code and provide security for the bond holders. In substance, to the extent revenues are available they will first be used to repay the bonds, then the operator and the County will be paid. If revenue is not available, there is no legal obligation for any of the parties to be paid. In that instance, the bond holders' only security interest will be with any remaining trust funds and mortgage of the property. Neither the Corporation nor the County has any obligation in this instance.

The Corporation is responsible for the repayment of the debt based on the funds that are available and all available funds are recorded in the Trust. Accordingly, all monies held in the Trust accounts are considered assets of the Corporation and restrictions shown where applicable.

Similarly, all monies received by the Trust are considered revenues of the Corporation. The Corporation also records a receivable in connection with the billings to federal agencies and the local government which are unpaid. All payments made by the Trust are considered expenses of the Corporation. In addition, the Corporation accrues the amount due to the respective parties based on the accounts receivable. Neither the County nor the Corporation accounts for the lease agreement as a lease transaction.

22.B: Component Unit – Cash and Investments

Burnet County Public Facilities held the following investments at September 30, 2013.

	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>FDIC Insurance</u>	<u>Securities Pledged</u>
<u>U.S. Bank, N.A.</u>				
Money Market Accounts				
First American Government Obligation Fund CID	\$ 1,339,361	\$ 1,339,361	*	*
Certificate of Deposit, Maturing 08/01/2014	<u>3,455,337</u>	<u>3,455,337</u>	<u>\$ 250,000</u>	<u>-</u>
Total Investments	<u>\$ 4,794,698</u>	<u>\$ 4,794,698</u>		

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2013, Burnet County Public Facility Corporation has exposure to custodial risk because \$3,205,337 of the Certificate of Deposit was not collateralized. The Certificate of Deposit was purchased on August 11, 2009. Before this date the funds were invested in a money market account.

22.C: Component Unit - Capital Assets

Capital asset activity for the Burnet County Public Facilities Corporation for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit Activities:				
Capital Assets, Being Depreciated				
Buildings and Improvements	\$ 28,233,251	\$ -	\$ -	\$ 28,233,251
Furniture, Machinery & Equipment	<u>1,076,584</u>	<u>-</u>	<u>-</u>	<u>1,076,584</u>
Total Capital Assets, Being Depreciated	<u>29,309,835</u>	<u>-</u>	<u>-</u>	<u>29,309,835</u>
Less Accumulated Depreciation for:				
Buildings and Other Improvements	(2,292,701)	(705,832)	-	(2,998,533)
Furniture, Machinery & Equipment	<u>(493,789)</u>	<u>(156,824)</u>	<u>-</u>	<u>(650,614)</u>
Total Accumulated Depreciation	<u>(2,786,490)</u>	<u>(862,656)</u>	<u>-</u>	<u>(3,649,147)</u>
Total Capital Assets Being Depreciated, Net	<u>26,523,345</u>	<u>(862,656)</u>	<u>-</u>	<u>25,660,688</u>
Total Capital Assets, Net	<u>\$ 26,523,345</u>	<u>\$ (862,656)</u>	<u>\$ -</u>	<u>\$ 25,660,688</u>

22.D: Component Unit - Long-Term Debt

Long-term debt activity for the Burnet County Public Facilities Corporation for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Unit Activities:					
Revenue Bonds, Series 2008	\$ 33,045,000	\$ -	\$ 275,000	\$ 32,770,000	\$ 1,595,000
Discount on Revenue Bonds, Series 2008	<u>(1,718,456)</u>	<u>-</u>	<u>(101,086)</u>	<u>(1,617,370)</u>	<u>-</u>
Total Component Unit Debt	<u>\$ 31,326,544</u>	<u>\$ -</u>	<u>\$ 173,914</u>	<u>\$ 31,152,630</u>	<u>\$ 1,595,000</u>

On January 14, 2008, the Corporation issued Project Revenue Bonds, Series 2008, in the amount of \$35,380,000. The bonds were issued to finance a project that consists of the construction, furnishing, and equipping of a multi-classification secure county jail.

Bonds currently outstanding in the aggregate principal amount of \$900,000 were due to be redeemed on August 1, 2013. \$625,000 of the principal sinking fund redemption was rescinded and not redeemed per direction of over 66.67% of the outstanding Bondholders. In the current fiscal year, Burnet County Public Facilities Corporation purchased \$150,000 par value bonds in the open market at a discounted price of \$108,770. These were added to \$125,000 par value bonds purchased in the prior fiscal year in the same manner for a total of \$275,000 par value bonds, which were subsequently cancelled in lieu of the remaining \$275,000 sinking fund redemption. The gain on the discounted purchase and cancellation of debt has been included in the Statement of Activities as Miscellaneous Revenue.

Long-term debt obligations of the Corporation as of September 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
Matured Bonds			
Payable	625,000	7,996	632,996
2014	970,000	2,481,925	3,451,925
2015	1,045,000	2,407,324	3,452,324
2016	1,125,000	2,326,963	3,451,963
2017	1,210,000	2,240,437	3,450,437
2018	1,305,000	2,147,375	3,452,375
2019	1,405,000	2,047,000	3,452,000
2020	1,515,000	1,938,937	3,453,937
2021	1,630,000	1,822,413	3,452,413
2022	1,755,000	1,697,038	3,452,038
2023	1,890,000	1,562,050	3,452,050
2024	2,035,000	1,416,675	3,451,675
2025	2,195,000	1,260,150	3,455,150
2026	2,365,000	1,090,038	3,455,038
2027	2,545,000	906,750	3,451,750
2028	2,745,000	709,513	3,454,513
2029	6,410,000	496,775	6,906,775
Total	<u>\$ 32,770,000</u>	<u>\$ 26,559,359</u>	<u>\$ 59,329,359</u>

22.E: Component Unit Deficit Net Asset Balance

The Burnet County Public Facilities Corporation had a deficit net asset balance of \$289,588 at September 30, 2013. The deficit will be funded in the next year by increased operating income from inmate housing.

22.F: Notice of Event of Default Under the Indenture

The Internal Revenue Service (IRS) has reached a preliminary conclusion that the Bonds are taxable Bonds. The preliminary conclusion by the IRS constitutes a “Determination of Taxability” as such term is defined in the Indenture. Pursuant to Section 12.1(b) of the Sublease, a Determination of Taxability constitutes an Event of Default under the Sublease which, in turn, constitutes an Event of Default under Section 7.01(c) of the Indenture. The amount of contingent liabilities, if any, resulting from the outcome of the conclusion are not presently determinable.

NOTE 23: IMPLEMENTATION OF NEW GASB ACCOUNTING STANDARDS

The County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as the early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets and deferred amounts from refunded debt have been reported in a separate section as deferred outflows or resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

The implementation of GASB 63 resulted in the reclassification of \$709,600 (deferred ad valorem tax revenue which is expected to be collected in future years) to a Deferred Inflow of Resources – Unavailable Revenue-Property Taxes on the Governmental Funds Balance Sheet.

The implementation of GASB 63 resulted in the reclassification of \$76,464 (bond refunding loss) to a Deferred Outflow of Resources – Deferred Charge for Refunding on the Government Wide Statement of Net Position.

The implementation of GASB 65 resulted in a prior period adjustment of \$33,949 and \$483,658 (expensing bond issuance costs) for the Primary Government Governmental Activities and the Component Unit – Burnet County Public Facilities Corporation, respectively, on the Government Wide Statement of Net Position and the Government Wide Statement of Activities.

NOTE 24: PRIOR PERIOD ADJUSTMENTS

For the Government Wide Statement of Net Position and the Government Wide Statement of Activities a prior period adjustment of \$33,949 was made to the Primary Government Governmental Activities and a prior period adjustment of \$483,658 was made to the Component Unit – Burnet County Public Facilities Corporation. These adjustments were made in order to expense prior capitalized debt issuance costs with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

A prior period adjustment of \$115,927 was made to the Government Wide Statement of Net Position and the Government Wide Statement of Activities. This adjustment was made in order to correct the prior year balance of capital assets.

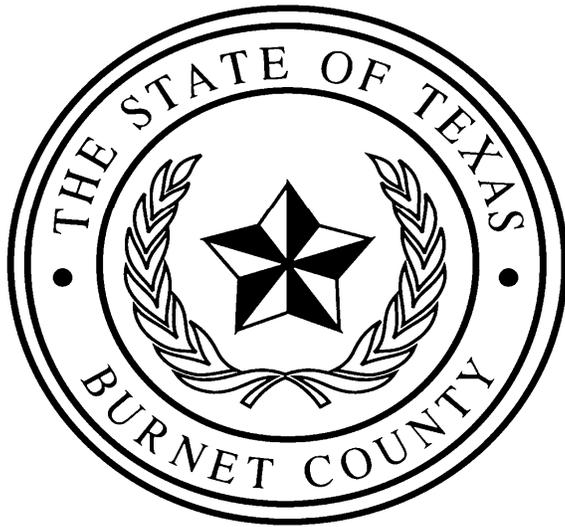
	<u>Government Wide Statement of Net Position and Statement of Activities</u>	
	<u>Primary Government</u>	<u>Component Unit</u>
<u>Prior Period Adjustment</u>		
To expense prior capitalized debt issuance costs	\$ (33,949)	\$ (483,658)
To correct prior year balance of capital assets	(115,927)	-
Total Prior Period Adjustment	<u>\$ (149,876)</u>	<u>\$ (483,658)</u>

NOTE 25: SUBSEQUENT EVENTS

The County has evaluated subsequent events through April 28, 2014, the date which the financial statements were available to be issued.

By letter dated March 21, 2013, Southwestern Correctional LLC (SWC) notified the Burnet County Public Facilities Corporation (the “Issuer”), Burnet County the “County”), and U.S. Bank National Association (the “Trustee”) of their intention to terminate the Burnet County Jail Operation and Management Agreement (SWC Agreement) on March 31, 2014. Subsequently, SWC, the County, the Issuer, and the Trustee attempted to negotiate an extension to the SWC Agreement, but the Trustee was unable to obtain appropriate directions from the requisite percentage of Bondholders and by notice, the Trustee informed the Bondholders that the SWC Agreement would not be extended beyond the termination date of March 31, 2014. In light of the termination of the SWC Agreement, the County has taken over the operation of the Jail Operation Project commencing on April 1, 2014 for a period of six months, subject to certain financial concessions by the Trustee and Bondholders. The financial concessions include an Agreement Regarding Protective Advances and Forbearance for a period of six months commencing on April 1, 2014 and ending on September 30, 2014.

The County is not aware of any other subsequent events that materially impact the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

Texas County and District Retirement System Trend Data
Schedule of Funding Progress for the Retirement Plan
For the Employees of Burnet County, Texas
(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/06	13,025,784	16,079,971	3,054,187	81.01%	7,866,284	38.83%
12/31/07	14,871,028	18,320,578	3,449,550	81.17%	8,364,477	41.24%
12/31/08	15,616,874	20,310,717	4,693,843	76.89%	8,919,013	52.63%
12/31/09	17,984,866	22,695,041	4,710,175	79.25%	8,987,085	52.41%
12/31/10	19,281,435	24,539,941	5,258,506	78.57%	9,168,778	57.35%
12/31/11	20,337,523	25,953,981	5,616,458	78.36%	9,057,702	62.01%
12/31/12	22,116,719	28,062,935	5,946,216	78.81%	9,384,204	63.36%

OTHER SUPPLEMENTARY INFORMATION

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 14,194,533	\$ 14,194,533	\$ 13,766,019	\$ (428,514)
Other Taxes	49,000	49,000	54,681	5,681
Penalty and Interest on Taxes	170,000	170,000	196,038	26,038
Licenses and Permits	400,000	400,000	471,083	71,083
Intergovernmental Revenue and Grants	115,200	240,669	130,598	(110,071)
Charges for Services	1,064,207	1,454,640	1,431,395	(23,245)
Fines	420,000	420,000	516,973	96,973
Investment Earnings	100,000	100,000	80,320	(19,680)
Rents and Royalties	24,210	24,210	25,659	1,449
Contributions & Donations	-	67,310	29,750	(37,560)
Other Revenue	50,000	365,670	109,054	(256,616)
Total Revenues	<u>16,587,150</u>	<u>17,486,032</u>	<u>16,811,570</u>	<u>(674,462)</u>
EXPENDITURES:				
Current:				
GENERAL GOVERNMENT				
General				
County Judge	178,678	236,107	230,990	5,117
Commissioners	246,500	328,669	317,875	10,794
County Records Management	60,000	47,350	12,726	34,624
County Clerk	299,085	461,918	382,759	79,159
County Clerk Records Management	93,145	93,145	81,852	11,293
Veterans Service Officer	6,586	29,011	8,890	20,121
Vetrides Program	-	19,414	19,414	-
County Clerk Records Archive	38,500	47,628	11,951	35,677
911 Addressing Maintenance	-	21,336	1,464	19,872
Non-Departmental	3,487,448	1,008,482	670,991	337,491
Courier	31,210	44,494	43,273	1,221
Grant Administrator	47,677	65,020	62,694	2,326
Total General	<u>4,488,829</u>	<u>2,402,574</u>	<u>1,844,879</u>	<u>557,695</u>
Judicial				
County Court at Law	241,197	322,301	305,515	16,786
County Court	68,155	163,442	93,333	70,109
District Court	144,033	179,546	174,386	5,160
Judicial Services	172,000	261,433	261,444	(11)
District Clerk Records Management	18,206	18,206	-	18,206
District Clerk	268,871	450,234	298,184	152,050
Justices of the Peace	425,527	672,785	562,722	110,063
3rd Administrative Judicial District	2,873	2,873	2,872	1
Magistrates/Indigent Defense	45,641	62,299	60,008	2,291
Total Judicial	<u>1,386,503</u>	<u>2,133,119</u>	<u>1,758,464</u>	<u>374,655</u>
Legal				
Blood Draw Program	-	7,006	7,006	-
Public Defender Office	-	10,000	5,154	4,846
County Attorney	405,561	537,912	531,123	6,789
District Attorney	529,408	533,142	501,738	31,404
Total Legal	<u>934,969</u>	<u>1,088,060</u>	<u>1,045,021</u>	<u>43,039</u>
Elections				
Election Expense	<u>150,693</u>	<u>247,362</u>	<u>195,133</u>	<u>52,229</u>

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Financial Administration				
County Auditor	247,944	333,932	322,907	11,025
Purchasing	30,478	43,726	42,644	1,082
County Treasurer	99,965	135,288	130,263	5,025
Collections Department	60,757	80,707	76,908	3,799
Tax Assessor/Collector	263,864	371,378	358,398	12,980
Tax Appraisal District	314,929	322,893	322,893	-
Human Resources	73,107	95,699	73,472	22,227
Information Technology	363,440	397,215	377,973	19,242
Total Financial Administration	<u>1,454,484</u>	<u>1,780,838</u>	<u>1,705,458</u>	<u>75,380</u>
Public Facilities				
Maintenance Department	481,864	527,312	503,661	23,651
Total General Government	<u>8,897,342</u>	<u>8,179,265</u>	<u>7,052,616</u>	<u>1,126,649</u>
PUBLIC SAFETY				
Emergency Management	75,928	99,336	67,399	31,937
Emergency Medical Service	545,615	545,615	545,615	-
Area Fire Departments	256,718	256,718	256,718	-
Constables	175,948	246,440	228,907	17,533
Animal Control	62,103	79,073	69,136	9,937
County Sheriff	2,669,707	3,611,756	3,445,089	166,667
Courthouse Security	151,610	206,090	201,027	5,063
Juvenile Probation Department	197,312	197,312	159,979	37,333
Adult Probation Department	25,373	25,373	23,353	2,020
Department of Public Safety	40,090	53,821	45,637	8,184
Inmate Housing	1,776,542	1,839,911	1,748,773	91,138
Total Public Safety	<u>5,976,946</u>	<u>7,161,445</u>	<u>6,791,633</u>	<u>369,812</u>
HEALTH AND WELFARE				
Hill Country Humane/SPCA	28,569	28,569	28,569	-
TDHS (Child Welfare)	2,993	2,993	2,993	-
Family Crisis Center	1,800	1,800	1,800	-
Childrens Advocacy Center	1,800	1,800	1,800	-
Court Appointed Special Advocate	1,800	1,800	1,800	-
Pauper Care	1,500	1,500	-	1,500
Meals on Wheels	5,400	5,400	5,400	-
Capital Area Rural Transportation	8,000	8,000	8,000	-
Care-A-Van	1,800	1,800	-	1,800
Boys and Girls Club	1,800	1,800	1,800	-
Indigent Health Care	823,623	823,648	476,004	347,644
Total Health and Welfare	<u>879,085</u>	<u>879,110</u>	<u>528,166</u>	<u>350,944</u>
CULTURE AND RECREATION				
County Historical Commission	450	20,212	450	19,762
County Parks	4,600	4,600	3,714	886
Total Culture and Recreation	<u>5,050</u>	<u>24,812</u>	<u>4,164</u>	<u>20,648</u>

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
CONSERVATION				
Agricultural Extension Service	81,024	102,274	93,614	8,660
Environmental Services	111,216	147,701	112,588	35,113
Government Trappers	28,800	31,500	31,500	-
Total Conservation	<u>221,040</u>	<u>281,475</u>	<u>237,702</u>	<u>43,773</u>
Debt Service:				
Maintenance Department	5,717	5,717	5,579	138
County Sheriff	35,116	68,659	67,815	844
Total Debt Service	<u>40,833</u>	<u>74,376</u>	<u>73,394</u>	<u>982</u>
Capital Outlay:				
County Records Management	-	12,650	12,650	-
Emergency Management	-	2,687	2,687	-
Nondepartmental	50,000	392,100	117,642	274,458
911 Addressing Maintenance	-	7,357	7,357	-
Maintenance Department	45,000	55,650	53,621	2,029
County Sheriff	30,000	122,740	110,717	12,023
Inmate Housing	-	7,500	7,500	-
Total Capital Outlay	<u>125,000</u>	<u>600,684</u>	<u>312,174</u>	<u>288,510</u>
Total Expenditures	<u>16,145,296</u>	<u>17,201,167</u>	<u>14,999,849</u>	<u>2,201,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>441,854</u>	<u>284,865</u>	<u>1,811,721</u>	<u>1,526,856</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	2,000	2,000	8,347	6,347
Issuance of Capital Leases	-	83,028	83,028	-
Transfers In	-	41,195	41,195	-
Proceeds from Insurance Settlements	-	37,412	41,612	4,200
Transfers Out (Use)	(976,539)	(973,265)	(890,490)	82,775
Total Other Financing Sources (Uses)	<u>(974,539)</u>	<u>(809,630)</u>	<u>(716,308)</u>	<u>93,322</u>
Net Change in Fund Balances	(532,685)	(524,765)	1,095,413	1,620,178
Fund Balance - October 1 (Beginning)	<u>6,923,763</u>	<u>6,923,763</u>	<u>6,923,763</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,391,078</u>	<u>\$ 6,398,998</u>	<u>\$ 8,019,176</u>	<u>\$ 1,620,178</u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

County Attorney Hot Check Fund

To account for fee money retained as the result of hot check collections through the County Attorney's office. The money is to be used at the discretion of the County Attorney.

Economic Development Fund

To account for revenues received from the collection of a hotel occupancy tax levied upon the customers renting or leasing, or otherwise occupying any room or space furnished by any hotel in Burnet County outside the city limits of Marble Falls, Burnet and Bertram. The 5% tax was approved by Commissioners' Court on December 8, 2003 and became effective on April 1, 2004. Hotel operators are authorized to retain 1% of the hotel occupancy tax collected as reimbursement for the costs of collecting the tax. Revenues to the County are to be used to fund projects related to economic development in the County.

Law Library Fund

To account for all the financial resources in the law library. The law library is available to the general public. Primary users are the District Judge, District Attorney, County Court-at-Law Judge, County Judge, County Attorney, prosecuting attorneys and defense attorneys.

Special Operations Unit Fund

To account for revenues and expenditures along with matching grant funds from participating entities in the area. The purpose of the program is to investigate, disrupt, and dismantle the manufacturing and or trafficking of methamphetamine in the area.

Library Fund

To account for all financial resources for the public library system, including the revenues and expenditures of grant funds from the Texas State Library and Archives Commission. This grant provided funds for the Burnet County Library System to purchase audio/visual materials. The Herman Brown Library in Burnet, Marble Falls Library, Oakalla Library and Bertram Library operate from this fund.

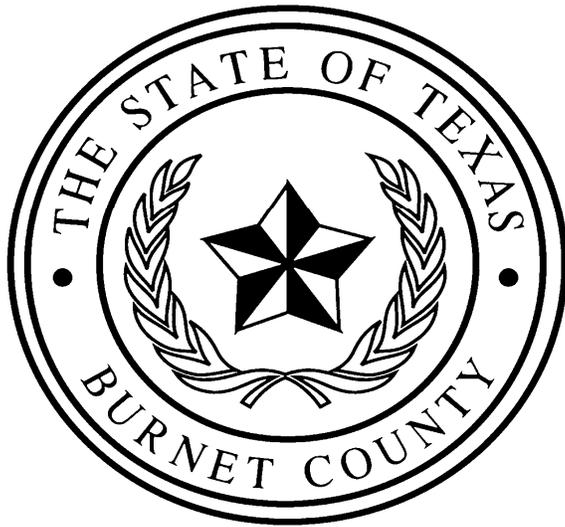
OTHER FUNDS

Debt Service Fund

The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for principal and interest and related costs.

Capital Projects Fund

The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.



BURNET COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	County Attorney Hot Check Fund	Economic Development Fund	Law Library Fund	Special Operations Unit
ASSETS				
Cash and Cash Equivalents	\$ 16,644	\$ 407,229	\$ 17,675	\$ 138,866
Investments - Current	-	13,337	-	87,526
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	590	50,920	-	-
Due from Others	-	-	7,387	1,091
Prepaid Items	-	500	-	-
Total Assets	<u>\$ 17,234</u>	<u>\$ 471,986</u>	<u>\$ 25,062</u>	<u>\$ 227,483</u>
LIABILITIES				
Accounts Payable	\$ 27	\$ 1,627	\$ -	\$ -
Wages and Salaries Payable	181	942	-	-
Accrued Interest Payable	-	-	-	-
Other Current Liabilities	4,925	-	-	-
Total Liabilities	<u>5,133</u>	<u>2,569</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Non-Spendable	500	-	-	-
Restricted	11,601	-	25,062	-
Committed	-	469,417	-	227,483
Total Fund Balances	<u>12,101</u>	<u>469,417</u>	<u>25,062</u>	<u>227,483</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 17,234</u>	<u>\$ 471,986</u>	<u>\$ 25,062</u>	<u>\$ 227,483</u>

The notes to the Financial Statements are an integral part of this statement.

Library System Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 67,061	\$ 647,475	\$ 272,162	\$ 15,251	\$ 934,888
-	100,863	8,817	18,363	128,043
-	-	61,220	-	61,220
-	-	(15,305)	-	(15,305)
1,376	52,886	2,658	-	55,544
8,298	16,776	-	-	16,776
178	678	-	-	678
<u>\$ 76,913</u>	<u>\$ 818,678</u>	<u>\$ 329,552</u>	<u>\$ 33,614</u>	<u>\$ 1,181,844</u>
\$ 1,616	\$ 3,270	\$ 771	\$ -	\$ 4,041
10,897	12,020	-	-	12,020
-	-	12,095	-	12,095
-	4,925	-	-	4,925
<u>12,513</u>	<u>20,215</u>	<u>12,866</u>	<u>-</u>	<u>33,081</u>
-	-	45,915	-	45,915
-	-	45,915	-	45,915
178	678	-	-	678
13,107	49,770	270,771	33,614	354,155
51,115	748,015	-	-	748,015
<u>64,400</u>	<u>798,463</u>	<u>270,771</u>	<u>33,614</u>	<u>1,102,848</u>
<u>\$ 76,913</u>	<u>\$ 818,678</u>	<u>\$ 329,552</u>	<u>\$ 33,614</u>	<u>\$ 1,181,844</u>

BURNET COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	County Attorney Hot Check Fund	Economic Development Fund	Law Library Fund	Special Operations Unit
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	263,940	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	25,000
Charges for Services	-	-	29,499	-
Fines	-	-	-	-
Forfeits	-	-	-	41,974
Investment Earnings	13	3,063	-	1,551
Contributions & Donations	-	-	-	-
Other Revenue	16,176	-	-	-
Total Revenues	<u>16,189</u>	<u>267,003</u>	<u>29,499</u>	<u>68,525</u>
EXPENDITURES:				
Current:				
General Government	21,800	238,400	4,629	-
Public Safety	-	-	-	39,332
Culture and Recreation	-	-	-	-
Debt Service:				
Debt Principal	-	-	-	-
Debt Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>21,800</u>	<u>238,400</u>	<u>4,629</u>	<u>39,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,611)</u>	<u>28,603</u>	<u>24,870</u>	<u>29,193</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	192	325
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>192</u>	<u>325</u>
Net Change in Fund Balance	(5,611)	28,603	25,062	29,518
Fund Balance - October 1 (Beginning)	<u>17,712</u>	<u>440,814</u>	<u>-</u>	<u>197,965</u>
Fund Balance - September 30 (Ending)	<u>\$ 12,101</u>	<u>\$ 469,417</u>	<u>\$ 25,062</u>	<u>\$ 227,483</u>

The notes to the Financial Statements are an integral part of this statement.

Library System Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,448,789	\$ -	\$ 1,448,789
-	263,940	-	-	263,940
-	-	20,222	-	20,222
8,400	33,400	816	-	34,216
13,894	43,393	-	-	43,393
18,342	18,342	-	-	18,342
-	41,974	-	-	41,974
-	4,627	2,518	390	7,535
4,000	4,000	-	-	4,000
-	16,176	-	-	16,176
<u>44,636</u>	<u>425,852</u>	<u>1,472,345</u>	<u>390</u>	<u>1,898,587</u>
-	264,829	-	9,243	274,072
-	39,332	-	-	39,332
751,560	751,560	-	-	751,560
-	-	1,390,000	-	1,390,000
-	-	89,644	-	89,644
-	-	1,250	-	1,250
-	-	-	19,652	19,652
<u>751,560</u>	<u>1,055,721</u>	<u>1,480,894</u>	<u>28,895</u>	<u>2,565,510</u>
<u>(706,924)</u>	<u>(629,869)</u>	<u>(8,549)</u>	<u>(28,505)</u>	<u>(666,923)</u>
-	517	-	-	517
<u>679,473</u>	<u>679,473</u>	-	-	<u>679,473</u>
<u>679,473</u>	<u>679,990</u>	-	-	<u>679,990</u>
(27,451)	50,121	(8,549)	(28,505)	13,067
<u>91,851</u>	<u>748,342</u>	<u>279,320</u>	<u>62,119</u>	<u>1,089,781</u>
<u>\$ 64,400</u>	<u>\$ 798,463</u>	<u>\$ 270,771</u>	<u>\$ 33,614</u>	<u>\$ 1,102,848</u>

BURNET COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - COUNTY ATTORNEY CHECK COLLECTION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 13	\$ 13
Other Revenue	23,612	23,612	16,176	(7,436)
Total Revenues	<u>23,612</u>	<u>23,612</u>	<u>16,189</u>	<u>(7,423)</u>
EXPENDITURES:				
Current:				
General Government	23,612	23,612	21,800	1,812
Total Expenditures	<u>23,612</u>	<u>23,612</u>	<u>21,800</u>	<u>1,812</u>
Change in Fund Balance	-	-	(5,611)	(5,611)
Fund Balance - October 1 (Beginning)	<u>17,712</u>	<u>17,712</u>	<u>17,712</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 17,712</u>	<u>\$ 17,712</u>	<u>\$ 12,101</u>	<u>\$ (5,611)</u>

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Other Taxes	\$ 150,000	\$ 150,000	\$ 263,940	\$ 113,940
Investment Earnings	2,000	2,000	3,063	1,063
Total Revenues	152,000	152,000	267,003	115,003
EXPENDITURES:				
Current:				
General Government	308,681	308,681	238,400	70,281
Total Expenditures	308,681	308,681	238,400	70,281
Change in Fund Balance	(156,681)	(156,681)	28,603	185,284
Fund Balance - October 1 (Beginning)	440,814	440,814	440,814	-
 Fund Balance - September 30 (Ending)	 \$ 284,133	 \$ 284,133	 \$ 469,417	 \$ 185,284

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAW LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Charges for Services	\$ 24,500	\$ 24,500	\$ 29,499	\$ 4,999
Total Revenues	24,500	24,500	29,499	4,999
EXPENDITURES:				
Current:				
General Government	24,500	24,500	4,629	19,871
Total Expenditures	24,500	24,500	4,629	19,871
Excess of Revenues Over Expenditures	-	-	24,870	24,870
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	192	192
Total Other Financing Sources (Uses)	-	-	192	192
Change in Fund Balance	-	-	25,062	25,062
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ 25,062	\$ 25,062

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL OPERATIONS UNIT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Forfeits	-	-	41,974	41,974
Investment Earnings	200	200	1,551	1,351
Other Revenue	1,000	1,000	-	(1,000)
Total Revenues	<u>26,200</u>	<u>26,200</u>	<u>68,525</u>	<u>42,325</u>
EXPENDITURES:				
Current:				
Public Safety	90,030	90,030	39,332	50,698
Capital Outlay:				
Capital Outlay	6,000	6,000	-	6,000
Total Expenditures	<u>96,030</u>	<u>96,030</u>	<u>39,332</u>	<u>56,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(69,830)</u>	<u>(69,830)</u>	<u>29,193</u>	<u>99,023</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	325	325
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>325</u>	<u>325</u>
Change in Fund Balance	(69,830)	(69,830)	29,518	99,348
Fund Balance - October 1 (Beginning)	197,965	197,965	197,965	-
Fund Balance - September 30 (Ending)	<u>\$ 128,135</u>	<u>\$ 128,135</u>	<u>\$ 227,483</u>	<u>\$ 99,348</u>

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY SYSTEM FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 20,819	\$ 8,400	\$ (12,419)
Charges for Services	-	13,894	13,894	-
Fines	-	105,228	18,342	(86,886)
Contributions & Donations	-	4,315	4,000	(315)
Total Revenues	-	144,255	44,636	(99,619)
EXPENDITURES:				
Current:				
Culture and Recreation	-	851,910	751,560	100,350
Total Expenditures	-	851,910	751,560	100,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(707,655)	(706,924)	731
OTHER FINANCING SOURCES (USES):				
Transfers In	707,656	707,656	679,473	(28,183)
Total Other Financing Sources (Uses)	707,656	707,656	679,473	(28,183)
Change in Fund Balance	707,656	1	(27,451)	(27,452)
Fund Balance - October 1 (Beginning)	91,851	91,851	91,851	-
Fund Balance - September 30 (Ending)	\$ 799,507	\$ 91,852	\$ 64,400	\$ (27,452)

BURNET COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,140,440	\$ 1,140,440	\$ 1,448,789	\$ 308,349
Penalty and Interest on Taxes	20,000	20,000	20,222	222
Intergovernmental Revenue and Grants	-	-	816	816
Investment Earnings	3,500	3,500	2,518	(982)
Other Revenue	38,480	38,480	-	(38,480)
Total Revenues	<u>1,202,420</u>	<u>1,202,420</u>	<u>1,472,345</u>	<u>269,925</u>
EXPENDITURES:				
Current:				
Debt Service:				
Debt Principal	1,390,000	1,390,000	1,390,000	-
Debt Interest	95,074	95,074	89,644	5,430
Fiscal Agent's Fees	4,000	4,000	1,250	2,750
Total Expenditures	<u>1,489,074</u>	<u>1,489,074</u>	<u>1,480,894</u>	<u>8,180</u>
Change in Fund Balance	(286,654)	(286,654)	(8,549)	278,105
Fund Balance - October 1 (Beginning)	<u>279,320</u>	<u>279,320</u>	<u>279,320</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ (7,334)</u>	<u>\$ (7,334)</u>	<u>\$ 270,771</u>	<u>\$ 278,105</u>

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 390	\$ 390
Total Revenues	<u>-</u>	<u>-</u>	<u>390</u>	<u>390</u>
EXPENDITURES:				
Current:				
General Government	-	9,243	9,243	-
Capital Outlay:				
Capital Outlay	-	19,652	19,652	-
Total Expenditures	<u>-</u>	<u>28,895</u>	<u>28,895</u>	<u>-</u>
Change in Fund Balance	-	(28,895)	(28,505)	390
Fund Balance - October 1 (Beginning)	<u>62,119</u>	<u>62,119</u>	<u>62,119</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 62,119</u>	<u>\$ 33,224</u>	<u>\$ 33,614</u>	<u>\$ 390</u>

AGENCY FUNDS

BURNET COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BALANCE OCTOBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2013
COURT COSTS AND FEES FUND				
Assets:				
Cash and Cash Equivalents	\$ 92,830	\$ 560,341	\$ 398,249	\$ 254,922
Other Receivables	2,481	-	2,481	-
Due from Others	700	-	700	-
Total Assets	<u>\$ 96,011</u>	<u>\$ 560,341</u>	<u>\$ 401,430</u>	<u>\$ 254,922</u>
Liabilities:				
Due to Others	<u>\$ 96,011</u>	<u>\$ 560,341</u>	<u>\$ 401,430</u>	<u>\$ 254,922</u>
WASTEWATER PERMIT FEES				
Assets:				
Cash and Cash Equivalents	\$ 260	\$ 1,230	\$ 1,160	\$ 330
Liabilities:				
Due to Others	<u>\$ 260</u>	<u>\$ 1,230</u>	<u>\$ 1,160</u>	<u>\$ 330</u>
EMPLOYEE GREAT FUND				
Assets:				
Cash and Cash Equivalents	\$ 13,239	\$ 3,738	\$ 2,400	\$ 14,577
Other Receivables	166	-	166	-
Total Assets	<u>\$ 13,405</u>	<u>\$ 3,738</u>	<u>\$ 2,566</u>	<u>\$ 14,577</u>
Liabilities:				
Due to Others	<u>\$ 13,405</u>	<u>\$ 3,738</u>	<u>\$ 2,566</u>	<u>\$ 14,577</u>
TREASURER'S CASH BONDS				
Assets:				
Cash and Cash Equivalents	\$ 4,075	\$ 105,368	\$ 91,068	\$ 18,375
Other Receivables	500	-	500	-
Total Assets	<u>\$ 4,575</u>	<u>\$ 105,368</u>	<u>\$ 91,568</u>	<u>\$ 18,375</u>
Liabilities:				
Due to Others	<u>\$ 4,575</u>	<u>\$ 105,368</u>	<u>\$ 91,568</u>	<u>\$ 18,375</u>
COUNTY CLERK'S TRUSTS				
Assets:				
Cash and Cash Equivalents	\$ 152,626	\$ 208,775	\$ 170,667	\$ 190,734
Liabilities:				
Due to Others	<u>\$ 152,626</u>	<u>\$ 208,775</u>	<u>\$ 170,667</u>	<u>\$ 190,734</u>
COUNTY CLERK'S REGISTRY				
Assets:				
Cash and Cash Equivalents	\$ 56,916	\$ 233,951	\$ 217,897	\$ 72,970
Liabilities:				
Due to Others	<u>\$ 56,916</u>	<u>\$ 233,951</u>	<u>\$ 217,897</u>	<u>\$ 72,970</u>

BURNET COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BALANCE OCTOBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2013
DISTRICT CLERK'S REGISTRY				
Assets:				
Cash and Cash Equivalents	\$ 204,784	\$ 455,298	\$ 504,846	\$ 155,236
Liabilities:				
Due to Others	\$ 204,784	\$ 455,298	\$ 504,846	\$ 155,236
DISTRICT CLERK'S TRUSTS				
Assets:				
Cash and Cash Equivalents	\$ 194,842	\$ 2,205	\$ 52,311	\$ 144,736
Liabilities:				
Due to Others	\$ 194,842	\$ 2,205	\$ 52,311	\$ 144,736
COUNTY ATTORNEY HOT CHECKS				
Assets:				
Cash and Cash Equivalents	\$ 40,523	\$ 174,567	\$ 211,646	\$ 3,444
Liabilities:				
Due to Others	\$ 40,523	\$ 174,567	\$ 211,646	\$ 3,444
TAX A/C SALES TAX AND STATE FEES				
Assets:				
Cash and Cash Equivalents	\$ 1,215	\$ 28,064,576	\$ 28,038,511	\$ 27,280
Liabilities:				
Due to Others	\$ 1,215	\$ 28,064,576	\$ 28,038,511	\$ 27,280
SWC - JAIL COMMISSARY				
Assets:				
Cash and Cash Equivalents	\$ 76,326	\$ -	\$ 76,326	\$ -
Liabilities:				
Due to Others	\$ 76,326	\$ -	\$ 76,326	\$ -
SWC - INMATE TRUST				
Assets:				
Cash and Cash Equivalents	\$ 60,650	\$ 507,360	\$ 484,524	\$ 83,486
Liabilities:				
Due to Others	\$ 60,650	\$ 507,360	\$ 484,524	\$ 83,486
SWC - POLK STREET COMMISSARY				
Assets:				
Cash and Cash Equivalents	\$ 5,602	\$ -	\$ 4	\$ 5,598
Liabilities:				
Due to Others	\$ 5,602	\$ -	\$ 4	\$ 5,598

BURNET COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BALANCE OCTOBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2013
SWC - JAIL COMMISSARY FSB				
Assets:				
Cash and Cash Equivalents	\$ 5,348	\$ 137,207	\$ 130,803	\$ 11,752
Liabilities:				
Due to Others	\$ 5,348	\$ 137,207	\$ 130,803	\$ 11,752
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 909,236	\$ 30,454,616	\$ 30,380,412	\$ 983,440
Other Receivables	3,147	-	3,147	-
Due From Others	700	-	700	-
Total Assets	\$ 913,083	\$ 30,454,616	\$ 30,384,259	\$ 983,440
Liabilities:				
Due to Others	\$ 913,083	\$ 30,454,616	\$ 30,384,259	\$ 983,440

INTERNAL SERVICE FUNDS

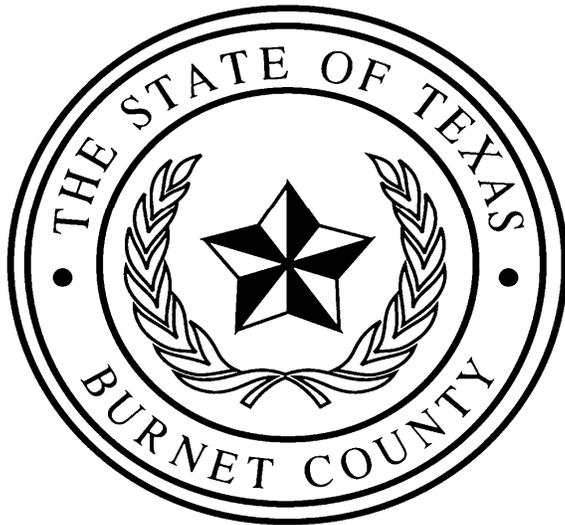
INTERNAL SERVICE FUNDS

Health Reimbursement Fund (HRA)

This fund is to reimburse employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year so as to reduce the County's premium. The funds are transferred from the general fund per the budget.

BURNET COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - HRA
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
OPERATING EXPENSES:				
Insurance Claims and Reimbursements	\$ 50,000	\$ 50,000	\$ 16,190	\$ 33,810
Administrative Fees	7,000	7,000	5,396	1,604
Total Operating Expenses	<u>57,000</u>	<u>57,000</u>	<u>21,586</u>	<u>35,414</u>
Operating Income (Loss)	<u>(57,000)</u>	<u>(57,000)</u>	<u>(21,586)</u>	<u>(35,414)</u>
Income (Loss) Before Transfers	<u>(57,000)</u>	<u>(57,000)</u>	<u>(21,586)</u>	<u>35,414</u>
Transfer In	<u>57,000</u>	<u>57,000</u>	<u>21,586</u>	<u>(35,414)</u>
Change In Net Position	-	-	-	-
Total Net Position - October 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



STATISTICAL SECTION

County of Burnet, Texas
Statistical Section
For the Year Ended September 30, 2013

This part of the County of Burnet comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	Page Number(s)
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	75-78
Revenue Capacity These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	79-82
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	83-86
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	87-89
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report related to the services the County provides and the activities it performs.	90-95

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2004; tables presenting government-wide information include information beginning in that year.

BURNET COUNTY, TEXAS

**Net Assets by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,695,587	\$ 3,219,987	\$ 4,215,861	\$ 4,626,445	\$ 5,201,806	\$ 6,589,622	\$ 8,131,053	\$ 8,991,719	\$ 10,130,715	\$ 10,397,590
Restricted	1,864,297	2,301,630	1,639,434	2,738,586	2,832,962	2,238,176	2,363,974	1,973,018	1,854,763	2,066,761
Unrestricted	3,986,681	5,367,103	7,346,699	8,149,829	8,959,953	7,950,786	7,920,246	6,983,482	7,781,982	8,754,048
Total governmental activities net assets	<u>\$ 8,546,565</u>	<u>\$ 10,888,720</u>	<u>\$ 13,201,994</u>	<u>\$ 15,514,860</u>	<u>\$ 16,994,721</u>	<u>\$ 16,778,584</u>	<u>\$ 18,415,273</u>	<u>\$ 17,948,219</u>	<u>\$ 19,767,460</u>	<u>\$ 21,218,399</u>

Extracted from the Statement of Net Assets

BURNET COUNTY, TEXAS

**Change in Net Assets
Last Ten Fiscal Years**

(Accrual Basis of Accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental activities:										
General government	\$ 6,586,906	\$ 5,897,132	\$ 6,643,893	\$ 7,282,552	\$ 7,914,836	\$ 8,230,791	\$ 8,971,896	\$ 9,365,277	\$ 9,689,816	\$ 8,911,433
Public safety	2,875,257	4,038,134	4,797,097	5,281,014	5,132,123	5,962,184	5,621,349	5,888,344	5,807,933	7,579,400
Public transportation	1,694,923	1,621,191	1,590,459	1,829,628	2,727,586	2,187,038	2,662,518	2,834,692	2,601,488	2,828,087
Health and welfare	605,108	680,149	496,832	403,277	469,197	453,438	590,292	722,603	609,570	531,660
Culture and recreation	418,233	489,326	521,388	529,403	649,080	898,391	726,592	749,805	697,018	779,946
Conservation	129,417	139,280	156,752	165,398	213,902	204,980	234,281	320,590	516,942	449,112
Debt Service	454,022	474,761	403,342	385,817	382,762	339,283	229,834	209,573	163,462	118,286
Total governmental activities expenses	12,763,866	13,339,973	14,609,763	15,877,089	17,489,486	18,276,105	19,036,762	20,090,884	20,086,229	21,197,924
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	2,042,545	1,792,328	2,087,809	2,214,552	1,462,022	1,378,505	1,387,549	292,287	\$ 1,002,955	\$ 1,085,961
Public safety	261,524	267,641	438,195	492,756	627,385	517,605	545,543	811,238	477,066	452,797
Public transportation	1,036,202	1,028,117	1,012,693	1,013,350	1,281,895	1,209,877	1,214,181	1,231,456	1,682,462	1,811,333
Health and welfare	300	476	574	991	5,410	5,325	5,707	5,829	18,660	19,578
Culture and recreation		29,159	26,781	26,904	25,333	29,510	37,161	36,853	33,030	32,236
Conservation										
Grants and contributions	830,757	1,303,663	1,083,204	1,644,681	1,632,874	1,256,815	1,295,608	936,982	2,010,403	1,506,620
Total governmental activities program revenues	4,171,328	4,421,384	4,649,256	5,393,234	5,034,919	4,397,637	4,485,749	3,314,645	5,224,576	4,908,525
Net (Expenses) /Revenues	\$ (8,592,538)	\$ (8,918,589)	\$ (9,960,507)	\$ (10,483,855)	\$ (12,454,567)	\$ (13,878,468)	\$ (14,551,013)	\$ (16,776,239)	\$ (14,861,653)	\$ (16,289,399)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,211,624	\$ 10,150,113	\$ 10,966,266	\$ 11,551,408	\$ 12,757,191	\$ 13,927,242	\$ 14,923,248	\$ 15,437,428	\$ 15,863,963	\$ 16,901,829
Other taxes	101,068	159,951	231,072	235,596	285,486	322,626	307,643	274,257	321,095	318,621
Penalty and interest	200,390	198,171	200,827	211,823	193,647	203,547	228,340	220,523	215,565	239,488
Other revenue not restricted to specific programs	-	250,829	457,425	266,375	323,053	176,058	674,037	288,352	267,911	331,739
Investment earnings	74,682	198,702	418,191	531,519	375,051	114,249	54,434	88,625	138,548	98,537
Gain on sale of capital assets	100	342,224	-	-	-	-	-	-	-	-
Total general revenues	9,587,864	11,299,990	12,273,781	12,796,721	13,934,428	14,743,722	16,187,702	16,309,185	16,807,082	17,890,214
Change in Net Assets	\$ 995,326	\$ 2,381,401	\$ 2,313,274	\$ 2,312,866	\$ 1,479,861	\$ 865,254	\$ 1,636,689	\$ (467,054)	\$ 1,945,429	\$ 1,600,815

Extracted from the Statement of Activities

BURNET COUNTY, TEXAS

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Non-Spendable								\$ 41,059	\$ 30,051	\$ 34,273
Restricted								670,331	663,078	758,096
Committed								55,096	60,775	92,748
Assigned								222,430	222,430	281,616
Unassigned								4,985,243	5,947,429	6,852,443
Reserved	\$ 384,341	\$ 854,556	\$ 961,121	\$ 1,348,097	\$ 1,391,486	\$ 790,175	\$ 1,014,527			
Unreserved	2,324,259	3,174,120	4,073,726	4,276,231	4,147,886	4,271,139	4,479,886			
Total general fund	\$ 2,708,600	\$ 4,028,676	\$ 5,034,847	\$ 5,624,328	\$ 5,539,372	\$ 5,061,314	\$ 5,494,413	\$ 5,974,159	\$ 6,923,763	\$ 8,019,176
All other governmental funds										
Non-Spendable								\$ 1,740	\$ 4,227	\$ 3,910
Restricted								1,302,687	1,191,685	1,308,665
Committed								805,775	716,558	748,015
Assigned								35,936	12,116	59,724
Reserved										
Unreserved, reported in :										
Special revenue funds	830,735	878,568	898,679	1,233,196	1,991,172	1,818,982	1,657,549			
Debt service fund	135,850	41,369	255,946	533,585	-	-	-			
Capital projects fund	513,371	527,137	322,009	579,570	-	-	-			
Total all other governmental funds	1,479,956	1,447,074	1,576,992	2,623,685	3,432,648	3,266,983	3,045,481	2,146,138	1,924,586	2,120,314
Total funds	\$ 4,188,556	\$ 5,475,750	\$ 6,611,839	\$ 8,248,013	\$ 8,972,020	\$ 8,328,297	\$ 8,539,894	\$ 8,120,297	\$ 8,848,349	\$ 10,139,490

Extracted from Balance Sheet--Governmental Funds
Includes General, Special Revenue, Debt Service and Capital Projects Funds

BURNET COUNTY, TEXAS

Change in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 9,597,668	\$ 10,496,091	\$ 11,393,677	\$ 11,982,828	\$ 13,224,103	\$ 14,393,941	\$ 15,419,894	\$ 15,884,591	\$ 16,325,985	\$ 17,456,793
Licenses and permits	1,259,549	1,248,904	1,277,759	1,301,006	1,336,018	1,258,994	1,256,519	1,281,249	1,313,360	1,351,827
Intergovernmental and grants	727,515	1,251,111	1,141,000	1,483,954	1,697,423	1,313,874	1,590,685	1,006,961	2,065,542	1,550,281
Charges for services	846,300	920,722	1,358,805	1,344,839	1,278,154	1,250,918	1,163,697	1,500,364	1,452,197	1,474,788
Fines	567,505	597,141	722,036	863,407	648,396	550,529	568,511	474,726	447,306	535,315
Investment earnings	76,884	191,867	405,962	515,845	359,671	109,861	53,334	88,362	117,212	25,659
Other revenue	370,304	220,591	213,905	234,406	276,963	154,627	299,209	224,943	273,707	339,179
Total Revenues	<u>13,445,725</u>	<u>14,926,427</u>	<u>16,513,144</u>	<u>17,726,285</u>	<u>18,820,728</u>	<u>19,032,744</u>	<u>20,351,849</u>	<u>20,461,196</u>	<u>21,995,309</u>	<u>22,733,842</u>
EXPENDITURES										
General government	6,384,112	5,586,687	6,264,895	6,866,915	7,423,279	7,739,771	8,445,073	8,681,370	9,074,876	8,265,350
Public safety	2,635,420	3,685,555	4,415,939	4,883,153	4,634,605	5,207,457	4,933,582	5,444,752	5,330,507	6,945,177
Health and welfare	604,108	679,480	495,832	403,277	469,197	637,731	576,317	708,628	595,595	528,166
Culture and recreation	412,045	474,805	509,545	516,321	602,880	674,122	708,917	731,305	677,134	759,933
Conservation	118,149	126,917	139,914	150,158	197,398	184,432	212,469	298,263	493,722	429,441
Public transportation	1,504,305	1,339,647	1,315,618	1,616,588	2,387,969	2,767,690	2,291,767	2,253,269	2,180,950	2,347,796
Construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	535,000	856,747	918,848	1,096,362	1,158,359	1,235,035	1,286,288	1,394,370	1,471,814	1,528,682
Interest	461,105	448,005	398,383	385,817	378,042	334,563	277,355	174,493	128,382	93,870
Capital outlay	536,887	1,459,232	1,107,796	1,741,300	992,682	1,123,387	2,878,861	1,491,123	1,356,102	688,226
Total Expenditures	13,191,131	14,637,075	15,566,770	17,659,891	18,244,411	19,904,188	21,610,629	21,177,573	21,311,082	21,586,641
Excess of revenues over (under) expenditures	<u>254,594</u>	<u>289,352</u>	<u>946,374</u>	<u>66,394</u>	<u>576,317</u>	<u>(871,444)</u>	<u>(1,258,780)</u>	<u>(716,377)</u>	<u>684,227</u>	<u>1,147,201</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	2,242,400	843,771	848,202	754,907	1,095,660	1,254,976	2,624,501	919,292	959,355	913,186
Transfers out	(2,242,400)	(843,771)	(848,202)	(754,907)	(1,095,660)	(1,254,976)	(2,337,925)	(831,042)	(853,412)	(934,772)
Proceeds from debt issued & capital leases	954,308	305,638	178,375	1,564,931	136,348	220,162	1,367,246	186,473	77,859	83,028
Proceeds from insurance settlements	-	-	-	-	-	-	-	12,143	8,191	48,851
Other Resources - contribution	-	250,829	-	-	-	-	-	-	-	-
Proceeds from Sale of capital assets	100	500,620	11,340	4,849	11,342	7,559	116,490	9,913	4,102	33,647
Total other financing sources (uses)	<u>954,408</u>	<u>1,057,087</u>	<u>189,715</u>	<u>1,569,780</u>	<u>147,690</u>	<u>227,721</u>	<u>1,770,312</u>	<u>296,779</u>	<u>196,095</u>	<u>143,940</u>
Net change in fund balances	<u>\$ 1,209,002</u>	<u>\$ 1,326,439</u>	<u>\$ 1,136,089</u>	<u>\$ 1,636,174</u>	<u>\$ 724,007</u>	<u>\$ (643,723)</u>	<u>\$ 511,532</u>	<u>\$ (419,598)</u>	<u>\$ 880,322</u>	<u>\$ 1,291,141</u>
Debt services as a percentage of noncapital expenditures	8.54%	10.97%	10.02%	10.27%	9.78%	9.12%	9.11%	8.66%	8.72%	8.42%

Extracted from Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

BURNET COUNTY, TEXAS

**General Government Revenue By Source
(General, Special Revenue, Debt Service and Capital Projects)
Last Ten Fiscal Years**

Fiscal Year	Taxes	Licenses and Permits	Inter- Governmental	State/Federal Grants	Charges for Services	Fines and Forfeitures	Miscellaneous	Totals
2013	\$ 17,456,793	\$ 1,351,827	\$ 232,454	\$ 1,317,827	\$ 1,474,788	\$ 577,289	\$ 322,864	\$ 22,733,842
2012	\$ 16,325,985	\$ 1,313,360	\$ 128,243	\$ 1,937,299	\$ 1,452,197	\$ 452,227	\$ 385,998	\$ 21,995,309
2011	\$ 15,884,591	\$ 1,452,197	\$ (489,676)	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 20,072,488
2010	\$ 15,419,894	\$ 1,256,519	\$ 295,078	\$ 1,295,608	\$ 1,163,697	\$ 568,511	\$ 352,543	\$ 20,351,850
2009	\$ 14,393,941	\$ 1,258,994	\$ 245,753	\$ 1,068,121	\$ 1,250,918	\$ 550,529	\$ 264,488	\$ 19,032,744
2008	\$ 8,387,024	\$ 1,203,140	\$ (237,583)	\$ 1,180,758	\$ 693,006	\$ 442,728	\$ 410,681	\$ 12,079,754
2007	\$ 11,982,828	\$ 1,301,006	\$ 290,217	\$ 1,193,737	\$ 1,344,839	\$ 863,407	\$ 750,251	\$ 17,726,285
2006	\$ 11,393,677	\$ 1,277,759	\$ 354,331	\$ 786,669	\$ 1,358,805	\$ 722,036	\$ 619,867	\$ 16,513,144
2005	\$ 10,496,091	\$ 1,248,904	\$ 389,080	\$ 862,031	\$ 920,722	\$ 597,141	\$ 412,458	\$ 14,926,427
2004	\$ 9,597,668	\$ 1,259,549	\$ 314,908	\$ 412,607	\$ 846,300	\$ 567,505	\$ 447,188	\$ 13,445,725

Source:
Extracted from Statement of Revenues, Expenditures, and changes in Fund Balance - Governmental Funds.
Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

BURNET COUNTY, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property ¹
 Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property		All Other	Less: Total Exemptions	Total Assessed Value	Total Direct General Tax Rate	Total Estimated Adjusted Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2013	2,747,582,531	415,256,598	1,609,573,153	310,803,398	4,772,412,282	0.39510	3,557,129,850	0.74535
2012	2,707,663,070	408,441,825	1,546,799,151	308,748,799	4,662,904,046	0.39340	3,504,632,927	0.75160
2011	2,662,340,790	403,281,579	1,497,008,828	261,182,451	4,562,631,197	0.36920	3,484,737,786	0.76376
2010	2,615,424,333	393,594,834	1,444,904,219	239,631,639	4,453,923,386	0.36270	3,468,961,578	0.77886
2009	2,380,145,662	351,169,223	1,378,020,542	205,521,502	4,109,335,427	0.36270	3,250,104,295	0.79091
2008	4,341,278,980	341,058,166	264,663,943	1,518,539,624	4,945,020,887	0.37790	3,426,481,263	0.69292
2007	3,682,742,539	299,186,692	184,392,267	1,102,849,753	4,164,360,967	0.38070	3,061,511,214	0.73517
2006	3,492,692,417	267,657,996	178,885,992	1,175,308,410	3,939,236,405	0.40020	2,763,927,995	0.70164
2005	2,950,165,169	240,414,935	169,155,760	844,391,532	3,359,735,864	0.40370	2,515,344,332	0.74867
2004	2,825,407,302	220,674,218	133,525,831	856,647,973	3,179,607,351	0.39610	2,322,959,378	0.73058

Source: Burnet Central Appraisal District

¹ Property value amounts were reclassified for this schedule for clarity. FY 2009 is not comparable to previous years.

BURNET COUNTY, TEXAS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property Tax Rates										
Direct and Overlapping Governments										
Last Ten Fiscal Years										
(unaudited)										
Direct Rates										
Burnet County General Rates	0.3781	0.3857	0.3752	0.3553	0.3478	0.3277	0.3267	0.3303	0.3517	0.3533
Burnet Co. Special Road & Bridge Rate	0.0180	0.0180	0.0250	0.0254	0.0301	0.0350	0.0360	0.0389	0.0417	0.0418
Total direct tax rate	0.3961	0.4037	0.4002	0.3807	0.3779	0.3627	0.3627	0.3692	0.3934	0.3951
Overlapping debt:										
City Rates										
City of Burnet	0.4979	0.5200	0.5098	0.6393	0.5819	0.5574	0.5852	0.6265	0.6265	0.6265
City of Bertram	0.4109	0.4109	0.4419	0.4784	0.4856	0.4565	0.4565	0.4565	0.4810	0.4810
City of Marble Falls	0.4200	0.4170	0.4200	0.3950	0.4850	0.6300	0.6134	0.6435	0.6483	0.6483
City of Granite Shoals	0.2412	0.4412	0.4057	0.4091	0.4000	0.4311	0.4300	0.4480	0.4600	0.4970
City of Cottonwood Shores	0.3735	0.3744	0.4349	0.4399	0.4997	0.4638	0.4999	0.5000	0.5000	0.5172
City of Meadowlakes	0.0677	0.0677	0.0670	0.0673	0.2990	0.2990	0.2990	0.2990	0.3159	0.3206
City of Highland Haven	0.0878	0.0878	0.0878	0.0775	0.0747	0.0724	0.0680	0.0718	0.0944	0.1125
City of Horseshoe Bay	-	-	-	0.5000	0.4000	0.3500	0.3300	0.2500	0.2500	0.2500
School District Rates										
Burnet C. I. S. D.	1.6790	1.7500	1.7400	1.5978	1.2750	1.2500	1.2500	1.2650	1.2625	1.2625
Marble Falls I. S. D.	1.6420	1.6550	1.6400	1.4716	1.2350	1.2550	1.2850	1.2900	1.2800	1.2800
Special District Rates										
Burnet ESD #1	0.0420	0.0350	0.0334	0.0295	0.0295	0.0295	0.0280	0.0280	0.0220	0.0220
Burnet ESD #2	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #3	-	-	-	-	-	-	-	-	0.0875	0.0875
Burnet ESD #4	-	-	-	-	-	0.0780	0.0810	0.0826	0.0750	0.1000
Burnet ESD #5	-	-	-	-	-	-	0.1000	0.1000	0.0998	0.0910
Burnet ESD #6	-	-	-	-	-	-	-	-	0.0861	0.0861
Burnet ESD #7	-	-	-	-	-	-	0.1000	0.0960	0.0975	0.0975
Burnet ESD #8	-	-	-	-	-	-	-	0.1000	0.1000	0.1000
Kingsland M.U.D.	-	-	-	-	-	0.2500	0.2400	0.2250	0.2200	0.2200
Meadowlakes M. U. D.	0.2300	0.2300	0.2300	0.2300	-	-	-	-	-	-
Central Texas Groundwater	-	-	-	0.0165	0.0151	0.0137	0.0131	0.0108	0.0099	0.0098
Lake LBJ M. U. D.	0.2500	0.2500	-	-	-	-	-	-	-	-
Total Direct and Overlapping Rates	6.3381	6.6427	6.4107	6.7326	6.1584	6.5991	6.8418	6.9619	7.2098	7.3046

Source: Burnet Central Appraisal District

BURNET COUNTY, TEXAS

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 16,761,190	\$ 16,585,333	98.95%	\$ 326,004	\$ 16,911,337	100.90%
2012	\$ 15,828,135	\$ 15,487,022	97.84%	\$ 298,931	\$ 15,785,953	99.73%
2011	\$ 15,425,858	\$ 15,092,330	97.84%	\$ 297,481	\$ 15,389,811	99.77%
2010	\$ 14,943,142	\$ 14,565,642	97.47%	\$ -	\$ 14,565,642	97.47%
2009	\$ 13,949,024	\$ 13,600,505	97.50%	\$ 172,959	\$ 13,773,464	98.74%
2008	\$ 11,783,091	\$ 11,531,728	97.87%	\$ 180,285	\$ 11,712,013	99.40%
2007	\$ 11,548,946	\$ 11,276,310	97.64%	\$ 208,447	\$ 11,484,757	99.44%
2006	\$ 10,987,901	\$ 10,698,641	97.37%	\$ 160,066	\$ 10,858,707	98.82%
2005	\$ 10,145,876	\$ 9,873,117	97.17%	\$ 204,700	\$ 10,077,817	99.33%
2004	\$ 9,291,276	\$ 9,024,956	98.17%	\$ 232,753	\$ 9,257,709	99.64%

Source: Burnet Central Appraisal District

BURNET COUNTY, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ^{1,2}	Net Bonded Debt Per Capita
	General Obligation Bonds	Capital Leases	Less Debt Service Reserved Balance				
2013	\$ 3,400,000	\$ 287,620	\$ 270,771	\$ 3,416,849	0.32%	\$ 79	
2012	\$ 4,790,000	\$ 225,075	\$ 270,771	\$ 4,744,304	0.45%	\$ 110	
2011	\$ 6,140,000	\$ 269,030	\$ 327,222	\$ 6,081,808	0.58%	\$ 142	
2010	\$ 7,420,000	\$ 196,927	\$ 520,063	\$ 7,096,864	0.48%	\$ 166	
2009	\$ 7,070,000	\$ 334,154	\$ 750,619	\$ 6,653,535	0.61%	\$ 146	
2008	\$ 8,000,000	\$ 416,178	\$ 776,269	\$ 7,639,909	0.55%	\$ 175	
2007	\$ 8,820,000	\$ 618,189	\$ 533,585	\$ 8,904,604	0.71%	\$ 208	
2006	\$ 8,585,000	\$ 384,620	\$ 255,946	\$ 8,713,674	0.79%	\$ 200	
2005	\$ 9,305,000	\$ 400,134	\$ 41,369	\$ 9,663,765	0.93%	\$ 271	
2004	\$ 9,970,000	\$ 259,487	\$ 135,850	\$ 10,093,637	0.85%	\$ 288	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

² Ratio of Total Primary Government Debt to Total County Personal Income.

BURNET COUNTY, TEXAS

**Direct and Overlapping Governmental Activities Debt
As of September 30, 2013
(unaudited)**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Burnet County	\$ 3,514,679	100.00%	\$ 3,514,679
Total direct debt	<u>3,514,679</u>		<u>3,514,679</u>
Overlapping debt:			
City of Meadowlakes	3,940,000	100.00%	3,940,000
City of Burnet	29,857,000	100.00%	29,857,000
City of Bertram	812,781	100.00%	812,781
City of Horseshoe Bay	14,740,000	11.46%	1,689,204
City of Marble Falls	71,274,339	100.00%	71,274,339
Burnet C. I. S. D.	29,475,000	74.79%	22,044,353
Lampasas I. S. D.	41,974,982	6.87%	2,883,681
Marble Falls I. S. D.	68,042,058	87.27%	59,380,304
City of Granite Shoals	10,750,000	100.00%	10,750,000
City of Cottonwood Shores	391,000	100.00%	391,000
Total overlapping debt	<u>271,257,160</u>		<u>203,022,662</u>
Total direct and overlapping debt	<u>\$ 274,771,839</u>		<u>\$ 206,537,341</u>

Source: Outstanding Debt as of September 30, 2013

¹ The percentage of debt applicable to Burnet County is based on the percentage of the entity that lies within Burnet County.

BURNET COUNTY, TEXAS

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund		Total	Percentage of Estimated Actual Taxable Value ¹ of Property	
2013	\$ 3,400,000	\$ 270,771	\$ 3,129,229	\$ 3,129,229	0.0880%	\$ 72.02
2012	\$ 3,400,000	\$ 270,771	\$ 3,129,229	\$ 3,129,229	0.0898%	\$ 72.58
2011	\$ 3,400,000	\$ 327,222	\$ 3,072,778	\$ 3,072,778	0.0945%	\$ 71.88
2010	\$ 3,400,000	\$ 520,063	\$ 2,879,937	\$ 2,879,937	0.0941%	\$ 67.37
2009	\$ 4,790,000	\$ 750,619	\$ 4,039,381	\$ 4,039,381	0.1461%	\$ 88.47
2008	\$ 6,140,000	\$ 776,269	\$ 5,363,731	\$ 5,363,731	0.2132%	\$ 122.77
2007	\$ 7,420,000	\$ 533,585	\$ 6,886,415	\$ 6,886,415	0.2965%	\$ 160.54
2006	\$ 8,585,000	\$ 255,946	\$ 8,329,054	\$ 8,329,054	0.3013%	\$ 190.96
2005	\$ 9,305,000	\$ 41,369	\$ 9,263,631	\$ 9,263,631	0.3684%	\$ 271.29
2004	\$ 9,970,000	\$ 135,850	\$ 9,829,034	\$ 9,829,034	0.4188%	\$ 287.84

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

BURNET COUNTY, TEXAS

Legal Debt Margin Information

Last Ten Fiscal Years

(unaudited)

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 794,901,838	\$ 839,933,966	\$ 984,809,101	\$ 1,041,580,375	\$ 1,236,255,222	\$ 1,062,185,912	\$ 927,148,304	\$ 936,480,059	\$ 953,345,432	\$ 966,983,312
Total net debt applicable to limit	<u>9,829,034</u>	<u>9,263,631</u>	<u>8,329,054</u>	<u>8,286,415</u>	<u>7,223,731</u>	<u>6,319,381</u>	<u>6,899,937</u>	<u>5,812,778</u>	<u>4,510,680</u>	<u>3,129,229</u>
Legal debt margin	<u>\$ 785,072,804</u>	<u>\$ 830,670,335</u>	<u>\$ 976,480,047</u>	<u>\$ 1,033,293,960</u>	<u>\$ 1,229,031,491</u>	<u>\$ 1,055,866,531</u>	<u>\$ 920,248,367</u>	<u>\$ 930,667,281</u>	<u>\$ 948,834,752</u>	<u>\$ 963,854,083</u>
Total net debt applicable to the limit as percentage of debt limit	1.29%	1.24%	1.10%	0.85%	0.80%	0.58%	0.59%	0.62%	0.47%	0.32%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value ¹	\$ 3,557,129,850
Add back: exempt real property ¹	<u>310,803,398</u>
Total assessed value	\$ 3,867,933,248
Debt Limit (25% of total assessed value)	966,983,312
Debt applicable to limit:	
General obligation bonds ²	3,400,000
Less: Amount set aside for repayment of general obligation debt ³	<u>270,771</u>
Total net debt applicable to limit	3,129,229
Legal debt margin	<u>\$ 963,854,083</u>

Sources:

¹Burnet Central Appraisal District

²Note 10 of the Financial Statements

BURNET COUNTY

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Employer	2004			2013		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Pedernales Electric Co-Op, Inc.	\$ 24,515,880	1	1.18%	\$ 18,494,535	1	0.42%
Capitol Aggregates LTD				18,450,398	2	0.41%
ATMI Materials LTD	17,971,885	2		14,902,685	3	0.33%
LCRA Transmission Services Corp.	9,644,366	5		12,976,975	4	0.29%
J.M. Huber Corp			0.00%	10,007,405	5	0.22%
Wal-Mart Stores, Inc			0.00%	9,384,112	6	0.21%
GTE Southwest	17,105,627	3	0.82%	9,012,182	7	0.20%
Wal-Mart Stores, East LP	14,069,662	4		8,717,124	8	0.20%
Lhoist North America				7,258,156	9	0.16%
Cold Spring Granite Co.				7,244,771	10	0.16%
Home Depot USA, Inc	9,457,304	6	0.45%			
Seminole Pipeline	7,302,295	7	0.35%			
Johnson-Sewell Family Partnership	7,278,231	8	0.35%			
Texas Granite	7,278,231	9	0.35%			
HEB	5,647,880	10	0.27%			
Total	\$ 120,271,361		3.78%	\$ 116,448,343		3.80%

Source: Burnet Central Appraisal District

BURNET COUNTY

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (5)	Public School Enrollment (6)	Burnet County Unemployment Rate (7)
2012	43,117	\$ 1,078,399,287	25,011	43.2	13.8	7,520	5.0%
2011	42,750	\$ 1,052,761,500	24,626	43.5	13.2	7,582	6.7%
2010	42,750	\$ 1,048,700,250	24,531	41.5	12.6	7,316	6.4%
2009	45,658	1,093,737,390	23,955	41.3	12.6	7,296	5.7%
2008	43,689	1,009,565,412	23,108	41.0	12.6	7,328	4.1%
2007	42,896	1,102,132,704	25,269	40.2	12.6	7,363	3.6%
2006	43,616	1,102,132,704	25,269	41.2	12.6	8,677	3.9%
2005	43,109	1,034,400,455	23,995	41.2	12.6	8,103	3.7%
2004	42,490	1,183,516,460	27,854	40.9	12.6	7,947	3.4%

(1) (2) (3) (5) US Census Bureau

(4) U.S. Census Bureau, 2006-2008 American Community Survey

(6) Texas Education Agency Website (Grades K-12)

(7) <http://www.bls.gov/lau/launtycur14.txt>

BURNET COUNTY

**Principal Employers
Current and Five Years Ago**

Employer	2009			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
	Marble Falls ISD	638	1	2.86%	623	1
Seton Highland Lakes	311	3	1.40%	311	2	1.41%
HEB Grocery	201	6	0.90%	289	3	1.31%
Burnet ISD	285	4	1.28%	285	4	1.29%
Wal-Mart Stores, Inc.	375	2	1.68%	271	5	1.23%
Burnet County	185	5	0.83%	187	6	0.85%
City of Marble Falls	129	8	0.58%	124	7	0.56%
Texas Dept. of Criminal Justice	120	9	0.54%	120	8	0.54%
City of Burnet	120	10	0.54%	120	9	0.54%
Johnson Sewell			0.00%	116	10	0.50%
Cold Spring Granite	180	7	0.81%			
Total	2,544		11.41%	2,210		10.02%

*Note--Information is not available for periods prior to FY 2006.

Sources: Area Chambers of Commerce

Number of employed from the Texas Labor Market Info--Burnet County Website--

BURNET COUNTY, TEXAS

Full-time Equivalent County Government Employees by Function

Last Ten Fiscal Years

<u>Function/ Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	54	57	61	63	68	66	65	65	65	62
Elected Officials	20	20	20	20	20	20	20	20	20	21
Public Safety	66	70	68	84	81	55	58	58	58	59
Conservation/Environmental	4	5	4	4	3	5	4	4	4	4
Health and Welfare	1	1	1	1	2	1	1	1	1	1
Community Service	1	1	1	1	1	1	1	1	1	1
Library	15	17	17	10	11	11	14	13	13	13
Road and Bridge	<u>22</u>	<u>22</u>	<u>23</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total	<u>183</u>	<u>193</u>	<u>195</u>	<u>208</u>	<u>211</u>	<u>185</u>	<u>190</u>	<u>189</u>	<u>189</u>	<u>187</u>

*Note--FY 2010 equivalent employees has been changed to include part-time positions allocated by hours worked
Source: Burnet County Human Resources Department

BURNET COUNTY, TEXAS

Operating Indicators by Function
Last Ten Fiscal Years ¹
(unaudited)

Function/ Program	2006	2007	2008	2009	2010	2011	2012	2013
General Government								
County Finance								
Accounts Payable checks issued	5,502	4,376	5,052	4,506	4,516	5,880	4,554	3,799
Payroll checks and advices issued	6,786	5,902	7,048	5,720	7,070	7,016	7,287	7,540
Deposit warrants issued	152,642	2,799	4,283	3,448	3,871	5,014	4,985	5,441
Tax Office								
Auto titles issued	11,165	11,590	10,347	9,887	10,049	10,121	10,489	10,868
Auto registrations	46,926	49,144	50,007	50,724	50,681	50,746	51,390	52,074
Administration of justice								
District court level								
Civil cases filed	1,120	582	504	758	605	521	437	419
Civil case dispositions	1,158	541	684	675	575	558	400	447
Criminal cases filed	333	348	382	400	257	916	966	638
Criminal case dispositions	300	365	376	452	282	387	426	460
Juvenile cases filed	39	45	87	64	60	41	57	43
Juvenile cases disposed	41	41	84	78	59	11	35	33
County court level								
Civil cases filed	345	572	480	612	432	423	199	578
Civil case dispositions	1,783	523	552	530	444	307	186	582
Criminal cases filed	1,783	1,812	1,492	1,070	835	950	1,041	1,848
Criminal case dispositions	1,337	1,597	2,022	1,262	989	1,100	976	1,238
Justice of the Peace court level								
Civil cases filed	287	150	449	566	337	518	322	370
Civil case dispositions	120	82	293	530	281	362	324	337
Criminal cases filed	6,477	200	4,950	902	4,940	4,451	4,171	5,607
Criminal case dispositions	143	116	4,892	1,262	4,487	4,214	4,354	5,312
Public Safety								
Jail Facilities								
Total prisoner days	88	91	79	110	112	90	87	88
Cost per prisoner day	28.25	29.61	46.26	40.00	40.00	32.13	37.76	44.00
Law Enforcement								
Arrests	1,136	2,703	2,707	2,907	2,375	944	1,026	921
Citations filed	750	900	703	1,106	577	485	402	575
Culture and recreation								
County Library								
Materials circulated	262,231	274,594	260,960	285,143	292,100	298,714	271,946	232,789
Patrons	161,760	18,810	10,320	14,677	12,625	12,773	13,562	14,451
Transportation								
Road and Bridge								
Miles of new roadways	2.60	2.00	2.20	0.51	-	-	-	1.42
Miles of road surface-Major Improvements	45.40	14.40	23.00	0.25	-	-	-	-

¹ Information is not available for periods prior to FY2006.

BURNET COUNTY, TEXAS

**Capital Asset Statistics by Function
Last Ten Fiscal Years ¹**

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government								
Administrative Vehicles	3	7	14	14	16	16	16	15
Public Safety								
Sheriff patrol units	44	48	49	53	48	48	48	48
Law Enforcement units	11	20	20	12	16	16	18	21
Transportation								
Road and Bridge Vehicles	20	23	25	28	32	32	28	28
Road and Bridge Equipment	121	124	127	91	96	96	96	90
County roads (miles)	485	487	489	490	490	490	490	490
Culture and recreation								
County Parks	3	3	3	2	2	2	2	2
County Libraries	4	4	4	4	4	4	4	4

¹ Information is not available for periods prior to FY2006.

BURNET COUNTY, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2013
(unaudited)

Type of Coverage and Name of Company	Policy Number	Policy From	Policy To	Details of Coverage	Liability Limits	Annual Premium
AUTOMOBILE LIABILITY (TAC Risk Management Pool)	AL 0270 2008 05 01	05/01/2013	5/1/2014	Auto Liability Bodily Injury Property Damage Uninsured Motorist - Bodily Injury Property Damage Personal Injury Prot	\$ 1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence 20,000 / Person 40,000 / Occurrence 15,000 / Occurrence 3,559 / Person	\$ 26,526
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2008 05 01	05/01/2013	5/1/2014	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 6,040
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2008 05 01	05/01/2013	5/1/2014	General Liability Bodily Injury Property Damage Medical Expense Employee Benefits Personal & Advertising Injury	1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence 1,000 / Person 100,000 / Claim 100,000 / Person 300,000 / Offense/Aggr	\$ 9,711
BUILDINGS/PROPERTY (TAC Risk Management Pool)	PR 0270 2008 05 01	7/1/2013	7/1/2014	Basic Coverage: Buildings Contents Flood Earth Movement Valuable Papers Electronic Data Equip Mobile Equipment Equipment Breakdown Terrorism	1,000 / Deductible 18,093,664 / Limit 1,979,255 / Limit 2,500,000 / Limit 5,000,000 / Limit 220,000 / Limit 516,048 / Limit 1,787,736 / Limit 15,594,880 / Limit 5,000,000 / Limit	\$ 39,388
CRIME (TAC Risk Management Pool)	CR 0270 2008 05 01	05/01/2013	5/1/2014	Crime Coverage	1,000 / Deductible 20,000 / Occurrence	\$ 1,705
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2008 05 01	05/01/2013	5/1/2014	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate 1,000,000 / CCE&O 1,000,000 / DCE&O	\$ 42,938
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2008 03 28	04/01/2013	04/01/2014	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 26,244
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	SPS900305	7/1/2013	07/01/2014	Volunteer Ins. Service	2,500 / Each 25,000 / Med. Ind.	\$ 1,500
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY (TAC/Administrator-County Re-Insurance LTD. Re-Insurance Co.)	270	01/01/2013	01/01/2014	Workers' Compensation and Employers' Liability	1991 Texas Worker's Compensation Act 750,000 / Employee	\$ 41,505
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/01/2012	09/30/2013	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 10,865

BURNET COUNTY, TEXAS

**SCHEDULE OF SALARIES, SUPPLEMENTS AND SURETY
BONDS OF PRINCIPAL OFFICIALS**

**For the Year Ended September 30, 2013
(unaudited)**

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Donna Klaeger	County Judge	\$ 89,057	\$ 5,000
Bill Neve	Commissioner, Precinct 1	61,625	3,000
Russell Graeter	Commissioner, Precinct 2	61,625	3,000
Ronny Hibler	Commissioner, Precinct 3	61,625	3,000
Joe Don Dockery	Commissioner, Precinct 4	61,625	3,000
William Savage	County Court-at-Law Judge	124,000	5,000
Eduardo Arredondo	County Attorney	105,711	5,000
Janet Parker	County Clerk	59,292	92,000
Casie Walker	District Clerk	59,292	75,000
Karen Lester	County Auditor	61,426	5,000
Karrie Crownover	County Treasurer	59,292	95,000
Sheri Frazier	Tax Assessor-Collector	60,869	100,000
W. T. Smith	County Sheriff	72,512	10,000
Calvin Boyd	J.P., Precinct 1	52,575	5,000
Lisa Whitehead	J.P., Precinct 2	52,575	5,000
Peggy Simon	J.P., Precinct 3	52,575	5,000
Edward Cutchin	J.P., Precinct 4	52,575	5,000
Mike Harnisch	Constable, Precinct 1	37,412	10,000
Garry Adams	Constable, Precinct 2	37,412	1,500
Robert Ballard	Constable, Precinct 3	37,412	1,500
Chris Jett	Constable, Precinct 4	37,412	1,500

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE AND FEDERAL AWARDS**

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

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

To the Honorable Judge and Members
of the Commissioners' Court of
Burnet County, Texas
Burnet, TX 78611

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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

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

We noted certain matters that we reported to management of Burnet County, Texas in a separate letter dated April 28, 2014.

Neffendorf, Knopp, Dooss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

April 28, 2014

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

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

To the Honorable Judge and Members
of the Commissioners' Court of
Burnet County, Texas
Burnet, TX 78611

Report on Compliance for Each Major Federal Program

We have audited the compliance of Burnet County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Burnet County, Texas' major federal or state programs for the year ended September 30, 2013. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Burnet County, Texas' major federal and state 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 or state program occurred. An audit includes examining, on a test basis, evidence about the County'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 or state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal or State Program

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

Report on Internal Control Over Compliance

Management of Burnet County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state 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 of 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Neffendorf, Knopp, Dooss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

April 28, 2014

BURNET COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

I. Summary of the Auditor's Results:

- a. An unmodified opinion was issued on the financial statements of the County of Burnet, Texas.
- b. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- c. The audit did not disclose any material noncompliance.
- d. There were no significant deficiencies or material weaknesses in internal control over major programs.
- e. An unmodified opinion was issued on compliance for major programs.
- f. The audit did not disclose any findings required to be reported under Section_510(a).
- g. The major programs tested were:

STATE MAJOR PROGRAMS TESTED

Grantor Agency		Program or Cluster	CFDA # Project #
DIRECT PROGRAM	TEXAS INDIGENT DEFENSE COMMISSION	TEXAS INDIGENT DEFENSE COMMISSION – PUBLIC DEFENDER OFFICE	442-11621
DIRECT PROGRAM	TEXAS INDIGENT DEFENSE COMMISSION	TEXAS INDIGENT DEFENSE COMMISSION – FORMULA GRANT	212-11-027
DIRECT PROGRAM	AUTOMOBILE BURGLARY & THEFT PREVENTION AUTHORITY	2013 HEART OF TEXAS AUTO THEFT TASK FORCE	SA-T01-100071-13

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The County of Burnet, Texas qualified as a low risk auditee.

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

- None -

III. Findings and Questioned Costs for Federal and State Awards

- None -

BURNET COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2013

- NONE -

BURNET COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

(1)	(2)	(3)	(4)
FEDERAL OR STATE GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
FEDERAL AWARDS			
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
State Criminal Alien Assistance Program	16.606	2011-H3253-TX-AP	\$ 11,094
Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	2,233
Total Direct Programs			<u>13,327</u>
<u>Passed Through Texas Criminal Justice Division</u>			
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY 2014	16.738	DJ-10-A10-17385-08	5,398
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY 2013	16.738	DJ-09-A10-17385-07	62,509
BCSO Warrant/Bond Division Enhanced Project FY 2014	16.738	DJ-09-A10-24408-01	1,916
BCSO Warrant/Bond Division Enhanced Project FY 2013	16.738	DJ-09-A10-24408-02	69,581
Total Passed Through Texas Criminal Justice Division			<u>139,404</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>152,731</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed Through Texas Division of Emergency Management</u>			
State Homeland Security Grant Program LETPA 2010	97.073	2008-GE-T8-0034	50,000
State Homeland Security Grant Program SHSP 2011	97.073	2009-SS-T9-0064	15,794
State Homeland Security Grant Program CCP 2011	97.073	2009-SS-T9-0064	4,981
State Homeland Security Grant Program LETPA 2011	97.073	2010-SS-T0-0008	63,826
Federal Emergency Management Agency-Disaster Grant	97.036	FEMA-1709-DR-TX	3,087
Total Passed Through Texas Division of Emergency Management			<u>137,688</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>137,688</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Passed Through Texas Department of Agriculture</u>			
Texas Community Development Block Grant Program	14.228	DR 712147	177,560
Texas Community Development Block Grant Program	14.228	DR-D 713037	14,180
Total Passed Through Texas Department of Agriculture			<u>191,740</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>191,740</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>482,159</u>

BURNET COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

(1)	(2)	(3)	(4)
FEDERAL OR STATE GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
STATE AWARDS			
<u>DIRECT PROGRAMS</u>			
<u>Texas Indigent Defense Commission</u>			
Indigent Defense Formula		212-11-027	32,258
Texas Indigent Defense Commission - Public Defender Office		442-11621	286,666
Total Texas Indigent Defense Commission			318,924
<u>Texas Veterans Commission Fund for Veterans' Assistance</u>			
Texas Veterans Commission - Vet rides		FVA_10_0006	21,383
Total Texas Veterans Commission Fund for Veterans' Assistance			21,383
<u>Automobile Burglary & Theft Prevention Authority</u>			
Heart of Texas Auto Theft Task Force/FY 2013		SA-T01-10071-13	311,611
Total Automobile Burglary & Theft Prevention Authority			311,611
<u>Office of the Attorney General of Texas</u>			
Statewide Automated Victim Notification Service		1224039	17,369
Total Office of the Attorney General of Texas			17,369
<u>Secretary of State Elections Division</u>			
Chapter 19		N/A	9,207
Total Secretary of State Elections Division			9,207
TOTAL DIRECT PROGRAMS			678,494
<u>CAPITAL AREA PLANNING COUNCIL OF GOVERNMENTS</u>			
<u>Passed Through Texas Commission on State Emergency Communications</u>			
Capital Area Planning Council of Governments 911 PSAP FY 2013		N/A	1,000
Capital Area Planning Council of Governments 911 Database FY 2013		N/A	79,047
Capital Area Planning Council of Governments 911 Database FY 2014		N/A	6,916
Total Pass Through Capital Area Planning Council of Governments			86,963
<u>Passed Through Texas Commission on Environmental Quality</u>			
Capital Area Planning Council of Governments HHW FY 2012/2013		10-12-G06	4,209
Total Pass Through Texas Commission on Environmental Quality			4,209
TOTAL CAPITAL AREA PLANNING COUNCIL ON GOVERNMENTS			91,172
<u>Passed Through Local Mental Health Authority/RHP 8</u>			
<u>Bluebonnet Trails Community Services</u>			
BCSO Crisis Diversion		RHP #126844305.14	65,905
Total Pass Through Local Mental Health Authority/RHP 8			65,905
Bluebonnet Trails Community Services			65,905
TOTAL EXPENDITURES OF STATE AWARDS			\$ 835,571
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ 1,317,730

BURNET COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2013

1. For all Federal and State programs, the County uses the fund types specified by the Governmental Accounting Standards Board. The General Fund is the chief operating fund of the government and is used to account for all financial resources not accounted for in some other fund. Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments. Capital Project funds are a governmental fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and exclusive of resources held in trust for individuals, private organizations, or other governments. Generally, federal and state financial assistance is accounted for in the General Fund, Special Revenue Funds, or Capital Project Funds.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal and State grant funds were accounted for either in the General Fund, Capital Projects Fund, or in a Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal and state project period extended 30 days beyond the federal and state project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

