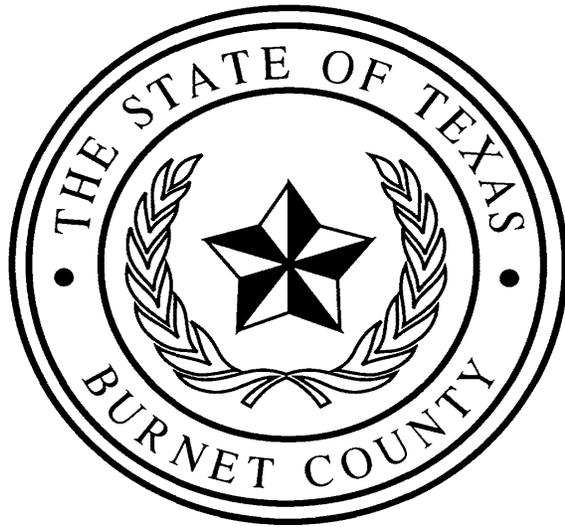


**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**



*For the Fiscal Year  
Ended September 30, 2014*  
**BURNET COUNTY, TEXAS**



BURNET COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended September 30, 2014

Prepared By

County Auditor's Office

Karen Lester, County Auditor

Burnet County, Texas

Carole Poppema, First Assistant Auditor

Adrienne Feild, Internal Audit Supervisor

Helen Cummins, Accounts Payable

Donna Hall, Accounting Manager

Jolene Mock, Assistant Purchasing Agent

Laura Rippy, Accounting Assistant

BURNET COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**TABLE OF CONTENTS**

PAGE

**INTRODUCTORY SECTION**

Principal Officials	I-1
County Organizational Chart	I-2
Letter of Transmittal	I-3
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	I-8

**FINANCIAL SECTION**

Independent Auditor's Report	II-1
Management's Discussion and Analysis	II-5

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

Statement of Net Position	1
Statement of Activities	2

**Fund Financial Statements**

Balance Sheet- Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Road and Bridge	12
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Grants Fund	13

BURNET COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**TABLE OF CONTENTS,continued**

	<u>PAGE</u>
<b>Proprietary Fund Financial Statements</b>	
Statement of Revenues, Expenses and Changes in Fund Net Position	14
Statement of Cash Flows	15
<b>Fiduciary Fund Financial Statements</b>	
Statement of Net Assets	16
<b>Notes to the Financial Statements</b>	17
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Funding Progress for the Retirement Plan	48
<b><u>OTHER SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - General Fund	50
<b><u>Non-Major Governmental Funds</u></b>	
Fund Descriptions	54
Combining Balance Sheet	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	57
<b><u>Special Revenue Funds</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - County Attorney Check Collection Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - District Attorney Special Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Economic Development Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Law Library Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Western County Tower System Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Special Operations Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Library System Fund	65

BURNET COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014  
**TABLE OF CONTENTS,continued**

	<u>PAGE</u>
<b><u>Debt Service Fund</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - Debt Service Fund	66
<b><u>Capital Projects Fund</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual - Capital Projects Fund	67
<b><u>Agency Funds</u></b>	
Combining Statement of Changes in Assets and Liabilities	70
<b><u>Internal Service Funds</u></b>	
Fund Descriptions	74
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual - HRA Fund	75
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>	
Statistical Section	78
Net Assets by Component	79
Change in Net Assets	80
Fund Balances of Governmental Funds	81
Change in Fund Balances of Governmental Funds	82
General Government Revenue by Source	83
Assessed Value and Estimated Actual Value of Taxable Property	84
Property Tax Rates - Direct and Overlapping Governments	85
Property Tax Levies and Collections	86
Ratios of Outstanding Debt by Type	87
Direct and Overlapping Governmental Activities Debt	88
Ratios of General Bonded Debt Outstanding	89
Legal Debt Margin Information	90
Principal Property Taxpayers	91
Demographic and Economic Statistics	92

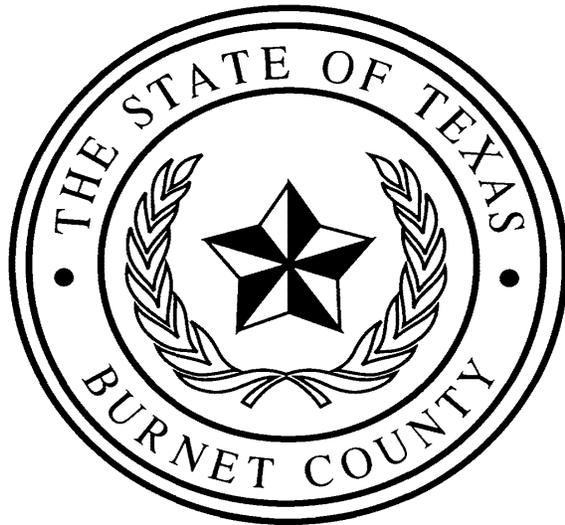
BURNET COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**TABLE OF CONTENTS,continued**

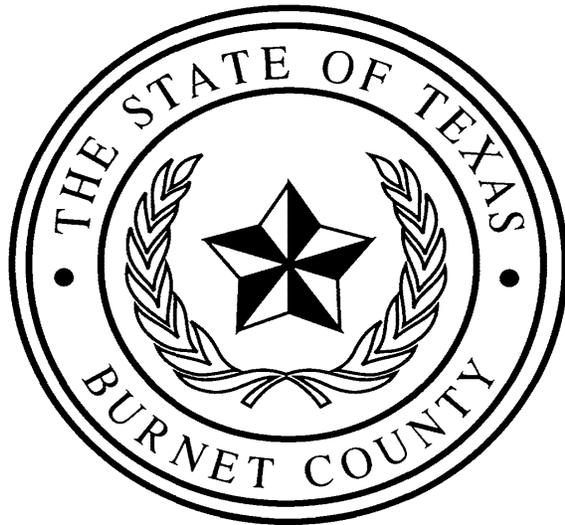
	<u>PAGE</u>
Principal Employers	93
Full-time Equivalent County Government Employees by Function	94
Operating Indicators by Function	95
Capital Asset Statistics by Function	96
Schedule of Insurance in Force	97
Schedule of Salaries, Supplements and Surety Bonds of Principal Officials	98

**Reports on Internal Control, Compliance and Federal Awards**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Governmental <i>Auditing Standards</i>	100
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	102
Schedule of Findings and Questioned Costs	104
Summary Schedule of Prior Audit Findings/Corrective Action Plan	105
Schedule of Expenditures of Federal Awards	106
Notes to Schedule of Federal Awards	108



## **INTRODUCTORY SECTION**



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2014

COMMISSIONERS

Bill Neve  
Russell Graeter  
Ronny Hibler  
Joe Don Dockery

COUNTY ADMINISTRATIVE JUDGE

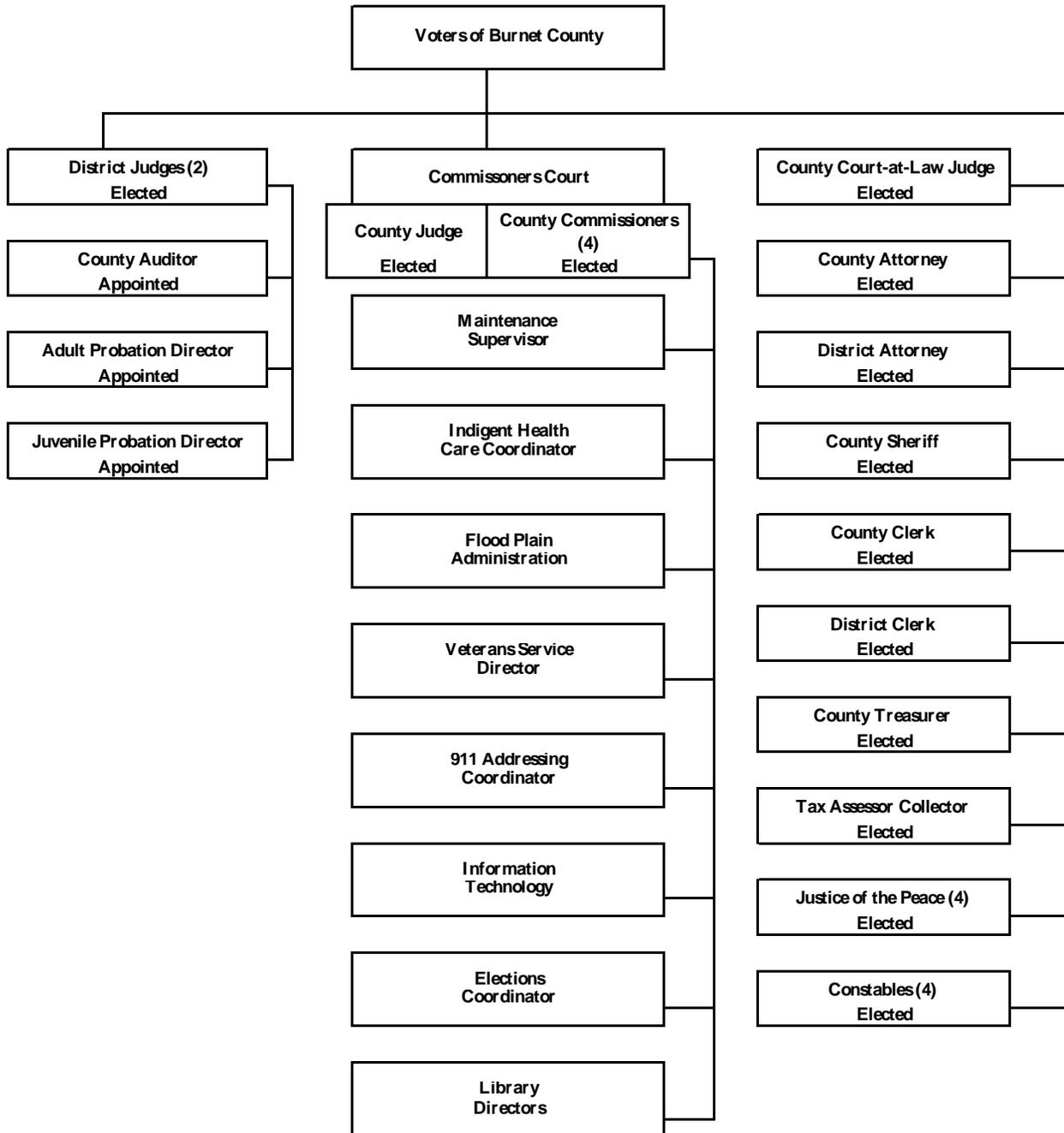
Donna Klaeger

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 2014





**THE COUNTY OF BURNET**  
BURNET, TEXAS 78611

March 30, 2015

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, 2014. 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 \$34 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 2014. 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 2015. 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 2013-2014 reflected a decrease for the first time in twenty years. The certified tax roll shows a decrease of \$395,963,147 in value over the 2012-2013 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, 2014, Burnet County had two (2) debt issues outstanding. The outstanding principal balance of the issues is \$2,185,000 and interest of \$49,988, for a grand total outstanding debt of \$2,234,988 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, 2013. This was the twenty-first 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

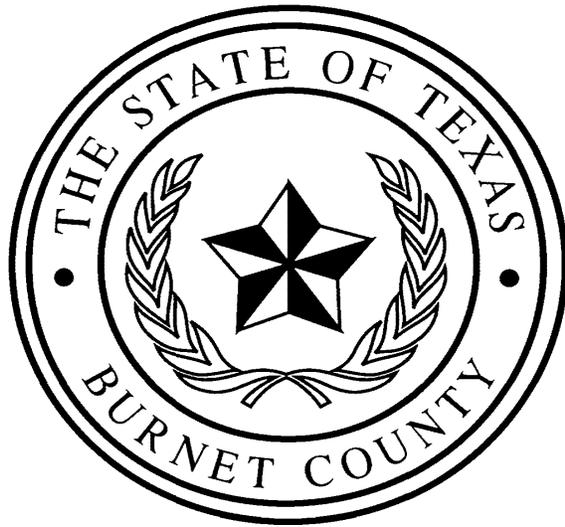
**Burnet County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

## **FINANCIAL SECTION**



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

***Certified Public Accountants***

P.O. BOX 874 · 736 S. WASHINGTON ST.

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MEMBER  
AMERICAN INSTITUTE OF  
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, 2014, 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, 2014, 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.

## **Going Concern Uncertainty**

*The accompanying financial statements have been prepared assuming that the Burnet County Public Facility Corporation (Aggregate Discretely Presented Component Unit) will continue as a going concern. As discussed in Note 22.H to the financial statements, the Corporation has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 22.H. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.*

## **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.

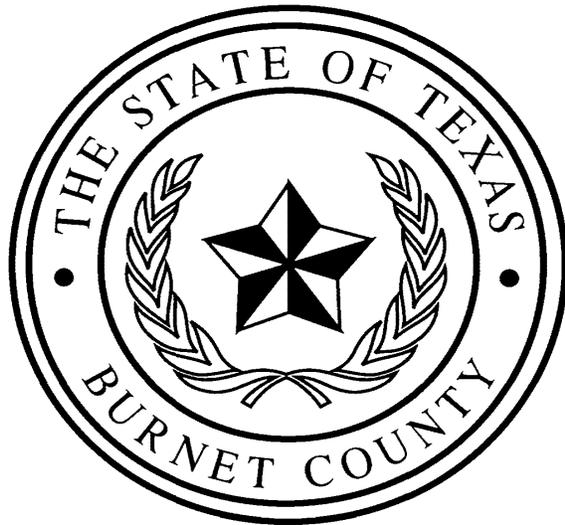
***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2015, 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, Doss + Company, P.C.*

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

April 10, 2015



## 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, 2014. 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 \$22.3 million at September 30, 2014. The actual increase from current year operations is \$873 thousand. Of this amount, \$7.2 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 \$26.3 thousand less than the \$24.3 million generated in taxes and other revenues.
- The General Fund reported a fund balance this year of \$8.1 million. All but \$1.7 million is available for spending at the government's discretion.
- Burnet County's revenues from grant sources were \$1.5 million in FY2014, an increase of \$218 thousand or 16% more 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>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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 2) 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 6 and 10 of the basic financial statements section.

The County maintains nineteen individual governmental funds; however, four road and bridge funds are consolidated for report purposes, resulting in a report total of fifteen 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 50-52 and pages 60-67 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 14-15.
- **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 16. 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**

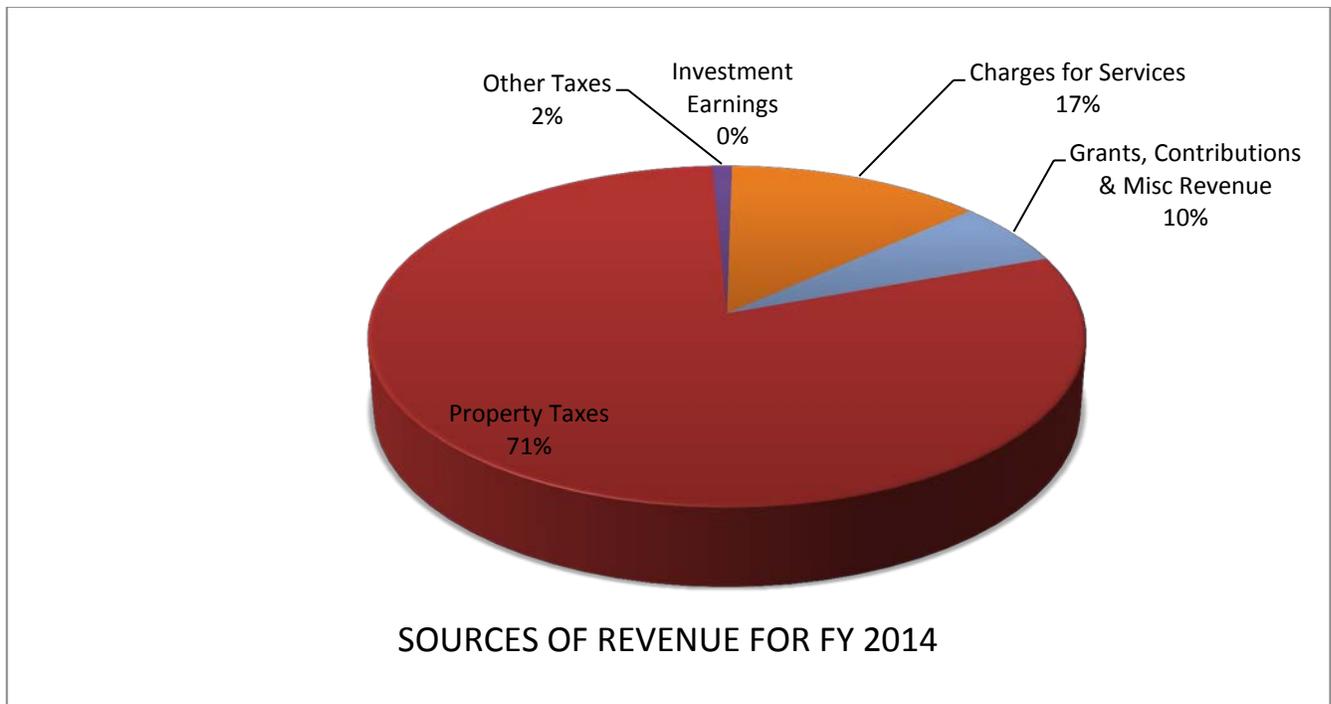
Burnet County's combined net position was approximately \$22.3 million at September 30, 2014. By far the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (approximately 1.7%) 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	
	2014	2013
Current and Other Assets	\$ 13,529,936	\$ 11,910,664
Capital Assets	13,540,492	13,910,048
<b>Total Assets</b>	<b>27,070,428</b>	<b>25,820,712</b>
Deferred Outflows of Resources	43,694	76,464
Current Liabilities	2,080,909	835,519
Long Term Liabilities	2,749,800	3,843,258
<b>Total Liabilities</b>	<b>4,830,709</b>	<b>4,678,777</b>
<b>Net position</b>		
Invested in Capital Assets, net of related debt	11,133,474	10,397,590
Restricted	3,877,891	2,066,761
Unrestricted	7,272,048	8,754,048
<b>Total Net positions</b>	<b>\$ 22,283,413</b>	<b>\$ 21,218,399</b>

A portion of the County's net position \$3.9 million, represents resources that are subject to external restriction on how they may be used. The remaining balance \$7.3 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 FY2013 to FY2014.

**Governmental Activities** – Total revenues for the fiscal year ended September 30th were \$24.6 million. Approximately 73% of the County's revenue comes from taxes, with 71% from property taxes alone. Property tax revenue increased 2% due to an increase in the ad valorem rate. Expenses increased by \$2.5 million from the prior year. For the most part, this reflects a cost increase of Burnet County resuming operations of the Burnet County Jail. The graph below shows the sources of revenues for FY2014. Table A-2 shows the changes in Net positions between FY2013 and FY2014.



**Table A-2 Burnet County Changes in Net Position**

	Governmental Activities	
	2014	2013
<b>REVENUES:</b>		
Program Revenues		
Charges for Services	\$ 4,200,801	\$ 3,401,905
Grants and Contributions	1,764,627	1,506,620
General Revenues		
Property Taxes	17,535,790	17,141,317
Other Taxes	402,748	318,621
Investment Earnings	53,603	98,537
Other Revenue, Not Restricted	639,551	331,739
Total Revenues	<u>24,597,120</u>	<u>22,798,739</u>
<b>EXPENSES:</b>		
General Government	9,836,316	8,911,433
Public Safety	9,213,061	7,579,400
Public Transportation	2,925,573	2,858,087
Health and Welfare	618,282	531,660
Culture and Recreation	786,521	779,946
Conservation	256,130	449,112
Debt Service	87,962	118,286
Total Expenses	<u>23,723,845</u>	<u>21,197,924</u>
INCREASE IN NET POSITION	873,275	1,600,815
NET POSITION, BEGINNING	21,218,399	19,767,460
Prior Period Adjustment	191,739	(149,876)
NET POSITION, ENDING	<u>\$ 22,283,413</u>	<u>\$ 21,218,399</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 \$10.3 million, an increase of \$174 thousand or 1% in comparison with the prior year. Approximately 62% of this total amount (\$6.4 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 \$863 thousand, committed fund balance of \$923 thousand, restricted fund balance of \$2.1million, and nonspendable fund balance of \$36 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, \$6.4 million of the total fund balance of \$8.1 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 37% of total general fund expenditures, while total fund balance represents 47% of that same amount.

The County's General Fund balance increased by \$114 thousand 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 decreased by \$75 thousand mainly due to capital purchases. The Debt Service Fund has a total fund balance of \$293 thousand, which is all restricted for the payment of debt service. This fund balance increased by \$23 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 \$2 million.

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 30<sup>th</sup>, but not paid by that date.

Although the total amended budget expenditures totaled \$19.2 million, actual expenditures totaled \$17 million, a \$2 million positive variance. This is a result of all departments not expending their total appropriations. Revenues also increased from the original budget of \$17.1 million to a final of \$18.9 million an increase of \$783 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.

### COMPONENT UNIT GOING CONCERN

The financial statements contained herein have been prepared assuming that the component unit, Burnet County Public Facility Corporation will continue as a going concern. However, as will be discussed more fully below, this assumption might be altered if a proposed sale of the facility improvements to Burnet County is successfully consummated. As a result of significantly reduced occupancy, a net capital deficiency of \$3,007,484 as of September 30, 2014 now exists on the obligations of the Corporation, and the underlying bonds are now in default. Should a sale of the facility be accomplished, this deficiency would be absolved by the transaction. In any case, the bonds were sold with the full disclosure that the only recourse was against the revenues generated by the operations of the facility, or the real property and improvements thereon. Should the effort to acquire the facility by the county fail, there are no legal obligations under the bond documents for county liability upon the debt of the Corporation. Although claims could be made against the County, the potential for any adverse findings against the County are purely speculative at this point in time.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – As of September 30, 2014, the County had invested \$34 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 \$1.2 million or 3.8% 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
	2014	2013	
Land	\$ 831,013	\$ 831,013	---
Construction In Progress	655,896	---	100%
Infrastructure	7,029,849	6,989,050	.6%
Buildings & Other Improvements	14,207,966	14,161,550	.3%
Office & Miscellaneous Equipment	5,491,363	5,268,563	4.8%
Road Equipment	5,805,554	5,536,741	4.9%
<b>Total</b>	<b>34,021,641</b>	<b>32,786,917</b>	<b>3.8%</b>
Total Accumulated Depreciation	20,481,149	18,876,869	8.5%
Net Capital Assets	13,540,492	\$ 13,910,048	(2.7%)

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, 2014, the Burnet County Public Facilities Corporation (discretely –presented component unit) had invested \$29 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 \$2.4 million of outstanding debt. Of this amount, \$211 thousand is debt backed by the full faith and credit of the government and \$2.2 million represents bonds secured solely by specified revenue sources.

**Burnet County’s Long Term Debt**

	Governmental Activities		Percent Change
	2014	2013	
Bonds Payable	\$ 2,185,000	\$ 3,400,000	(35%)
Capital Leases Payable	210,875	169,423	24%
Total Bonds, Notes and Leases Payable	\$ 2,395,875	\$ 3,569,423	(33%)

During the year, Burnet County’s bond and capital lease debt decreased by a total of \$1.1 million. Capital leases had a net increase of \$41 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 11 of this report.

Component Unit – Long Term Debt – At September 30, 2014, the Burnet County Public Facilities Corporation (discretely-presented component unit) had \$32,770,000 in revenue bonds outstanding.

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

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

- The taxable value used for the FY2015 budget preparation is estimated to be up slightly to \$119 million or 2% from FY2014.
- The tax rate established for the FY2015 budget is \$.4140, which is a 6% increase over the effective rate.
- Burnet County’s unemployment rate is currently 4.0%, which is a decrease from a rate of 4.9% one year ago. Burnet County’s rate is favorable to the state’s average unemployment rate of 4.6%.
- 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 2015 fiscal year.

Amounts available for appropriation in the FY2015 governmental fund budgets are \$28.9 million, an increase of 39% over the FY2014 budget of \$22.3 million. Property taxes (benefiting from increases in assessed valuations) and licenses and permit revenue are expected to lead to this increase.

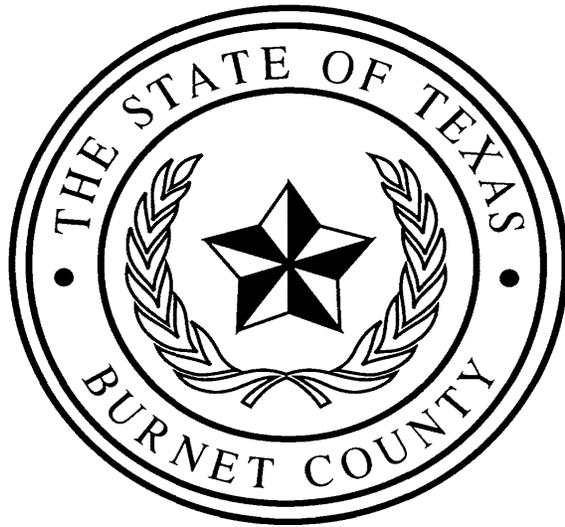
Budgeted expenditures are expected to increase approximately 29% to \$30.6 million.

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, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

	Primary Government	Component Unit
	Governmental Activities	Burnet County Public Facilities Co
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,885,505	\$ 4,780,888
Investments	137,688	-
Receivables (net of allowance for uncollectibles)	3,272,649	41,696
Due from Others	197,911	-
Inventories	1,018	-
Prepaid Items	35,165	-
Capital Assets:		
Land	831,013	-
Infrastructure, net	2,472,868	-
Buildings, net	5,696,846	24,528,887
Improvements other than Buildings, net	248,433	-
Machinery and Equipment, net	3,635,436	269,146
Construction in Progress	655,896	-
Total Assets	<u>27,070,428</u>	<u>29,620,617</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Charge for Refunding	43,694	-
Total Deferred Outflows of Resources	<u>43,694</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts Payable	2,056,494	15,485
Intergovernmental Payable	11,583	-
Accrued Interest Payable	7,832	1,358,900
Unearned Revenues	5,000	-
Noncurrent Liabilities		
Due Within One Year	1,374,395	1,045,000
Due in More Than One Year	1,375,405	30,208,716
Total Liabilities	<u>4,830,709</u>	<u>32,628,101</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,133,474	(5,491,942)
Restricted for:		
Records Management	470,556	-
Court Programs	369,083	-
Technology Programs	107,949	-
Road and Bridge Maintenance and Construction	901,911	-
Debt Service	293,509	3,464,230
Capital Projects	861,653	-
Federal and State Grants	47,404	-
Other Purposes	825,826	-
Unrestricted Net Position	7,272,048	(979,772)
Total Net Position	<u>\$ 22,283,413</u>	<u>\$ (3,007,484)</u>

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

BURNET COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 9,836,316	\$ 1,218,240	\$ 572,223	\$ -
Public Safety	9,213,061	1,010,945	516,698	98,831
Public Transportation	2,925,573	1,917,877	33,144	10,312
Health and Welfare	618,282	20,015	73,752	-
Culture and Recreation	786,521	33,724	8,400	451,267
Conservation	256,130	-	-	-
Debt Interest	86,887	-	-	-
Fiscal Agent's Fees	1,075	-	-	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 23,723,845</b>	<b>\$ 4,200,801</b>	<b>\$ 1,204,217</b>	<b>\$ 560,410</b>
<b>Component Unit:</b>				
Burnet County Public Facilities Corporation	\$ 5,427,510	\$ 2,614,494	\$ -	\$ -
<b>TOTAL COMPONENT UNITS:</b>	<b>\$ 5,427,510</b>	<b>\$ 2,614,494</b>	<b>\$ -</b>	<b>\$ -</b>

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 Position- 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
\$ (8,045,853)	\$ -
(7,586,587)	-
(964,240)	-
(524,515)	-
(293,130)	-
(256,130)	-
(86,887)	-
(1,075)	-
(17,758,417)	-
-	(2,813,016)
-	(2,813,016)
16,034,193	-
1,271,831	-
402,748	-
229,766	-
115,465	-
524,086	-
53,603	95,120
18,631,692	95,120
873,275	(2,717,896)
21,218,399	(289,588)
191,739	-
\$ 22,283,413	\$ (3,007,484)

BURNET COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	General Fund	Road and Bridge Fund	Grants Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,526,468	\$ 1,214,232	\$ 15,691
Investments - Current	119,584	15,620	-
Taxes Receivable	801,205	83,531	-
Allowance for Uncollectible Taxes (credit)	(240,361)	(25,059)	-
Receivables (Net)	205,260	54,202	-
Intergovernmental Receivables	883,476	-	831,972
Due from Other Funds	588,682	-	-
Due from Others	125,622	49,999	14,903
Inventories	1,018	-	-
Prepaid Items	34,167	174	-
Total Assets	<u>\$ 10,045,121</u>	<u>\$ 1,392,699</u>	<u>\$ 862,566</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 905,597	\$ 397,972	\$ 169,544
Wages and Salaries Payable	319,364	33,821	15,691
Intergovernmental Payable	11,234	349	-
Due to Other Funds	-	-	584,661
Due to Others	109,469	-	45,266
Accrued Interest Payable	-	-	-
Unearned Revenues	5,000	-	-
Total Liabilities	<u>1,350,664</u>	<u>432,142</u>	<u>815,162</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	560,843	58,472	-
Total Deferred Inflows of Resources	<u>560,843</u>	<u>58,472</u>	<u>-</u>
<b>FUND BALANCES</b>			
Non-Spendable	35,185	174	-
Restricted	902,023	778,386	47,404
Committed	57,270	-	-
Assigned	739,212	123,525	-
Unassigned	6,399,924	-	-
Total Fund Balances	<u>8,133,614</u>	<u>902,085</u>	<u>47,404</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,045,121</u>	<u>\$ 1,392,699</u>	<u>\$ 862,566</u>

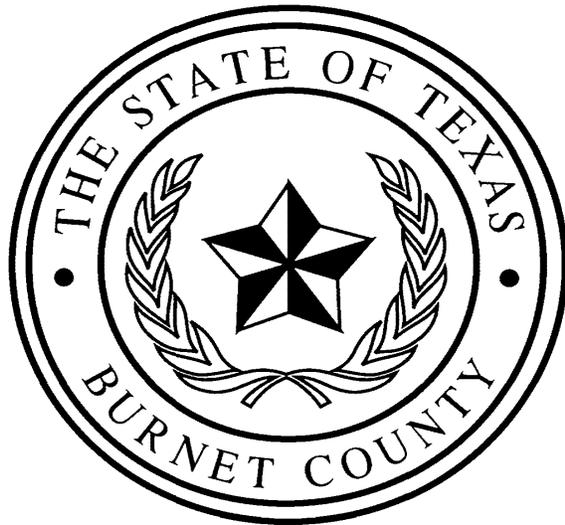
The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,129,114	\$ 9,885,505
2,484	137,688
51,428	936,164
(12,857)	(278,277)
127,987	387,449
34,722	1,750,170
-	588,682
7,387	197,911
-	1,018
824	35,165
<u>\$ 1,341,089</u>	<u>\$ 13,641,475</u>
\$ 35,343	\$ 1,508,456
12,538	381,414
-	11,583
4,021	588,682
11,889	166,624
7,832	7,832
-	5,000
<u>71,623</u>	<u>2,669,591</u>
38,571	657,886
<u>38,571</u>	<u>657,886</u>
824	36,183
364,333	2,092,146
865,738	923,008
-	862,737
-	6,399,924
<u>1,230,895</u>	<u>10,313,998</u>
<u>\$ 1,341,089</u>	<u>\$ 13,641,475</u>

BURNET COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

<b>Total Fund Balances - Governmental Funds</b>	\$	10,313,998
<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 \$32,786,917 and the accumulated depreciation was \$18,876,869. 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>		
		10,143,254
<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 2014 capital outlays and debt principal payments is to increase net position.</p>		
		2,319,695
<p>The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,748,142)
<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>		
		1,254,608
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>22,283,413</b>

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



BURNET COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Road and Bridge Fund	Grants Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 14,342,350	\$ 1,736,215	\$ -
Other Taxes	67,908	-	-
Penalty and Interest on Taxes	189,048	22,569	-
Licenses and Permits	557,865	882,183	-
Intergovernmental Revenue and Grants	172,392	58,031	1,535,949
Charges for Services	1,955,002	-	-
Fines	557,188	-	-
Forfeits	-	-	-
Investment Earnings	43,778	6,054	-
Rents and Royalties	35,844	-	-
Contributions & Donations	27,832	452	130
Other Revenue	142,390	12,101	-
<b>Total Revenues</b>	<b>18,091,597</b>	<b>2,717,605</b>	<b>1,536,079</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	7,657,165	-	977,365
Public Safety	8,258,069	-	247,849
Public Transportation	-	2,517,464	-
Health and Welfare	618,282	-	-
Culture and Recreation	3,759	-	12,000
Conservation	236,459	-	-
Debt Service:			
Debt Principal	82,697	11,785	-
Debt Interest	1,921	124	-
Fiscal Agent's Fees	-	-	-
Capital Outlay:			
Capital Outlay	245,734	335,912	510,367
<b>Total Expenditures</b>	<b>17,104,086</b>	<b>2,865,285</b>	<b>1,747,581</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	987,511	(147,680)	(211,502)
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Capital Assets	5,291	6,663	-
Issuance of Capital Leases	85,935	49,999	-
Transfers In	74,432	-	292,514
Proceeds from Insurance Settlements	9,188	19,041	-
Transfers Out (Use)	(1,047,919)	(2,578)	(74,432)
<b>Total Other Financing Sources (Uses)</b>	<b>(873,073)</b>	<b>73,125</b>	<b>218,082</b>
Net Change in Fund Balances	114,438	(74,555)	6,580
Fund Balance - October 1 (Beginning)	8,019,176	976,640	40,824
Fund Balance - September 30 (Ending)	<b>\$ 8,133,614</b>	<b>\$ 902,085</b>	<b>\$ 47,404</b>

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

Other Funds	Total Governmental Funds
\$ 1,279,175	\$ 17,357,740
334,840	402,748
18,149	229,766
-	1,440,048
34,220	1,800,592
219,797	2,174,799
17,574	574,762
35,207	35,207
3,771	53,603
-	35,844
4,000	32,414
24,851	179,342
<u>1,971,584</u>	<u>24,316,865</u>
461,129	9,095,659
35,165	8,541,083
-	2,517,464
-	618,282
746,561	762,320
-	236,459
1,215,000	1,309,482
60,428	62,473
1,075	1,075
<u>54,134</u>	<u>1,146,147</u>
<u>2,573,492</u>	<u>24,290,444</u>
<u>(601,908)</u>	<u>26,421</u>
-	11,954
-	135,934
729,955	1,096,901
-	28,229
-	(1,124,929)
<u>729,955</u>	<u>148,089</u>
<u>128,047</u>	<u>174,510</u>
<u>1,102,848</u>	<u>10,139,488</u>
<u>\$ 1,230,895</u>	<u>\$ 10,313,998</u>

BURNET COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	174,510
<p>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 increase the change in net position.</p>		
		-0-
<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 removing the 2014 capital outlays and debt principal payments is to increase the change in net position.</p>		
		2,319,695
<p>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.</p>		
		(1,748,142)
<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, 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 increase the change in net position.</p>		
		127,212
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>873,275</b>

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

BURNET COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 14,719,453	\$ 14,719,453	\$ 14,342,350	\$ (377,103)
Other Taxes	75,000	75,000	67,908	(7,092)
Penalty and Interest on Taxes	135,000	135,000	189,048	54,048
Licenses and Permits	419,500	419,500	557,865	138,365
Intergovernmental Revenue and Grants	137,350	265,265	172,392	(92,873)
Charges for Services	1,083,212	2,211,317	1,955,002	(256,315)
Fines	450,000	450,000	557,188	107,188
Investment Earnings	50,000	50,028	43,778	(6,250)
Rents and Royalties	26,210	26,210	35,844	9,634
Contributions & Donations	-	74,612	27,832	(46,780)
Other Revenue	50,000	449,074	142,390	(306,684)
Total Revenues	<u>17,145,725</u>	<u>18,875,459</u>	<u>18,091,597</u>	<u>(783,862)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	8,014,099	8,502,577	7,657,165	845,412
Public Safety	7,402,964	8,557,626	8,258,069	299,557
Health and Welfare	805,462	805,089	618,282	186,807
Culture and Recreation	5,050	24,888	3,759	21,129
Conservation	267,475	264,782	236,459	28,323
Debt Service:				
Debt Principal	55,434	82,696	82,697	(1)
Debt Interest	935	1,922	1,921	1
Capital Outlay:				
Capital Outlay	573,500	925,622	245,734	679,888
Total Expenditures	<u>17,124,919</u>	<u>19,165,202</u>	<u>17,104,086</u>	<u>2,061,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,806</u>	<u>(289,743)</u>	<u>987,511</u>	<u>1,277,254</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	2,500	2,500	5,291	2,791
Issuance of Capital Leases	-	85,935	85,935	-
Transfers In	-	74,432	74,432	-
Proceeds from Insurance Settlements	-	9,188	9,188	-
Transfers Out (Use)	(1,071,924)	(1,047,918)	(1,047,919)	(1)
Total Other Financing Sources (Uses)	<u>(1,069,424)</u>	<u>(875,863)</u>	<u>(873,073)</u>	<u>2,790</u>
Net Change in Fund Balances	<u>(1,048,618)</u>	<u>(1,165,606)</u>	<u>114,438</u>	<u>1,280,044</u>
Fund Balance - October 1 (Beginning)	<u>8,019,176</u>	<u>8,019,176</u>	<u>8,019,176</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,970,558</u>	<u>\$ 6,853,570</u>	<u>\$ 8,133,614</u>	<u>\$ 1,280,044</u>

BURNET COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,750,310	\$ 1,750,310	\$ 1,736,215	\$ (14,095)
Penalty and Interest on Taxes	15,000	15,000	22,569	7,569
Licenses and Permits	900,000	900,000	882,183	(17,817)
Intergovernmental Revenue and Grants	45,600	45,600	58,031	12,431
Investment Earnings	6,000	6,000	6,054	54
Contributions & Donations	-	-	452	452
Other Revenue	-	106,858	12,101	(94,757)
Total Revenues	<u>2,716,910</u>	<u>2,823,768</u>	<u>2,717,605</u>	<u>(106,163)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Transportation	2,863,370	2,748,539	2,517,464	231,075
Debt Service:				
Debt Principal	11,786	11,786	11,785	1
Debt Interest	124	124	124	-
Capital Outlay:				
Capital Outlay	59,000	353,285	335,912	17,373
Total Expenditures	<u>2,934,280</u>	<u>3,113,734</u>	<u>2,865,285</u>	<u>248,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,370)</u>	<u>(289,967)</u>	<u>(147,680)</u>	<u>142,287</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	3,000	8,398	6,663	(1,735)
Issuance of Capital Leases	-	49,999	49,999	-
Proceeds from Insurance Settlements	-	19,041	19,041	-
Transfers Out (Use)	-	(2,578)	(2,578)	-
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>74,860</u>	<u>73,125</u>	<u>(1,735)</u>
Change in Fund Balance	(214,370)	(215,107)	(74,555)	140,552
Fund Balance - October 1 (Beginning)	976,640	976,640	976,640	-
Fund Balance - September 30 (Ending)	<u>\$ 762,270</u>	<u>\$ 761,533</u>	<u>\$ 902,085</u>	<u>\$ 140,552</u>

BURNET COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GRANTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 889,160	\$ 1,904,691	\$ 1,535,949	\$ (368,742)
Contributions & Donations	15,566	15,695	130	(15,565)
Total Revenues	904,726	1,920,386	1,536,079	(384,307)
<b>EXPENDITURES:</b>				
Current:				
General Government	974,299	1,022,590	977,365	45,225
Public Safety	181,996	272,242	247,849	24,393
Culture and Recreation	-	12,000	12,000	-
Capital Outlay:				
Capital Outlay	15,950	842,181	510,367	331,814
Total Expenditures	1,172,245	2,149,013	1,747,581	401,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,519)	(228,627)	(211,502)	17,125
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	267,519	303,059	292,514	(10,545)
Transfers Out (Use)	-	(74,432)	(74,432)	-
Total Other Financing Sources (Uses)	267,519	228,627	218,082	(10,545)
Change in Fund Balance	-	-	6,580	6,580
Fund Balance - October 1 (Beginning)	40,824	40,824	40,824	-
Fund Balance - September 30 (Ending)	\$ 40,824	\$ 40,824	\$ 47,404	\$ 6,580

BURNET COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities <u>Total</u> Internal Service Funds
OPERATING EXPENSES:	
Insurance Claims and Reimbursements	\$ 18,550
Administrative Fees	<u>9,478</u>
Total Operating Expenses	28,028
Operating Income (Loss)	<u>(28,028)</u>
Income (Loss) Before Transfers	<u>(28,028)</u>
Transfer In	<u>28,028</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, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Total Internal Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Claims and Reimbursements	\$ (18,550)
Cash Payments for Administrative Fees	(9,478)
Net Cash Provided by (Used for) Operating Activities	(28,028)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer In	28,028
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of the Year:	-
Cash and Cash Equivalents at the End of the Year:	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss):	\$ (28,028)

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

BURNET COUNTY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2014

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	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,738,597
Accounts Receivable-Net of Uncollectible Allowance	5,046
Total Assets	<u>\$ 1,743,643</u>
LIABILITIES	
Due to Others	\$ 1,743,643
Total Liabilities	<u>\$ 1,743,643</u>

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

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

<u>Note</u>		<u>Page</u>
1	Summary of Significant Accounting Policies.....	15
2	Reconciliation of Government-Wide and Fund Financial Statements .....	20
3	Stewardship, Compliance and Accountability .....	22
4	Property Taxes .....	23
5	Deposits, Securities and Investments .....	24
6	Disaggregation of Receivables and Payables .....	27
7	Court Fines and Fees Receivable.....	27
8	Interfund Balances and Transfers .....	28
9	Capital Asset Activity .....	29
10	Commitments Under Leases .....	30
11	Long-Term Debt .....	31
12	Deferred Inflows of Resources .....	32
13	Fund Balance.....	33
14	Health Insurance and Workers' Compensation .....	34
15	Risk Management.....	34
16	Self-Insurance .....	34
17	Compensated Absences .....	34
18	Deferred Compensation Plan .....	35
19	Employees' Retirement Plan .....	35
20	Group Term Life Fund.....	37
21	Contingent Liabilities .....	37
22	Component Unit - Burnet County Public Facilities Corporation.....	37
23	Prior Period Adjustment.....	41
24	Subsequent Events.....	41

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

**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. Except for the Burnet County Public Facility Corporation (Component Unit), as described below, there are no other 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 22.

**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.

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

**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.

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

**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.

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

**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.

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

**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:

Assets	Years
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 (resolution) 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 Resolution and can only be modified or removed by the same formal action.*

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

**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.

7. Deferred Inflows of Resources and Deferred Outflows of Resources

Beginning with fiscal year end September 30, 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

The implementation resulted in the reporting of \$657,886 (deferred ad valorem tax revenue which is expected to be collected in future years) as a deferred inflow of resources on the Governmental Funds Balance Sheet and \$43,694 (deferred charge for refunding) as a deferred outflow of resources on the Government Wide Statement of Net Position.

**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 \$10,143,254 difference are as follows:

Beginning capital assets, net	\$ 13,910,048
Beginning deferred charge for refunding	76,464
Beginning long-term liabilities	<u>(3,843,258)</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ 10,143,254</u>

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

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

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 2014 capital outlays and debt principal payments are to increase net position. The details of this \$2,319,695 difference are as follows:

Current year debt issued	\$ (135,934)
Current year principal payments	1,309,482
Current year additions to capital assets	1,146,147
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ 2,319,695

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 \$1,254,608 difference are as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (6,386)
Record donated and seized assets	47,086
Record prior period adjustment to capital assets	191,739
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	(88,446)
Record court fees & fines receivable	477,143
Remove unavailable revenues for property taxes	657,886
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ 1,254,608

**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 “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 2014 capital outlays and debt principal payments is to increase net position. The details of this \$2,319,695 difference are as follows:

Current year debt issued	\$ (135,934)
Current year principal payments	1,309,482
Current year capital outlay	1,146,147
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>	\$ 2,319,695

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

**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 accrual basis of accounting.” The details of this \$127,212 difference are as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (6,386)
Record donated and seized assets	47,086
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	(88,446)
Record increase in court fees & fines receivable	251,088
Recognize unearned property taxes	<u>(51,716)</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>127,212</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 2014 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.

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

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued**

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 1<sup>st</sup> 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.

For 2013 tax roll, the total assessed valuation was \$4,378,589,471 and the taxes assessed amounted to \$17,299,807. The total tax rate was \$0.3951 per \$100 valuation and allocated \$0.3245 to General Fund maintenance and operations; \$0.0418 to Road & Bridge Fund maintenance and operations; and \$0.0288 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.

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

**NOTE 4:     PROPERTY TAXES, continued**

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.

At September 30, 2014, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$9,885,505 and the bank balance was \$10,438,530.

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.

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

**NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS, continued**

Legal and Contractual Provisions Governing Deposits and Investments, continued

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (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, 2014:

Investment Type	Fair Value	Weighted Average Maturity (Days)
LOGIC	\$ 62,970	59
TexPool	66,687	46
Texas CLASS	8,031	40
TOTAL INVESTMENTS	\$ 137,688	

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.

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:

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

**NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS, continued**

Policies Governing Deposits and Investments, continued

*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 insured 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.

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).

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

**NOTE 6: DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2014 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	801,205	\$ 205,260	\$ 883,476	\$ 588,682	\$ 125,622	\$ 2,604,245
Road & Bridge Fund	83,531	54,202	-	-	49,999	187,732
Grants Fund	-	-	831,972	-	14,903	846,875
Non-major Governmental Funds	<u>51,428</u>	<u>127,987</u>	<u>34,722</u>	<u>-</u>	<u>7,387</u>	<u>221,524</u>
Total Governmental Activities	<u>\$ 936,164</u>	<u>\$ 387,449</u>	<u>\$ 1,750,170</u>	<u>\$ 588,682</u>	<u>\$ 197,911</u>	<u>\$ 3,860,376</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 278,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,277</u>

Payables at September 30, 2014 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	\$ 905,597	\$ 319,364	\$ 11,234	-\$	109,469	-\$	1,345,664
Road & Bridge Fund	397,972	33,821	349	-	-	-	432,142
Grants Fund	169,544	15,691	-	584,661	45,266	-	815,162
Non-major Governmental Funds	<u>35,343</u>	<u>12,538</u>	<u>-</u>	<u>4,021</u>	<u>11,889</u>	<u>7,832</u>	<u>71,623</u>
Total Governmental Activities	<u>\$ 1,508,456</u>	<u>\$ 381,414</u>	<u>\$ 11,583</u>	<u>\$ 588,682</u>	<u>\$ 166,624</u>	<u>\$ 7,832</u>	<u>\$ 2,664,591</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 \$1,906,071 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 \$1,428,928, resulting in a net receivable of \$477,143.

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

**NOTE 8: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2014 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:	\$ 588,682	\$ -
Road and Bridge Fund	-	-
Grants Fund	-	584,661
Non Major Governmental Funds	-	4,021
Total Governmental Funds	<u>\$ 588,682</u>	<u>\$ 588,682</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, 2014 consisted of the following:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Funds	\$ 74,432	\$ 1,047,919
Road and Bridge Fund	-	2,578
Grants Fund	292,514	74,432
Non Major Governmental Funds	729,955	-
Internal Service Funds	28,028	-
Total Governmental Activities	<u>\$ 1,124,929</u>	<u>\$ 1,124,929</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.

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

**NOTE 9: CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Reclassifications & Prior Period Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 831,013	\$ -	\$ -	\$ -	831,013
Construction in Progress	-	655,896	-	-	655,896
Total Capital Assets, Not Being Depreciated	<u>831,013</u>	<u>655,896</u>	<u>-</u>	<u>-</u>	<u>1,486,909</u>
Capital Assets, Being Depreciated					
Infrastructure	6,989,050	40,799	-	-	7,029,849
Buildings and Building Improvements	13,531,641	46,416	-	-	13,578,057
Other Improvements	629,909	-	-	-	629,909
Office and Miscellaneous Equipment	5,268,563	194,800	-	28,000	5,491,363
Road Equipment	<u>5,536,741</u>	<u>447,061</u>	<u>(150,248)</u>	<u>(28,000)</u>	<u>5,805,554</u>
Total Capital Assets, Being Depreciated	<u>31,955,904</u>	<u>729,076</u>	<u>(150,248)</u>	<u>-</u>	<u>32,534,732</u>
Less Accumulated Depreciation for:					
Infrastructure	(4,325,335)	(231,646)	-	-	(4,556,981)
Buildings and Building Improvements	(7,320,736)	(560,475)	-	-	(7,881,211)
Other Improvements	(349,427)	(31,923)	-	(126)	(381,476)
Office and Miscellaneous Equipment	(2,671,811)	(568,967)	-	-	(3,240,778)
Road Equipment	<u>(4,209,560)</u>	<u>(355,131)</u>	<u>143,862</u>	<u>126</u>	<u>(4,420,703)</u>
Total Accumulated Depreciation	<u>(18,876,869)</u>	<u>(1,748,142)</u>	<u>143,862</u>	<u>-</u>	<u>(20,481,149)</u>
Total Capital Assets Being Depreciated, Net	<u>13,079,035</u>	<u>(1,019,066)</u>	<u>(6,386)</u>	<u>-</u>	<u>12,053,583</u>
Total Capital Assets, Net	<u>\$ 13,910,048</u>	<u>\$ (363,170)</u>	<u>\$ (6,386)</u>	<u>\$ -</u>	<u>\$ 13,540,492</u>

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

General Government	\$ 633,028
Public Safety	671,978
Public Transportation	399,264
Conservation	19,671
Culture & Recreation	24,201
Health & Welfare	-
Total Depreciation Expense	<u>\$ 1,748,142</u>

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

**NOTE 10: COMMITMENTS UNDER LEASES**

Capital Leases

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.

During September 2014, the County agreed to enter into a lease with Wells Fargo Equipment Finance, Inc. for three (3) 2014 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$85,935 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$85,935. The capital lease agreement requires quarterly payments of \$7,390, including interest at 2.31% through July 2017.

During September 2014, the County agreed to enter into a lease with Wells Fargo Equipment Finance, Inc. for one (1) Caterpillar CB34B Double Drum Roller. This lease agreement meets the criteria of a capital lease. An additional \$49,999 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$49,999. The capital lease agreement requires quarterly payments of \$4,257, including interest at 1.57% through July 2017.

The assets acquired through capital leases are as follows:

Road equipment		\$	322,888
Less: accumulated depreciation			(61,988)
Total		\$	<u>260,900</u>

A summary of the commitments, by year, follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 98,770	\$ 2547	\$ 101,317
2016	66,104	1,671	67,775
2017	46,001	588	46,589
Total	<u>\$ 210,875</u>	<u>\$ 4,806</u>	<u>\$ 215,681</u>

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

**NOTE 10: COMMITMENTS UNDER LEASES, continued**

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2014 are as follows:

<u>Year Ending September 30,</u>		
2015	\$	68,670
2016		58,010
2017		39,605
2018		15,966
2019		<u>4,005</u>
Total Minimum Rentals	\$	<u><u>186,256</u></u>
Rental Expenditures in Current Year	\$	<u><u>57,399</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 be 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:

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

Description	Refunded Amount	Balance 9/30/2014
Burnet County, Texas		
Certificates of Obligation – Series 1996	\$ 395,000	\$ -
Burnet County, Texas		
Certificates of Obligation – Series 2001	<u>4,550,000</u>	<u>1,965,000</u>
<b>Total Amount Refunded</b>	<b><u>\$ 4,945,000</u></b>	<b><u>\$ 1,965,000</u></b>

The following table summarizes the annual debt service requirements at September 30, 2014 to maturity:

Year Ending September 30,	Principal	Interest	Total Requirements
2015	\$ 1,210,000	\$ 37,800	\$ 1,247,800
2016	<u>975,000</u>	<u>12,188</u>	<u>987,188</u>
Total	<u>\$ 2,185,000</u>	<u>\$ 49,988</u>	<u>\$ 2,234,988</u>

Long-term debt activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds, Loans and Leases Payable:					
General Obligation Bonds	\$ 3,400,000	\$ -	\$ 1,215,000	\$ 2,185,000	\$ 1,210,000
Premium on Bond Issuance	19,499	-	8,356	11,143	-
Capital Leases	<u>169,423</u>	<u>135,934</u>	<u>94,482</u>	<u>210,875</u>	<u>98,770</u>
Total Bonds, Loans and Leases Payable	<u>3,588,922</u>	<u>135,934</u>	<u>1,317,838</u>	<u>2,407,018</u>	<u>1,308,770</u>
Other Liabilities:					
Compensated Absences	<u>254,336</u>	<u>461,900</u>	<u>373,454</u>	<u>342,782</u>	<u>65,625</u>
<b>Total Governmental Activities</b>					
Long-term Liabilities	<u>\$ 3,843,258</u>	<u>\$ 597,834</u>	<u>\$ 1,691,292</u>	<u>\$ 2,749,800</u>	<u>\$ 1,374,395</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:

	General Fund	Road & Bridge Fund	Debt Service Fund	Total
Unavailable Revenue – Property Taxes	<u>\$ 560,843</u>	<u>\$ 58,472</u>	<u>\$ 38,571</u>	<u>\$ 657,886</u>

Adjustments required for government-wide Statement of Net position decreased unearned revenue by \$657,886.

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

**NOTE 13: FUND BALANCE**

As of September 30, 2014, 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>
<b>Fund Balances:</b>					
<b>Non-spendable:</b>					
Inventories	\$ 1,018	\$ -	\$ -	\$ -	\$ 1,018
Prepaid Items	34,167	174	-	824	35,165
Total Non-spendable	<u>35,185</u>	<u>174</u>	<u>-</u>	<u>824</u>	<u>36,183</u>
<b>Restricted for:</b>					
Records Management	470,556	-	-	-	470,556
Court Programs	243,738	-	-	50,382	294,120
Technology Programs	107,949	-	-	-	107,949
Property Purchasing & Improvements	79,780	-	-	13,290	93,070
Road & Bridge Maintenance & Construction	-	778,386	-	-	778,386
Federal and State Grants	-	-	47,404	-	47,404
Retirement of Long Term Debt	-	-	-	293,509	293,509
Capital Asset Acquisition	-	-	-	7,152	7,152
Total Restricted	<u>902,023</u>	<u>778,386</u>	<u>47,404</u>	<u>364,333</u>	<u>2,092,146</u>
<b>Committed to:</b>					
Property Purchasing & Improvements	52,919	-	-	-	52,919
Court Programs	4,351	-	-	39,912	44,263
Western County Tower System Maintenance	-	-	-	13,147	13,147
Economic Development	-	-	-	540,450	540,450
Special Operations Unit	-	-	-	220,786	220,786
Library System	-	-	-	51,443	51,443
Total Committed	<u>57,270</u>	<u>-</u>	<u>-</u>	<u>865,738</u>	<u>923,008</u>
<b>Assigned to:</b>					
Court Programs	30,700	-	-	-	30,700
Property Purchasing & Improvements	708,512	-	-	-	708,512
Road and Bridge Maintenance & Construction	-	123,525	-	-	123,525
Total Assigned	<u>739,212</u>	<u>123,525</u>	<u>-</u>	<u>-</u>	<u>862,737</u>
<b>Unassigned:</b>	<u>6,399,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,399,924</u>
<b>Total Fund Balances</b>	<u>\$ 8,133,614</u>	<u>\$ 902,085</u>	<u>\$ 47,404</u>	<u>\$ 1,230,895</u>	<u>\$ 10,313,998</u>

**NOTE 14: HEALTH INSURANCE AND WORKERS' COMPENSATION**

Health Insurance

During the year ended September 30, 2014 employees of Burnet County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of \$662 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.

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

**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, 2014 the County contributed a total of \$171,513 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, 2014, a total of \$18,550 was paid in health care insurance deductible claims and \$9,478 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, 2014, the balance consisted of: Annual Leave - \$289,560; Holiday pay - \$32,794; Compensated time - \$20,428; for a total accumulated employee benefit amount of \$342,782. 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.

**BURNET COUNTY, TEXAS**  
**NOTES TO 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 656 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](http://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 12.15% for the months of the accounting year in 2013, and 12.43% for the months of the accounting year in 2014.

The deposit rate payable by the employee members for calendar years 2013 and 2014 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 \$1,104,297, and the actual contributions were \$1,104,297.

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, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation.

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

**NOTE 19: EMPLOYEES' RETIREMENT PLAN, continued**

**Actuarial Valuation Information**

Actuarial valuation date	12/31/11	12/31/12	12/31/13
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period 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: 5-yr smoothed value; ESF: Fund value
<b>Actuarial Assumptions</b>			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
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
9/30/10	\$ 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-
9/30/14	1,104,297	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)
12/31/13	\$ 24,028,200	\$ 29,951,167	\$ 5,922,967	80.22%	\$ 9,756,474	60.71%

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.

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

**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](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 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, 2014, 2013 and 2012 were \$39,677, \$34,618, and \$30,610, 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 facility serves as the Burnet County Jail, and in this regard, operational expenses and the receipt and disbursement of revenues are administered by the County, along with the maintenance of the Corporations financial transactions.

**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

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

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. By letter dated January 14, 2014, 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 not renew the Burnet County Jail Operation and Management Agreement (SWC Agreement) beyond its initial term ending on March 31, 2014, unless the current debt structure of the Project is modified so as to include terms that are more financially favorable to SWC. 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.

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 deposits at September 30, 2014.

	<u>Carrying Value</u>	<u>Fair Market Value</u>
U.S. Bank, N.A. Money Market Account Managed	\$ 4,780,888	\$ 4,780,888

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

*Custodial Credit Risk – Deposits:* This is the risk that in the event of failure of a depository financial institution, the depositor agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Burnet County Public Facility Corporation was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2014 were collateralized at a 100% market valuation at the aggregate deposit level.

**22.C: Component Unit - Capital Assets**

Capital asset activity for the Burnet County Public Facilities Corporation for the year ended September 30, 2014 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	(2,998,533)	(705,831)	-	(3,704,364)
Furniture, Machinery & Equipment	<u>(650,614)</u>	<u>(156,824)</u>	<u>-</u>	<u>(807,438)</u>
Total Accumulated Depreciation	<u>(3,649,147)</u>	<u>(862,655)</u>	<u>-</u>	<u>(4,511,802)</u>
Total Capital Assets Being Depreciated, Net	<u>25,660,688</u>	<u>(862,655)</u>	<u>-</u>	<u>24,798,033</u>
Total Capital Assets, Net	<u>\$ 25,660,688</u>	<u>\$ (862,655)</u>	<u>\$ -</u>	<u>\$ 24,798,033</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, 2014 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	\$ 32,770,000	\$ -	\$ -	\$ 32,770,000	\$ 1,045,000
Discount on Revenue Bonds, Series 2008	<u>(1,617,370)</u>	<u>-</u>	<u>(101,086)</u>	<u>(1,516,284)</u>	<u>-</u>
Total Component Unit Debt	<u>\$ 31,152,630</u>	<u>\$ -</u>	<u>(101,086)</u>	<u>\$ 31,253,716</u>	<u>\$ 1,045,000</u>

On January 14, 2008, the Burnet County Facility Corporation issued Burnet County Public Facility 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. The Burnet County Public Facility Corporation leased the project to Burnet County pursuant to that certain Sublease Agreement dated January 1, 2008. Rental payments and rental payment deposits made by the County under the sublease, together with the funds held by the Trustee under the Indenture, support debt service payments on the Bonds. The County's obligation to make rental payments under the sublease is dependent solely on the revenues

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

generated from the operation of the project.

Bonds currently outstanding in the aggregate principal amount of \$970,000 were due to be redeemed on August 1, 2014. Because of the Agreement Regarding Protective Advances and Forbearance, which was executed for a period of six months commencing on April 1, 2014 and ending on September 30, 2014, the principal payment was not made.

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 and the balance of \$275,000 par value bonds were purchased in the open market at a discounted price and subsequently cancelled in lieu of the remaining \$275,000 sinking fund redemption.

The debt service schedule was restructured to account for the \$970,000 and \$625,000 of unpaid principal described above (total of \$1,595,000). \$415,000 was added to the term bonds due August 1, 2024 and \$1,180,000 was added to the term bonds due August 1, 2029.

On July 30, 2014 a "Notice of Partial Interest Payment" was forwarded to beneficial holders of the Burnet County Public Facility Corporation Project Revenue Bonds, Series 2008. The scheduled interest payment due August 1, 2014 was \$1,264,950. The Trustee made a partial interest payment in the amount of \$327,700 on August 1, 2014, which represents a 1.00% Interest Distribution on the Bonds from Trust Revenues.

Long-term debt obligations of the Corporation as of September 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
Unpaid Interest Due	-	937,250	937,250
2015	1,045,000	2,529,900	3,574,900
2016	1,125,000	2,449,538	3,574,538
2017	1,210,000	2,363,013	3,573,013
2018	1,305,000	2,269,950	3,574,950
2019	1,405,000	2,169,575	3,574,575
2020	1,515,000	2,061,513	3,576,513
2021	1,630,000	1,944,988	3,574,988
2022	1,755,000	1,819,612	3,574,612
2023	1,890,000	1,684,625	3,574,625
2024	2,450,000	1,539,250	3,989,250
2025	2,195,000	1,351,600	3,546,600
2026	2,365,000	1,181,487	3,546,487
2027	2,545,000	998,200	3,543,200
2028	2,745,000	800,962	3,545,962
2029	7,590,000	588,225	8,178,225
Total	<u>\$ 32,770,000</u>	<u>\$ 26,689,688</u>	<u>\$ 59,459,688</u>

**22.E: Component Unit - Deficit Net Asset Balance**

The Burnet County Public Facilities Corporation had a deficit net asset balance of \$3,007,484 at September 30, 2014.

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

**22.F: Component Unit - Notice of Event of Default Under the Indenture**

The Internal Revenue Service (IRS) initially made a preliminary determination that due to the ratio of U.S. government detainees held in the facility, the Bonds should be reclassified as taxable Bonds. The preliminary determination, if unchanged, would constitute 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.

However, on February 19, 2015, Burnet County Public Facility Corporation was notified by the Tax Exempt and Government Entities Division of the Department of the Treasury, Internal Revenue Service of a final “No Change Determination” regarding the \$35,380,000 Burnet County Public Facility Corporation Project Revenue Bonds, Series 2008. The examination was closed with no change in the position that interest received by the beneficial owners of the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986.

Thus, while the potential of an adverse consequence of an Event of Default pursuant to Section 12.1(b) of the Sublease and 7.01(c) of the Indenture has not occurred, there is an Event of Default for failure to make timely payments in satisfaction of the requirements of the Indenture. As a consequence, Bondholders have the remedy of foreclosure upon the encumbered assets of the Corporation, specifically, land and improvements secured by the Deed of Trust. Burnet County is not liable for the obligations of the Corporation, but there is some exposure to claims being made against the County, despite clear and unambiguous notice in the Bond documents that no recourse was available upon the County. The outcome of any such claims is purely speculative.

**22.G: Component Unit - Agreements Regarding Protective Advances and Forbearance**

**First Forbearance Agreement**

By letter dated January 14, 2014, 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 not renew the Burnet County Jail Operation and Management Agreement (SWC Agreement) beyond its initial term ending on March 31, 2014, unless the current debt structure of the Project is modified so as to include terms that are more financially favorable to SWC. 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 took 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 and provides that the County would pay at least \$140,000 per month to the Trustee as per diem payments for the County inmates housed at the jail and the Trustee will advance back to the County all of the monthly payments made plus up to a maximum aggregate amount of \$661,395 of additional funds from the Reserve Fund to defray various operational costs and expenses incurred by the County in connection with the project.

**Notice of Court Instruction in Connection with the Agreement Regarding Protective Advances and Forbearance**

By notice dated June 12, 2014, the Trustee advised the Bondholders that it had filed a trust instruction petition in the District Court of Ramsey County, Minnesota to obtain the Court’s instructions in connection with the Agreement Regarding Protective Advances and Forbearance entered into by Burnet County, the Burnet County Public Facility Corporation and the Trustee, acting at the direction of the Bondholders. On June 30, 2014 the Court held a hearing on the petition and on July 2, 2014, the Court entered the Findings of Fact, Conclusions of Law and Order for Judgement granting the relief sought in the petition. In addition to ratifying the Trustee’s entry into the forbearance agreement and the use of trust funds pursuant to the terms, the Court authorized the Trustee to use the revenue generated by Burnet County through other users (not Burnet County inmates) to reimburse the County for the additional costs and expenses incurred by the County in connection with the inmates received from such other users. In addition, prior to distribution of funds to holders of the Bonds, funds held or received by the

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

Trustee under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the security or other interests of holders of the Bonds.

**Second Forbearance Agreement**

On September 29, 2014, the Trustee, acting at the direction of a holder of over 66.67% of the outstanding Bonds (the “Supermajority Holder”), entered into a Second Agreement Regarding Protective Advances and Forbearance with the County and the Burnet County Public Facility Corporation for a term beginning October 1, 2014 and ending on September 30, 2015. The second forbearance agreement provides that the County will pay at least \$182,500 per month to the Trustee as per diem payments for the County inmates housed at the jail and the Trustee will advance back to the County all of the monthly payments made plus up to a maximum aggregate amount of \$953,012 of additional funds from the Reserve Fund during a 12 month period commencing October 1, 2014. The second forbearance also requires the County to provide the Trustee with monthly reports regarding actual operating expenses incurred by the County. The second forbearance agreement further provides that on or after April 1, 2015, if the jail project operations are not satisfactory, the Trustee or the holders of over 66.67% of the Bonds outstanding may cause the County and the Burnet County Public Facility Corporation to wind down the Project operations pursuant to the wind-down budget attached to the second forbearance agreement.

**22.H: Component Unit - Going Concern**

The financial statements have been prepared assuming that Burnet County Public Facility Corporation will continue as a going concern. However, the Burnet County Public Facility Corporation has suffered recurring losses from operations and has a net capital deficiency of \$3,007,484 as of September 30, 2014. In addition, the Burnet County Public Facility Corporation is in technical default, has not been able to make the required debt principal and interest payments, and is currently under a second forbearance agreement (see Note 22.D and Note 22.G above). Management, with the assistance of an independent consultant retained by the Trustee at the direction of the Bondholders, has marketed the project to other state and federal users. However, the inmate population has not increased to a level where the project would be profitable or able to pay debt service payments due. Management continues to seek other options including proposed terms for the sale of improvements (jail) to Burnet County.

**22.I: Component Unit - Subsequent Events**

On February 1, 2015, a “Notice of Partial Interest Payment” was forwarded to beneficial holders of the Burnet County Public Facility Corporation Project Revenue Bonds, Series 2008. The scheduled interest payment due February 1, 2015 was \$1,264,950. The Trustee made a partial interest payment in the amount of \$327,700 on February 1, 2015, which represents a 1.00% interest distribution on the Bonds from Trust Revenues.

On February 4, 2015, Burnet County Public Facility Corporation was notified by Burnet County of their intent to explore options available to Burnet County to secure a suitable detention facility for the holding of county inmates, as well as inmates held by Burnet County for other political jurisdictions. These options include, but are not limited to:

- (1) Rehabilitation and possible expansion of the old Burnet County Jail, now occupied by the Burnet County Sheriff’s Office for administrative office space.
- (2) Design and construction of a smaller detention facility with lower overhead and operational cost.

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

(3) Purchase the current Burnet County Jail for a price to be negotiated between Burnet County, the Burnet County Public Facilities Corporation, and a majority holder of the Bonds, subject to approval by the Minnesota District Court for the benefit of minority bondholders.

On March 24, 2015, the Burnet County Commissioners' Court passed a motion that Burnet County accept the proposed terms for the sale of the improvements on Burnet County property known as the Burnet County Jail, contingent upon approval by a Court of competent jurisdiction in the state of Minnesota.

**NOTE 23: PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$191,739 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.

**NOTE 24: SUBSEQUENT EVENTS**

The County has evaluated subsequent events through March 30, 2015 the date which the financial statements were available to be issued.

On March 24, 2015, the Burnet County Commissioners' Court passed a motion that Burnet County accept the proposed terms for the sale of the improvements on Burnet County property known as the Burnet County Jail, contingent upon approval by a Court of competent jurisdiction in the state of Minnesota.

Beginning with the 2015 fiscal year, the County will have to include a net pension liability in its financial statements in accordance with GASB Statement No. 68. The Texas County and District Retirement System (TCDRS) has calculated the County's share of the net pension liability to be \$5,922,967 as of December 31, 2013.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**BURNET COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2014**

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%
12/31/13	24,028,200	29,951,167	5,922,967	80.22%	9,756,474	60.71%

## **OTHER SUPPLEMENTARY INFORMATION**

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 14,719,453	\$ 14,719,453	\$ 14,342,350	\$ (377,103)
Other Taxes	75,000	75,000	67,908	(7,092)
Penalty and Interest on Taxes	135,000	135,000	189,048	54,048
Licenses and Permits	419,500	419,500	557,865	138,365
Intergovernmental Revenue and Grants	137,350	265,265	172,392	(92,873)
Charges for Services	1,083,212	2,211,317	1,955,002	(256,315)
Fines	450,000	450,000	557,188	107,188
Investment Earnings	50,000	50,028	43,778	(6,250)
Rents and Royalties	26,210	26,210	35,844	9,634
Contributions & Donations	-	74,612	27,832	(46,780)
Other Revenue	50,000	449,074	142,390	(306,684)
Total Revenues	<u>17,145,725</u>	<u>18,875,459</u>	<u>18,091,597</u>	<u>(783,862)</u>
<b>EXPENDITURES:</b>				
Current:				
GENERAL GOVERNMENT				
General				
County Judge	241,242	240,683	234,226	6,457
Commissioners	336,251	336,388	335,343	1,045
County Records Management	60,000	60,000	9,135	50,865
County Clerk	434,639	478,845	411,047	67,798
County Clerk Records Management	42,000	42,000	41,380	620
Veterans Service Officer	13,251	13,251	12,816	435
Vetrides Program	2,500	46,253	17,634	28,619
County Clerk Records Archive	88,176	88,176	3,630	84,546
911 Addressing Maintenance	-	20,893	4,158	16,735
Non-Departmental	925,673	929,597	831,167	98,430
Courier	45,237	45,237	44,635	602
Grant Administrator	65,988	65,988	65,223	765
Total General	<u>2,254,957</u>	<u>2,367,311</u>	<u>2,010,394</u>	<u>356,917</u>
Judicial				
County Court at Law	341,900	341,900	324,356	17,544
County Court	86,294	168,377	69,097	99,280
District Court	197,029	187,511	186,439	1,072
Judicial Services	249,000	305,094	305,094	-
District Clerk Records Management	18,206	18,206	-	18,206
District Clerk	383,506	451,197	330,648	120,549
Justices of the Peace	596,164	696,703	593,142	103,561
3rd Administrative Judicial District	2,873	2,873	2,872	1
Magistrates/Indigent Defense	64,406	64,406	62,216	2,190
Total Judicial	<u>1,939,378</u>	<u>2,236,267</u>	<u>1,873,864</u>	<u>362,403</u>
Legal				
Blood Draw Program	15,000	19,305	11,050	8,255
Public Defender Office	10,000	9,846	9,131	715
County Attorney	563,264	573,491	572,048	1,443
District Attorney	549,079	559,171	554,040	5,131
Total Legal	<u>1,137,343</u>	<u>1,161,813</u>	<u>1,146,269</u>	<u>15,544</u>
Elections				
Election Expense	<u>199,096</u>	<u>257,971</u>	<u>197,431</u>	<u>60,540</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>Financial Administration</b>				
County Auditor	368,751	369,157	366,002	3,155
Purchasing	47,562	47,562	47,472	90
County Treasurer	139,997	139,969	138,482	1,487
Collections Department	101,843	101,886	98,719	3,167
Tax Assessor/Collector	382,955	382,955	378,280	4,675
Tax Appraisal District	321,188	318,348	318,348	-
Human Resources	100,139	100,139	75,857	24,282
Information Technology	478,079	478,079	472,294	5,785
Total Financial Administration	<u>1,940,514</u>	<u>1,938,095</u>	<u>1,895,454</u>	<u>42,641</u>
<b>Public Facilities</b>				
Maintenance Department	<u>542,811</u>	<u>541,120</u>	<u>533,753</u>	<u>7,367</u>
Total General Government	<u>8,014,099</u>	<u>8,502,577</u>	<u>7,657,165</u>	<u>845,412</u>
<b>PUBLIC SAFETY</b>				
Emergency Management	86,835	114,180	77,285	36,895
Emergency Medical Service	572,896	572,896	572,896	-
Area Fire Departments	280,055	280,056	280,056	-
Constables	262,726	264,490	249,405	15,085
Animal Control	83,291	83,291	74,053	9,238
County Sheriff	3,709,885	3,755,843	3,570,861	184,982
Courthouse Security	343,594	323,594	282,579	41,015
Juvenile Probation Department	195,847	151,023	151,023	-
Adult Probation Department	28,763	28,763	24,309	4,454
Department of Public Safety	67,737	67,737	59,849	7,888
Inmate Housing	1,771,335	2,915,753	2,915,753	-
Total Public Safety	<u>7,402,964</u>	<u>8,557,626</u>	<u>8,258,069</u>	<u>299,557</u>
<b>HEALTH AND WELFARE</b>				
Hill Country Humane/SPCA	28,569	29,696	29,696	-
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	-	-	-
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	750,000	750,000	563,193	186,807
Total Health and Welfare	<u>805,462</u>	<u>805,089</u>	<u>618,282</u>	<u>186,807</u>
<b>CULTURE AND RECREATION</b>				
County Historical Commission	450	21,325	196	21,129
County Parks	4,600	3,563	3,563	-
Total Culture and Recreation	<u>5,050</u>	<u>24,888</u>	<u>3,759</u>	<u>21,129</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>CONSERVATION</b>				
Agricultural Extension Service	105,560	102,658	86,974	15,684
Environmental Services	130,415	129,724	117,085	12,639
Government Trappers	31,500	32,400	32,400	-
Total Conservation	<u>267,475</u>	<u>264,782</u>	<u>236,459</u>	<u>28,323</u>
<b>Debt Service:</b>				
Maintenance Department	4,185	4,185	4,185	-
County Sheriff	52,184	80,433	80,433	-
Total Debt Service	<u>56,369</u>	<u>84,618</u>	<u>84,618</u>	<u>-</u>
<b>Capital Outlay:</b>				
Nondepartmental	488,000	758,304	82,946	675,358
Maintenance Department	45,000	46,719	42,219	4,500
Constables	-	4,500	4,500	-
County Sheriff	33,000	96,099	96,099	-
Courthouse Security	-	20,000	19,970	30
Inmate Housing	7,500	-	-	-
Total Capital Outlay	<u>573,500</u>	<u>925,622</u>	<u>245,734</u>	<u>679,888</u>
Total Expenditures	<u>17,124,919</u>	<u>19,165,202</u>	<u>17,104,086</u>	<u>2,061,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,806</u>	<u>(289,743)</u>	<u>987,511</u>	<u>1,277,254</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	2,500	2,500	5,291	2,791
Issuance of Capital Leases	-	85,935	85,935	-
Transfers In	-	74,432	74,432	-
Proceeds from Insurance Settlements	-	9,188	9,188	-
Transfers Out (Use)	(1,071,924)	(1,047,918)	(1,047,919)	(1)
Total Other Financing Sources (Uses)	<u>(1,069,424)</u>	<u>(875,863)</u>	<u>(873,073)</u>	<u>2,790</u>
Net Change in Fund Balances	(1,048,618)	(1,165,606)	114,438	1,280,044
Fund Balance - October 1 (Beginning)	<u>8,019,176</u>	<u>8,019,176</u>	<u>8,019,176</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,970,558</u>	<u>\$ 6,853,570</u>	<u>\$ 8,133,614</u>	<u>\$ 1,280,044</u>

**NON-MAJOR GOVERNMENTAL FUNDS**

**BURNET COUNTY  
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.

**District Attorney Special Fund**

To account for all financial resources from the District Attorney's Seizure, Forfeiture, Trust, and Collection Fees. These monies are accounted for separately from General Fund revenues used for the operation of the District Attorney's Office.

**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.

**Western County Tower System Fund**

To account for revenues and expenditures for the operation of the Western Counties VHF Trunked Radio System (WCTS). This program was created by an operating agreement to provide guidelines for the management of the assets, expenditures, and billing of subscribers to provide a sound organization to operate the WCTS.

**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, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund	Law Library Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,140	\$ 53,307	\$ 421,070	\$ 26,586
Investments - Current	-	-	619	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	3,211	-	121,356	-
Intergovernmental Receivables	-	-	-	-
Due from Others	-	-	-	7,387
Prepaid Items	-	-	99	-
Total Assets	<u>\$ 19,351</u>	<u>\$ 53,307</u>	<u>\$ 543,144</u>	<u>\$ 33,973</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 133	\$ 1,342	\$ 1,532	\$ 2,666
Wages and Salaries Payable	143	164	1,063	-
Due to Other Funds	-	-	-	-
Due to Others	-	11,889	-	-
Accrued Interest Payable	-	-	-	-
Total Liabilities	<u>276</u>	<u>13,395</u>	<u>2,595</u>	<u>2,666</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Non-Spendable	-	-	99	-
Restricted	19,075	-	-	31,307
Committed	-	39,912	540,450	-
Total Fund Balances	<u>19,075</u>	<u>39,912</u>	<u>540,549</u>	<u>31,307</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,351</u>	<u>\$ 53,307</u>	<u>\$ 543,144</u>	<u>\$ 33,973</u>

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

Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 219,729	\$ 85,107	\$ 821,939	\$ 300,023	\$ 7,152	\$ 1,129,114
-	1,116	-	1,735	749	-	2,484
-	-	-	-	51,428	-	51,428
-	-	-	-	(12,857)	-	(12,857)
-	49	1,163	125,779	2,208	-	127,987
34,722	-	-	34,722	-	-	34,722
-	-	-	7,387	-	-	7,387
725	-	-	824	-	-	824
<u>\$ 35,447</u>	<u>\$ 220,894</u>	<u>\$ 86,270</u>	<u>\$ 992,386</u>	<u>\$ 341,551</u>	<u>\$ 7,152</u>	<u>\$ 1,341,089</u>
\$ 17,554	\$ 108	\$ 10,369	\$ 33,704	\$ 1,639	\$ -	\$ 35,343
-	-	11,168	12,538	-	-	12,538
4,021	-	-	4,021	-	-	4,021
-	-	-	11,889	-	-	11,889
-	-	-	-	7,832	-	7,832
<u>21,575</u>	<u>108</u>	<u>21,537</u>	<u>62,152</u>	<u>9,471</u>	<u>-</u>	<u>71,623</u>
-	-	-	-	38,571	-	38,571
-	-	-	-	38,571	-	38,571
725	-	-	824	-	-	824
-	-	13,290	63,672	293,509	7,152	364,333
13,147	220,786	51,443	865,738	-	-	865,738
<u>13,872</u>	<u>220,786</u>	<u>64,733</u>	<u>930,234</u>	<u>293,509</u>	<u>7,152</u>	<u>1,230,895</u>
<u>\$ 35,447</u>	<u>\$ 220,894</u>	<u>\$ 86,270</u>	<u>\$ 992,386</u>	<u>\$ 341,551</u>	<u>\$ 7,152</u>	<u>\$ 1,341,089</u>

BURNET COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund	Law Library Fund
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	334,840	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	16,073	-	26,175
Fines	-	-	-	-
Forfeits	-	32,457	-	-
Investment Earnings	92	149	1,677	-
Contributions & Donations	-	-	-	-
Other Revenue	18,184	-	6,667	-
Total Revenues	<u>18,276</u>	<u>48,679</u>	<u>343,184</u>	<u>26,175</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	11,302	8,767	244,418	19,930
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Debt Principal	-	-	-	-
Debt Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	27,634	-
Total Expenditures	<u>11,302</u>	<u>8,767</u>	<u>272,052</u>	<u>19,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,974</u>	<u>39,912</u>	<u>71,132</u>	<u>6,245</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,974	39,912	71,132	6,245
Fund Balance - October 1 (Beginning)	<u>12,101</u>	<u>-</u>	<u>469,417</u>	<u>25,062</u>
Fund Balance - September 30 (Ending)	<u>\$ 19,075</u>	<u>\$ 39,912</u>	<u>\$ 540,549</u>	<u>\$ 31,307</u>

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

Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,279,175	\$ -	\$ 1,279,175
-	-	-	334,840	-	-	334,840
-	-	-	-	18,149	-	18,149
-	25,000	8,400	33,400	820	-	34,220
161,400	-	16,149	219,797	-	-	219,797
-	-	17,574	17,574	-	-	17,574
-	2,750	-	35,207	-	-	35,207
-	718	-	2,636	1,097	38	3,771
-	-	4,000	4,000	-	-	4,000
-	-	-	24,851	-	-	24,851
<u>161,400</u>	<u>28,468</u>	<u>46,123</u>	<u>672,305</u>	<u>1,299,241</u>	<u>38</u>	<u>1,971,584</u>
176,712	-	-	461,129	-	-	461,129
-	35,165	-	35,165	-	-	35,165
-	-	746,561	746,561	-	-	746,561
-	-	-	-	1,215,000	-	1,215,000
-	-	-	-	60,428	-	60,428
-	-	-	-	1,075	-	1,075
-	-	-	27,634	-	26,500	54,134
<u>176,712</u>	<u>35,165</u>	<u>746,561</u>	<u>1,270,489</u>	<u>1,276,503</u>	<u>26,500</u>	<u>2,573,492</u>
<u>(15,312)</u>	<u>(6,697)</u>	<u>(700,438)</u>	<u>(598,184)</u>	<u>22,738</u>	<u>(26,462)</u>	<u>(601,908)</u>
29,184	-	700,771	729,955	-	-	729,955
<u>29,184</u>	<u>-</u>	<u>700,771</u>	<u>729,955</u>	<u>-</u>	<u>-</u>	<u>729,955</u>
13,872	(6,697)	333	131,771	22,738	(26,462)	128,047
-	227,483	64,400	798,463	270,771	33,614	1,102,848
<u>\$ 13,872</u>	<u>\$ 220,786</u>	<u>\$ 64,733</u>	<u>\$ 930,234</u>	<u>\$ 293,509</u>	<u>\$ 7,152</u>	<u>\$ 1,230,895</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - COUNTY ATTORNEY CHECK COLLECTION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Investment Earnings	\$ -	\$ -	\$ 92	\$ 92
Other Revenue	23,612	23,612	18,184	(5,428)
Total Revenues	<u>23,612</u>	<u>23,612</u>	<u>18,276</u>	<u>(5,336)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	23,612	23,612	11,302	12,310
Total Expenditures	<u>23,612</u>	<u>23,612</u>	<u>11,302</u>	<u>12,310</u>
Change in Fund Balance	-	-	6,974	6,974
Fund Balance - October 1 (Beginning)	<u>12,101</u>	<u>12,101</u>	<u>12,101</u>	<u>-</u>
 Fund Balance - September 30 (Ending)	 <u>\$ 12,101</u>	 <u>\$ 12,101</u>	 <u>\$ 19,075</u>	 <u>\$ 6,974</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DISTRICT ATTORNEY SPECIAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Charges for Services	\$ -	\$ 16,073	\$ 16,073	\$ -
Forfeits	-	32,457	32,457	-
Investment Earnings	-	148	149	1
<b>Total Revenues</b>	<b>-</b>	<b>48,679</b>	<b>48,679</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	48,679	8,767	39,912
<b>Total Expenditures</b>	<b>-</b>	<b>48,679</b>	<b>8,767</b>	<b>39,912</b>
Change in Fund Balance	-	-	39,912	39,912
Fund Balance - October 1 (Beginning)	-	-	-	-
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,912</b>	<b>\$ 39,912</b>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
<b>REVENUES:</b>				
Taxes:				
Other Taxes	\$ 150,000	\$ 150,000	\$ 334,840	\$ 184,840
Investment Earnings	2,000	2,000	1,677	(323)
Other Revenue	-	6,667	6,667	-
<b>Total Revenues</b>	<b>152,000</b>	<b>158,667</b>	<b>343,184</b>	<b>184,517</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	328,345	307,378	244,418	62,960
Capital Outlay:				
Capital Outlay	-	27,634	27,634	-
<b>Total Expenditures</b>	<b>328,345</b>	<b>335,012</b>	<b>272,052</b>	<b>62,960</b>
Change in Fund Balance	(176,345)	(176,345)	71,132	247,477
Fund Balance - October 1 (Beginning)	469,417	469,417	469,417	-
 Fund Balance - September 30 (Ending)	 \$ 293,072	 \$ 293,072	 \$ 540,549	 \$ 247,477

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LAW LIBRARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Charges for Services	\$ 24,500	\$ 24,500	\$ 26,175	\$ 1,675
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>26,175</u>	<u>1,675</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	24,500	24,500	19,930	4,570
Total Expenditures	<u>24,500</u>	<u>24,500</u>	<u>19,930</u>	<u>4,570</u>
Change in Fund Balance	-	-	6,245	6,245
Fund Balance - October 1 (Beginning)	<u>25,062</u>	<u>25,062</u>	<u>25,062</u>	<u>-</u>
 Fund Balance - September 30 (Ending)	 <u>\$ 25,062</u>	 <u>\$ 25,062</u>	 <u>\$ 31,307</u>	 <u>\$ 6,245</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - WESTERN COUNTY TOWER SYSTEM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Charges for Services	\$ 203,904	\$ 203,904	\$ 161,400	\$ (42,504)
Total Revenues	203,904	203,904	161,400	(42,504)
<b>EXPENDITURES:</b>				
Current:				
General Government	233,088	233,088	176,712	56,376
Total Expenditures	233,088	233,088	176,712	56,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,184)	(29,184)	(15,312)	13,872
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	29,184	29,184	29,184	-
Total Other Financing Sources (Uses)	29,184	29,184	29,184	-
Change in Fund Balance	-	-	13,872	13,872
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ 13,872	\$ 13,872

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL OPERATIONS UNIT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 20,000	\$ 20,000	\$ 25,000	\$ 5,000
Forfeits	-	115,722	2,750	(112,972)
Investment Earnings	200	506	718	212
Other Revenue	1,000	1,000	-	(1,000)
Total Revenues	<u>21,200</u>	<u>137,228</u>	<u>28,468</u>	<u>(108,760)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	89,740	205,768	35,165	170,603
Total Expenditures	<u>89,740</u>	<u>205,768</u>	<u>35,165</u>	<u>170,603</u>
Change in Fund Balance	(68,540)	(68,540)	(6,697)	61,843
Fund Balance - October 1 (Beginning)	227,483	227,483	227,483	-
Fund Balance - September 30 (Ending)	<u>\$ 158,943</u>	<u>\$ 158,943</u>	<u>\$ 220,786</u>	<u>\$ 61,843</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LIBRARY SYSTEM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

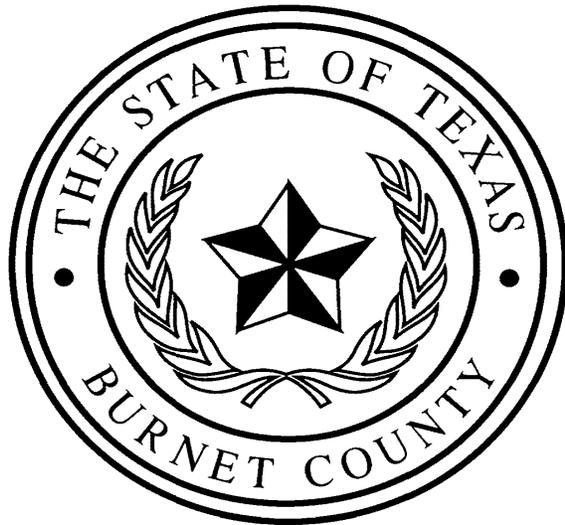
	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ 21,507	\$ 8,400	\$ (13,107)
Charges for Services	-	16,124	16,149	25
Fines	-	68,702	17,574	(51,128)
Contributions & Donations	-	4,190	4,000	(190)
<b>Total Revenues</b>	<b>-</b>	<b>110,524</b>	<b>46,123</b>	<b>(64,401)</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and Recreation	716,657	827,181	746,561	80,620
<b>Total Expenditures</b>	<b>716,657</b>	<b>827,181</b>	<b>746,561</b>	<b>80,620</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(716,657)	(716,657)	(700,438)	16,219
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	716,657	716,657	700,771	(15,886)
<b>Total Other Financing Sources (Uses)</b>	<b>716,657</b>	<b>716,657</b>	<b>700,771</b>	<b>(15,886)</b>
Change in Fund Balance	-	-	333	333
Fund Balance - October 1 (Beginning)	64,400	64,400	64,400	-
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 64,400</b>	<b>\$ 64,400</b>	<b>\$ 64,733</b>	<b>\$ 333</b>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,063,810	\$ 1,063,810	\$ 1,279,175	\$ 215,365
Penalty and Interest on Taxes	20,000	20,000	18,149	(1,851)
Intergovernmental Revenue and Grants	-	-	820	820
Investment Earnings	1,500	1,500	1,097	(403)
Other Revenue	38,480	38,480	-	(38,480)
Total Revenues	<u>1,123,790</u>	<u>1,123,790</u>	<u>1,299,241</u>	<u>175,451</u>
<b>EXPENDITURES:</b>				
Current:				
Debt Service:				
Debt Principal	1,215,000	1,215,000	1,215,000	-
Debt Interest	64,692	64,692	60,428	4,264
Fiscal Agent's Fees	3,000	3,000	1,075	1,925
Total Expenditures	<u>1,282,692</u>	<u>1,282,692</u>	<u>1,276,503</u>	<u>6,189</u>
Change in Fund Balance	(158,902)	(158,902)	22,738	181,640
Fund Balance - October 1 (Beginning)	<u>270,771</u>	<u>270,771</u>	<u>270,771</u>	<u>-</u>
 Fund Balance - September 30 (Ending)	 <u>\$ 111,869</u>	 <u>\$ 111,869</u>	 <u>\$ 293,509</u>	 <u>\$ 181,640</u>

BURNET COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Investment Earnings	\$ -	\$ -	\$ 38	\$ 38
Other Revenue	-	26,500	-	(26,500)
Total Revenues	-	26,500	38	(26,462)
<b>EXPENDITURES:</b>				
Current:				
Capital Outlay:				
Capital Outlay	-	26,500	26,500	-
Total Expenditures	-	26,500	26,500	-
Change in Fund Balance	-	-	(26,462)	(26,462)
Fund Balance - October 1 (Beginning)	33,614	33,614	33,614	-
 Fund Balance - September 30 (Ending)	 \$ 33,614	 \$ 33,614	 \$ 7,152	 \$ (26,462)



## **AGENCY FUNDS**

BURNET COUNTY, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BALANCE OCTOBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2014
<b>COURT COSTS AND FEES FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 180,406	\$ 906,262	\$ 887,687	\$ 198,981
Other Receivables	-	186	-	186
Total Assets	<u>\$ 180,406</u>	<u>\$ 906,448</u>	<u>\$ 887,687</u>	<u>\$ 199,167</u>
Liabilities:				
Due to Others	<u>\$ 180,406</u>	<u>\$ 906,448</u>	<u>\$ 887,687</u>	<u>\$ 199,167</u>
 <b>HOUSEHOLD HAZARDOUS WASTE</b>				
Assets:				
Cash and Cash Equivalents	\$ 74,516	\$ 20,625	\$ 38,683	\$ 56,458
Other Receivables	-	4,860	-	4,860
Total Assets	<u>\$ 74,516</u>	<u>\$ 25,485</u>	<u>\$ 38,683</u>	<u>\$ 61,318</u>
Liabilities:				
Due to Others	<u>\$ 74,516</u>	<u>\$ 25,485</u>	<u>\$ 38,683</u>	<u>\$ 61,318</u>
 <b>WASTEWATER PERMIT FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 330	\$ 1,720	\$ 1,530	\$ 520
Liabilities:				
Due to Others	<u>\$ 330</u>	<u>\$ 1,720</u>	<u>\$ 1,530</u>	<u>\$ 520</u>
 <b>EMPLOYEE GREAT FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 14,577	\$ 5,790	\$ 3,377	\$ 16,990
Liabilities:				
Due to Others	<u>\$ 14,577</u>	<u>\$ 5,790</u>	<u>\$ 3,377</u>	<u>\$ 16,990</u>
 <b>TREASURER'S CASH BOND</b>				
Assets:				
Cash and Cash Equivalents	\$ 18,375	\$ 102,026	\$ 100,326	\$ 20,075
Liabilities:				
Due to Others	<u>\$ 18,375</u>	<u>\$ 102,026</u>	<u>\$ 100,326</u>	<u>\$ 20,075</u>

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

BURNET COUNTY, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BALANCE OCTOBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2014
<b>COUNTY CLERK'S TRUSTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 190,734	\$ 95,673	\$ 259	\$ 286,148
Liabilities:				
Due to Others	\$ 190,734	\$ 95,673	\$ 259	\$ 286,148
<b>COUNTY CLERK'S REGISTRY</b>				
Assets:				
Cash and Cash Equivalents	\$ 72,970	\$ 68,119	\$ 58,320	\$ 82,769
Liabilities:				
Due to Others	\$ 72,970	\$ 68,119	\$ 58,320	\$ 82,769
<b>DISTRICT CLERK'S REGISTRY</b>				
Assets:				
Cash and Cash Equivalents	\$ 155,236	\$ 1,216,830	\$ 509,633	\$ 862,433
Liabilities:				
Due to Others	\$ 155,236	\$ 1,216,830	\$ 509,633	\$ 862,433
<b>DISTRICT CLERK'S TRUSTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 144,736	\$ 31,365	\$ -	\$ 176,101
Liabilities:				
Due to Others	\$ 144,736	\$ 31,365	\$ -	\$ 176,101
<b>COUNTY ATTORNEY HOT CHECKS</b>				
Assets:				
Cash and Cash Equivalents	\$ 3,444	\$ 153,263	\$ 156,506	\$ 201
Liabilities:				
Due to Others	\$ 3,444	\$ 153,263	\$ 156,506	\$ 201

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

BURNET COUNTY, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BALANCE OCTOBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2014
<b>TAX A/C SALES TAX AND STATE FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 27,280	\$ 27,846,132	\$ 27,835,491	\$ 37,921
Liabilities:				
Due to Others	\$ 27,280	\$ 27,846,132	\$ 27,835,491	\$ 37,921
 <b>SWC - INMATE TRUST</b>				
Assets:				
Cash and Cash Equivalents	\$ 83,486	\$ -	\$ 83,486	\$ -
Liabilities:				
Due to Others	\$ 83,486	\$ -	\$ 83,486	\$ -
 <b>SWC - POLK STREET COMMISSARY</b>				
Assets:				
Cash and Cash Equivalents	\$ 5,598	\$ -	\$ 5,598	\$ -
Liabilities:				
Due to Others	\$ 5,598	\$ -	\$ 5,598	\$ -
 <b>SWC - JAIL COMMISSARY FSB</b>				
Assets:				
Cash and Cash Equivalents	\$ 11,752	\$ -	\$ 11,752	\$ -
Liabilities:				
Due to Others	\$ 11,752	\$ -	\$ 11,752	\$ -
 <b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 983,440	\$ 30,447,805	\$ 29,692,648	\$ 1,738,597
Other Receivables	-	5,046	-	5,046
Total Assets	\$ 983,440	\$ 30,452,851	\$ 29,692,648	\$ 1,743,643
Liabilities:				
Due to Others	\$ 983,440	\$ 30,452,851	\$ 29,692,648	\$ 1,743,643

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

## **INTERNAL SERVICE FUNDS**

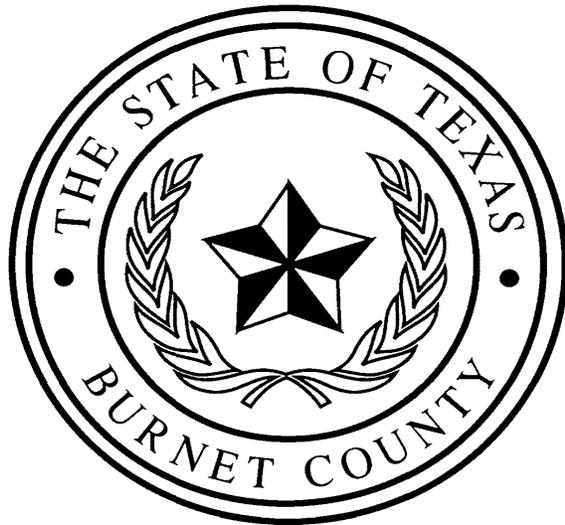
## **INTERNAL SERVICE FUNDS**

### **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, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL - HRA  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>OPERATING EXPENSES:</b>				
Insurance Claims and Reimbursements	\$ 50,000	\$ 50,000	\$ 18,550	\$ 31,450
Administrative Fees	7,000	7,000	9,478	(2,478)
Total Operating Expenses	<u>57,000</u>	<u>57,000</u>	<u>28,028</u>	<u>28,972</u>
Operating Income (Loss)	<u>(57,000)</u>	<u>(57,000)</u>	<u>(28,028)</u>	<u>(28,972)</u>
Income (Loss) Before Transfers	<u>(57,000)</u>	<u>(57,000)</u>	<u>(28,028)</u>	<u>28,972</u>
Transfer In	<u>57,000</u>	<u>57,000</u>	<u>28,028</u>	<u>(28,972)</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, 2014**

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.

<b><u>Contents</u></b>	<b>Page Number(s)</b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	<b>78-81</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	<b>82-85</b>
<b>Debt Capacity</b> 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.	<b>86-89</b>
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	<b>90-92</b>
<b>Operating Information</b> 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.	<b>93-98</b>

**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>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>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 11,133,474
Restricted	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	3,877,891
Unrestricted	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	7,272,048
Total governmental activities net assets	<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>	<u>\$ 22,283,413</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**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 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	\$ 9,836,316
Public safety	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	9,213,061
Public transportation	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	2,925,573
Health and welfare	680,149	496,832	403,277	469,197	453,438	590,292	722,603	609,570	531,660	618,282
Culture and recreation	489,826	521,388	529,403	649,080	898,391	726,592	749,805	697,018	779,946	786,521
Conservation	139,280	156,752	165,398	213,902	204,980	234,281	320,590	516,942	449,112	256,130
Debt Service	474,761	403,342	385,817	382,762	339,283	229,834	209,573	163,462	118,286	87,962
Total governmental activities expenses	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	23,723,845
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	1,792,828	2,087,809	2,214,552	1,462,022	1,378,505	1,387,549	292,287	\$ 1,002,955	\$ 1,085,961	\$ 1,218,240
Public safety	267,641	438,195	492,756	627,385	517,605	545,543	811,238	477,066	452,797	1,010,945
Public transportation	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	1,917,877
Health and welfare	476	574	991	5,410	5,325	5,707	5,829	18,660	19,578	20,015
Culture and recreation	29,159	26,781	26,904	25,333	29,510	37,161	36,853	33,030	32,236	33,724
Conservation	-	-	-	-	-	-	-	-	-	-
Grants and contributions	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	1,764,627
Total governmental activities program revenues	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	5,965,428
<b>Net (Expenses) /Revenues</b>	\$ (8,918,589)	\$ (9,960,507)	\$ (10,483,855)	\$ (12,454,567)	\$ (13,878,468)	\$ (14,551,013)	\$ (16,776,239)	\$ (4,861,653)	\$ (16,289,399)	\$ (17,758,417)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 17,306,024
Other taxes	159,951	231,072	235,596	285,486	322,626	307,643	274,257	321,095	318,621	402,748
Penalty and interest	198,171	200,827	211,823	193,647	203,547	228,340	220,523	215,565	239,488	229,766
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	639,551
Investment earnings	198,702	418,191	531,519	375,051	114,249	54,434	88,625	138,548	98,537	53,603
Gain on sale of capital assets	342,224	-	-	-	-	-	-	-	-	-
Total general revenues	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	18,631,692
<b>Change in Net Assets</b>	\$ 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	\$ 873,275

Extracted from the Statement of Activities

**BURNET COUNTY, TEXAS**

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years (1)  
(modified accrual basis of accounting)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Non-Spendable										
Restricted							\$ 41,059	\$ 30,051	\$ 34,273	\$ 35,185
Committed							670,331	663,078	758,096	902,023
Assigned							55,096	60,775	92,748	57,270
Unassigned							222,430	222,430	281,616	739,212
Reserved	\$ 854,556	\$ 961,121	\$ 1,348,097	\$ 1,391,486	\$ 790,175	\$ 1,014,527	4,985,243	5,947,429	6,852,443	6,399,924
Unreserved	3,174,120	4,073,726	4,276,231	4,147,886	4,271,139	4,479,886				
Total general fund	\$ 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	\$ 8,133,614
All other governmental funds										
Non-Spendable							\$ 1,740	\$ 4,227	\$ 3,910	\$ 998
Restricted							1,302,687	1,191,685	1,308,665	1,190,123
Committed							805,775	716,558	748,015	865,738
Assigned							35,936	12,116	59,724	123,525
Reserved	\$ -	\$ 100,358	\$ 277,334	\$ 1,441,476	\$ 1,448,001	\$ 1,387,982				
Unreserved, reported in :										
Special revenue funds	878,568	898,679	1,233,196	1,991,172	1,818,982	1,657,549				
Debt service fund	41,369	255,946	533,585	-	-	-				
Capital projects fund	527,137	322,009	579,570	-	-	-				
Total all other governmental funds	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	2,180,384
Total funds	\$ 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	\$ 10,313,998

(1) In 2011, Burnet County began reporting fund balances in accordance with GASB 54 which eliminated the "reserved" and "unreserved" classifications and added the classifications currently in use. Extracted from Balance Sheet--Governmental Funds

# BURNET COUNTY, TEXAS

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes	\$ 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	\$ 17,990,254
Licenses and permits	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	1,440,048
Intergovernmental and grants	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	1,800,592
Charges for services	920,722	1,356,805	1,344,839	1,278,154	1,250,918	1,163,697	1,500,364	1,452,197	1,474,788	2,174,799
Fines	597,141	722,036	863,407	648,396	550,529	568,511	474,726	447,306	535,315	574,762
Investment earnings	191,867	405,962	515,845	359,671	109,861	53,334	88,362	117,212	98,537	53,603
Other revenue	220,591	213,905	234,406	276,963	154,627	299,209	224,943	273,707	266,301	282,807
Total Revenues	<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>	<u>24,316,865</u>
<b>EXPENDITURES</b>										
General government	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	9,095,659
Public safety	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	8,541,083
Health and welfare	679,480	495,832	403,277	469,197	637,731	576,317	708,628	595,595	528,166	618,282
Culture and recreation	474,805	509,545	516,321	602,880	674,122	708,917	731,305	677,134	759,933	762,320
Conservation	126,917	139,914	150,158	197,398	184,432	212,469	298,263	495,722	429,441	236,459
Public transportation	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	2,517,464
Construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	856,747	918,848	1,086,362	1,158,359	1,235,035	1,286,288	1,394,370	1,471,814	1,528,682	1,309,482
Interest	448,005	398,383	385,817	378,042	334,563	277,355	174,493	128,382	93,870	63,548
Capital outlay	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	1,146,147
Total Expenditures	14,657,075	15,566,770	17,659,891	18,244,411	19,904,188	21,610,629	21,177,573	21,311,082	21,586,641	24,290,444
Excess of revenues over (under) expenditures	<u>269,352</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>	<u>26,421</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	843,771	848,202	754,907	1,095,660	1,254,976	2,624,501	919,292	959,355	913,186	1,096,901
Transfers out	(843,771)	(848,202)	(754,907)	(1,095,660)	(1,254,976)	(2,337,925)	(831,042)	(853,412)	(934,772)	(1,124,929)
Proceeds from debt issued & capital leases	305,638	178,375	1,564,931	136,348	220,162	1,367,246	186,473	77,859	83,028	135,934
Proceeds from insurance settlements	-	-	-	-	-	-	12,143	8,191	48,851	28,229
Other Resources - contribution	250,829	-	-	-	-	-	-	-	-	-
Proceeds from Sale of capital assets	500,620	11,340	4,849	11,342	7,559	116,490	9,913	4,102	33,647	11,954
Total other financing sources (uses)	<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>	<u>148,089</u>
Net change in fund balances	<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>	<u>\$ 174,510</u>
Debt services as a percentage of noncapital expenditures	10.97%	10.02%	10.27%	9.78%	9.12%	9.11%	8.66%	8.72%	8.42%	6.31%

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-Governmental</b>	<b>State/Federal Grants</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Miscellaneous</b>	<b>Totals</b>
2014	\$ 17,990,254	\$ 1,440,048	\$ 283,518	\$ 1,517,074	\$ 2,174,799	\$ 609,969	\$ 301,203	\$ 24,316,865
2013	\$ 17,456,793	\$ 1,351,827	\$ 232,551	\$ 1,317,730	\$ 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	\$ 69,979	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 20,632,143
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	\$ 13,224,103	\$ 1,336,018	\$ 538,138	\$ 1,159,285	\$ 1,278,154	\$ 648,396	\$ 636,634	\$ 18,820,728
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

**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 <sup>1</sup>**  
 Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property		All Other	Less: Total Exemptions	Total Assessed Value	Total Direct General Tax Rate <sup>2</sup>	Total Estimated Adjusted Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2014	2,793,516,440	438,367,987	1,646,513,788	287,001,305	4,878,398,215	0.41400	3,600,291,297	0.7380
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	0.7454
2012	2,707,663,070	408,441,825	1,546,799,151	308,748,799	4,662,904,046	0.33320	3,504,632,927	0.7516
2011	2,662,340,790	403,281,579	1,497,008,828	261,182,451	4,562,631,197	0.33030	3,484,737,786	0.7638
2010	2,615,424,333	393,594,834	1,444,904,219	239,631,639	4,453,923,386	0.32670	3,468,961,578	0.7789
2009	2,380,145,662	351,169,223	1,378,020,542	205,521,502	4,109,335,427	0.32770	3,250,104,295	0.7909
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	0.6929
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	0.7352
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	0.7016
2005	2,950,165,169	240,414,935	169,155,760	844,391,532	3,359,735,864	0.40370	2,515,344,332	0.7487

Source: Burnet Central Appraisal District

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

<sup>2</sup> Beginning in Fiscal Year 2009 the total direct tax rate does not include the Burnet County Special Tax Rate.

**BURNET COUNTY, TEXAS**

**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(unaudited)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Direct Rates</b>										
Burnet County General Rates	0.3857	0.3752	0.3553	0.3478	0.3277	0.3267	0.3303	0.3517	0.3533	0.3700
Burnet Co. Special Road & Bridge Rate	0.0180	0.0250	0.0254	0.0301	0.0350	0.0360	0.0389	0.0417	0.0418	0.0440
<b>Total direct tax rate</b>	<b>0.4037</b>	<b>0.4002</b>	<b>0.3807</b>	<b>0.3779</b>	<b>0.3627</b>	<b>0.3627</b>	<b>0.3692</b>	<b>0.3934</b>	<b>0.3951</b>	<b>0.4140</b>
<b>Overlapping debt:</b>										
<b>City Rates</b>										
City of Burnet	0.5200	0.5098	0.6393	0.5819	0.5574	0.5852	0.6265	0.6265	0.6265	0.6265
City of Bertram	0.4109	0.4419	0.4784	0.4856	0.4565	0.4565	0.4565	0.4810	0.4810	0.4810
City of Marble Falls	0.4170	0.4200	0.3950	0.4850	0.6300	0.6134	0.6435	0.6483	0.6483	0.6483
City of Granite Shoals	0.4412	0.4057	0.4091	0.4000	0.4311	0.4300	0.4480	0.4600	0.4970	0.5198
City of Cottonwood Shores	0.3744	0.4349	0.4399	0.4997	0.4638	0.4999	0.5000	0.5000	0.5172	0.5438
City of Meadowlakes	0.0677	0.0670	0.0673	0.2990	0.2990	0.2990	0.2990	0.3159	0.3206	0.3206
City of Highland Haven	0.0878	0.0878	0.0775	0.0747	0.0724	0.0680	0.0718	0.0944	0.1125	0.1125
City of Horseshoe Bay	-	-	0.5000	0.4000	0.3500	0.3300	0.2500	0.2500	0.2500	0.2500
<b>School District Rates</b>										
Burnet C. I. S. D.	1.7500	1.7400	1.5978	1.2750	1.2500	1.2500	1.2650	1.2625	1.2625	1.2625
Marble Falls I. S. D.	1.6550	1.6400	1.4716	1.2350	1.2550	1.2850	1.2900	1.2800	1.2800	1.2800
<b>Special District Rates</b>										
Burnet ESD #1	0.0350	0.0334	0.0295	0.0295	0.0295	0.0280	0.0280	0.0220	0.0220	0.0220
Burnet ESD #2	-	-	-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #3	-	-	-	-	-	-	-	0.0875	0.0875	0.0875
Burnet ESD #4	-	-	-	-	0.0780	0.0810	0.0826	0.0750	0.1000	0.1000
Burnet ESD #5	-	-	-	-	-	0.1000	0.1000	0.0998	0.0910	0.0910
Burnet ESD #6	-	-	-	-	-	-	-	0.0861	0.0861	0.0835
Burnet ESD #7	-	-	-	-	-	0.1000	0.0960	0.0975	0.0975	0.0965
Burnet ESD #8	-	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000
Burnet ESD #9	-	-	-	-	-	-	-	-	-	0.1000
Kingsland M.U.D.	-	-	-	-	0.2500	0.2400	0.2250	0.2200	0.2200	0.2200
Meadowlakes M. U. D.	0.2300	0.2300	0.2300	-	-	-	-	-	-	-
Central Texas Groundwater	-	-	0.0165	0.0151	0.0137	0.0131	0.0108	0.0099	0.0098	0.0096
Lake LBJ M. U. D.	0.2500	-	-	-	-	-	-	-	-	-
<b>Total Direct and Overlapping Rates</b>	<b>6.6427</b>	<b>6.4107</b>	<b>6.7326</b>	<b>6.1584</b>	<b>6.5991</b>	<b>6.8418</b>	<b>6.9619</b>	<b>7.2098</b>	<b>7.3046</b>	<b>7.4691</b>

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 <sup>(1)</sup>	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 17,271,388	\$ 17,027,445	98.59%	\$ 321,452	\$ 17,348,896	100.45%
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%	\$ 283,205	\$ 14,848,847	99.37%
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%

(1) Collections in subsequent years often result in total tax collections in excess of the original tax levy due to additions to the tax roll as a result of previously exempt property losing its exempt status. Subsequent collections do not include penalties or interest assessed on late payments.

Source: Burnet Central Appraisal District

**BURNET COUNTY, TEXAS**

**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income <sup>1,2</sup>	Net Bonded Debt Per Capita
	General Obligation Bonds	Capital Leases	Less Debt Service Reserved Balance	Total Primary Government		
2014	\$ 2,185,000	\$ 210,875	\$ 293,509	\$ 2,102,366	0.10%	\$ 46.78
2013	\$ 3,400,000	\$ 287,620	\$ 270,771	\$ 3,416,849	0.32%	\$ 79.25
2012	\$ 4,790,000	\$ 225,075	\$ 279,320	\$ 4,735,755	0.45%	\$ 110.78
2011	\$ 6,140,000	\$ 269,030	\$ 327,222	\$ 6,081,808	0.58%	\$ 142.26
2010	\$ 7,420,000	\$ 196,927	\$ 520,063	\$ 7,096,864	0.48%	\$ 155.44
2009	\$ 7,070,000	\$ 334,154	\$ 750,619	\$ 6,653,535	0.61%	\$ 152.29
2008	\$ 8,000,000	\$ 416,178	\$ 776,269	\$ 7,639,909	0.55%	\$ 178.10
2007	\$ 8,820,000	\$ 618,189	\$ 533,585	\$ 8,904,604	0.71%	\$ 207.59
2006	\$ 8,585,000	\$ 384,620	\$ 255,946	\$ 8,713,674	0.79%	\$ 199.78
2005	\$ 9,305,000	\$ 400,134	\$ 41,369	\$ 9,663,765	0.93%	\$ 271.29

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>2</sup> Ratio of Total Primary Government Debt to Total County Personal Income.

**BURNET COUNTY, TEXAS**

**Direct and Overlapping Governmental Activities Debt  
As of September 30, 2014  
(unaudited)**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Burnet County	\$ 2,185,000	100.00%	\$ 2,185,000
Total direct debt	<u>2,185,000</u>		<u>2,185,000</u>
<b>Overlapping debt:</b>			
City of Meadowlakes	3,535,000	100.00%	3,535,000
City of Burnet	28,205,000	100.00%	28,205,000
City of Bertram	-	100.00%	-
City of Horseshoe Bay	23,800,000	11.31%	2,691,780
City of Marble Falls	52,625,000	100.00%	52,625,000
Burnet C. I. S. D.	26,985,000	89.03%	24,024,746
Lampasas I. S. D.	40,349,982	15.37%	6,201,792
Marble Falls I. S. D.	71,261,595	83.15%	59,254,016
City of Granite Shoals	10,400,000	100.00%	10,400,000
City of Highland Haven	1,095,000	100.00%	1,095,000
City of Cottonwood Shores	-	100.00%	-
Total overlapping debt	<u>258,256,577</u>		<u>188,032,334</u>
Total direct and overlapping debt	<u>\$ 260,441,577</u>		<u>\$ 190,217,334</u>

Source: Outstanding Debt as of September 30, 2014

<sup>1</sup> 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 <sup>1</sup> of Property	Per Capita <sup>2</sup>
2014	\$ 2,185,000	293,509	\$ 1,891,491	0.0525%	\$ 42.09
2013	\$ 3,400,000	270,771	\$ 3,129,229	0.0880%	\$ 72.02
2012	\$ 4,790,000	279,320	\$ 4,510,680	0.1287%	\$ 104.61
2011	\$ 6,140,000	327,222	\$ 5,812,778	0.1668%	\$ 135.97
2010	\$ 7,420,000	520,063	\$ 6,899,937	0.1989%	\$ 161.40
2009	\$ 7,070,000	750,619	\$ 6,319,381	0.1944%	\$ 138.41
2008	\$ 8,000,000	776,269	\$ 7,223,731	0.2108%	\$ 165.34
2007	\$ 8,820,000	533,585	\$ 8,286,415	0.2707%	\$ 193.17
2006	\$ 8,585,000	255,946	\$ 8,329,054	0.3013%	\$ 190.96
2005	\$ 9,305,000	41,369	\$ 9,263,631	0.3683%	\$ 271.29

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

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

<sup>2</sup> 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>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>	<u>2014</u>
Debt Limit	\$ 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	\$ 971,823,151
Total net debt applicable to limit	<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>	<u>1,891,491</u>
Legal debt margin	<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>	<u>\$ 969,931,660</u>
Total net debt applicable to the limit as percentage of debt limit	1.24%	1.10%	0.85%	0.80%	0.58%	0.59%	0.62%	0.47%	0.32%	0.19%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value <sup>1</sup>	\$ 3,600,291,297
Add back: exempt real property <sup>1</sup>	<u>287,001,305</u>
Total assessed value	\$ 3,887,292,602
Debt Limit (25% of total assessed value)	971,823,151
Debt applicable to limit:	
General obligation bonds <sup>2</sup>	2,185,000
Less: Amount set aside for repayment of general obligation debt <sup>3</sup>	<u>293,509</u>
Total net debt applicable to limit	1,891,491
Legal debt margin	<u>\$ 969,931,660</u>

Sources:

<sup>1</sup>Burnet Central Appraisal District

<sup>2</sup>Note 10 of the Financial Statements

**BURNET COUNTY**

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

<b>Employer</b>	<b>2005</b>			<b>2014</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>
Pedernales Electric Co-Op, Inc.	\$ 24,515,880	1	0.73%	\$ 18,598,088	1	0.38%
Capitol Aggregates LTD	-----			17,521,585	2	0.36%
ATMI Materials LTD	17,971,885	2	0.53%	14,972,807	3	0.31%
LCRA Transmission Services Corp.	9,644,366	5	0.29%	14,657,095	4	0.30%
Scott & White Healthcare	-----			14,057,010	5	0.29%
J.M. Huber Corp	-----			9,406,966	6	0.19%
Wal-Mart Stores, Inc	-----			9,384,112	7	0.19%
GTE Southwest	17,105,627	3	0.51%	8,723,850	8	0.18%
Wal-Mart Stores, East LP	14,069,662	4	0.42%	8,645,342	9	0.18%
Lowe's Home Centers Inc	-----			6,972,908	10	0.14%
Lhoist North America	-----			-		
Cold Spring Granite Co.	-----			-		
Home Depot USA, Inc	9,457,304	6	0.28%			
Seminole Pipeline	7,302,295	7	0.22%			
Johnson-Sewell Family Partnership	7,278,231	8	0.22%			
Texas Granite	6,334,169	9	0.19%			
HEB	5,647,880	10	0.17%			
<b>Total</b>	<b>\$ 119,327,299</b>		<b>3.55%</b>	<b>\$ 122,939,763</b>		<b>4.02%</b>

Source: Burnet Central Appraisal District

**BURNET COUNTY**

**Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b> (1)	<b>Personal Income</b> (thousands of dollars) (2)	<b>Per capita Personal Income</b> (3)	<b>Median Age</b> (4)	<b>Education Level in Years of Formal Schooling</b> (5)	<b>Public School Enrollment</b> (6)	<b>Burnet County Unemployment Rate</b> (7)
2014	44,943	\$ 2,128,230,822	47,354	43.8	13.8	6,949	4.0%
2013	43,448	\$ 920,880,360	21,195	43.0	13.8	7,464	4.9%
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%

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

(3) www.bea.gov

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

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

(7) http://www.bls.gov/la/lau/laucntycur14.txt

**BURNET COUNTY**

**Principal Employers  
Current and Five Years Ago**

Employer	2009			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Horseshoe Bay Resort & Marriott	719	1	3.11%	687	1	3.35%
Marble Falls ISD	638	2	2.76%	629	2	3.07%
Seton Highland Lakes	311	4	1.35%	325	3	1.58%
Burnet County	185	7	0.80%	323	4	1.57%
Wal-Mart Stores, Inc.	375	3	1.62%	320	5	1.56%
Burnet CISD	285	5	1.23%	281	6	1.37%
HEB Grocery(Marble Falls)	201	6	0.87%	200	7	0.97%
City of Burnet	120	10	0.52%	140	8	0.68%
Texas Dept. of Criminal Justice	120	9	0.52%	135	9	0.66%
Hill Country Staffing	NA	NA	NA	135	10	0.66%
City of Marble Falls	129	8	0.56%	107	15	0.52%
<b>Total</b>	<b>3083</b>		<b>13.83%</b>	<b>3282</b>		<b>15.36%</b>

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

Sources: City of Marbles Falls; City of Burnet; Burnet County

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>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>	<u>2014</u>
General government	57	61	63	68	66	65*	65	65	63	78
Elected Officials	20	20	20	20	20	20	20	20	20	20
Public Safety	70	68	84	81	55	58	58	58	59	88
Conservation/Environmental	5	4	4	3	5	4	4	4	4	5
Health and Welfare	1	1	1	2	1	1	1	1	1	---
Community Service	1	1	1	1	1	1	1	1	1	1
Library	17	17	10	11	11	14	13	13	13	13
Road and Bridge	<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>	<u>27</u>
Total	<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>	<u>232</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 <sup>1</sup>

(unaudited)

<b>Function/ Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General Government									
County Finance									
Accounts Payable checks issued	5,502	4,376	5,052	4,506	4,516	5,880	4,554	3,799	4,759
Payroll checks and advices issued	6,786	5,902	7,048	5,720	7,070	7,016	7,287	7,540	8,169
Deposit warrants issued	152,642	2,799	4,283	3,448	3,871	5,014	4,985	5,441	5,739
Tax Office									
Auto titles issued	11,165	11,590	10,347	9,887	10,049	10,121	10,489	10,868	10,951
Auto registrations	46,926	49,144	50,007	50,724	50,681	50,746	51,390	52,074	53,269
Administration of justice									
District court level									
Civil cases filed	1,120	582	504	758	605	521	437	419	373
Civil case dispositions	1,158	541	684	675	575	558	400	447	444
Criminal cases filed	333	348	382	400	257	916	966	638	684
Criminal case dispositions	300	365	376	452	282	387	426	460	429
Juvenile cases filed	39	45	87	64	60	41	57	43	53
Juvenile cases disposed	41	41	84	78	59	11	35	33	42
County court level									
Civil cases filed	345	572	480	612	432	423	199	578	346
Civil case dispositions	1,783	523	552	530	444	307	186	582	347
Criminal cases filed	1,783	1,812	1,492	1,070	835	950	1,041	1,848	2,087
Criminal case dispositions	1,337	1,597	2,022	1,262	989	1,100	976	1,238	1,128
Justice of the Peace court level									
Civil cases filed	287	150	449	566	337	518	322	370	325
Civil case dispositions	120	82	293	530	281	362	324	337	357
Criminal cases filed	6,477	200	4,950	902	4,940	4,451	4,171	5,607	4,658
Criminal case dispositions	143	116	4,892	1,262	4,487	4,214	4,354	5,312	4,702
Public Safety									
Jail Facilities									
Total prisoner days	88	91	79	110	112	90	87	88	107
Cost per prisoner day	28.25	29.61	46.26	40.00	40.00	32.13	37.76	44.00	46.00
Law Enforcement									
Arrests	1,136	2,703	2,707	2,907	2,375	944	1,026	921	2,558
Citations filed	750	900	703	1,106	577	485	402	575	349
Culture and recreation									
County Library									
Materials circulated	262,231	274,594	260,960	285,143	292,100	298,714	271,946	232,789	243,420
Patrons	161,760	18,810	10,320	14,677	12,625	12,773	13,562	14,451	13,308
Transportation									
Road and Bridge									
Miles of new roadways	2.60	2.00	2.20	0.51	-	-	-	1.42	0.19
Miles of road surface-Major Improvements	45.40	14.40	23.00	0.25	-	-	-	-	-

<sup>1</sup> Information is not available for periods prior to FY2006.

**BURNET COUNTY, TEXAS**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years <sup>1</sup>**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General Government									
Administrative Vehicles	3	7	14	14	16	16	16	15	12
Public Safety									
Sheriff patrol units	44	48	49	53	48	48	48	48	48
Law Enforcement units	11	20	20	12	16	16	18	21	30
Transportation									
Road and Bridge Vehicles	20	23	25	28	32	32	28	28	29
Road and Bridge Equipment	121	124	127	91	96	96	96	90	0
County roads (miles)	485	487	489	490	490	490	490	490	490
Culture and recreation									
County Parks	3	3	3	2	2	2	2	2	2
County Libraries	4	4	4	4	4	4	4	4	4

<sup>1</sup> Information is not available for periods prior to FY2006.

**BURNET COUNTY, TEXAS**  
**SCHEDULE OF INSURANCE IN FORCE**  
**September 30, 2014**  
**(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 2014 07 01	7/1/2014	5/1/2015	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  30,000 / Person 60,000 / Occurrence 25,000 / Occurrence 5,000 / Person	\$ 24,237
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2014 07 01	7/1/2014	5/1/2015	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 8,307
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2014 07 01	7/1/2014	5/1/2015	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 5,000 / Person 100,000 / Claim 100,000 / Person 300,000 / Offense/Aggr	\$ 8,280
BUILDINGS/PROPERTY (TAC Risk Management Pool)	PR 0270 2014 07 01	7/1/2014	7/1/2015	Basic Coverage: Buildings Contents Flood Flood- Deductible Earth Movement Earth Movement- Deductible Valuable Papers Electronic Data Equip Mobile Equipment Equipment Breakdown Fine Arts Site Improvement Law Enforcement Animals	1,000 / Deductible 45,393,475 / Limit 6,670,460 / Limit 5,000,000 / Limit 25,000 / Deductible 5,000,000 / Limit 25,000 / Deductible 1,000,000 / Limit 1,000,000 / Limit 2,227,417 / Limit 25,000,000 / Limit 20,000 / Limit 306,953 / Limit 30,000 / Limit per animal	\$ 74,329
CRIME (TAC Risk Management Pool)	CR 0270 2014 07 01	7/1/2014	5/1/2015	Crime Coverage	1,000 / Deductible 100,000 / Occurrence	\$ 1,682
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2014 07 01	7/1/2014	5/1/2015	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 30,782
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2014 04 01	04/01/2014	04/01/2015	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 30,119
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	TX BURN 4	7/1/2014	07/01/2015	Volunteer Ins. Service	2,500 / Accidental Death 25,000 / Medical	\$ 1,551
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	WC 0270 2014 01 01	01/01/2014	01/01/2015	Death by Accident Death by Disease	1,000,000 / Accident 1,000,000 / Claimant 2,000,000 / Aggregate	\$ 171,194
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/01/2013	09/30/2014	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 14,261

**BURNET COUNTY, TEXAS**

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

**For the Year Ended September 30, 2014  
(unaudited)**

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Donna Klaeger	County Judge	\$ 90,179	\$ 5,000
Bill Neve	Commissioner, Precinct 1	62,578	3,000
Russell Graeter	Commissioner, Precinct 2	62,578	3,000
Ronny Hibler	Commissioner, Precinct 3	62,578	3,000
Joe Don Dockery	Commissioner, Precinct 4	62,578	10,000
William Savage	County Court-at-Law Judge	139,000	5,000
Eduardo Arredondo	County Attorney	106,862	5,000
Janet Parker	County Clerk	60,218	95,000
Casie Walker	District Clerk	60,218	60,000
Karen Lester	County Auditor	62,390	5,000
Karrie Crownover	County Treasurer	60,218	70,000
Sheri Frazier	Tax Assessor-Collector	61,806	100,000
W. T. Smith	County Sheriff	73,645	10,000
Calvin Boyd	J.P., Precinct 1	53,391	10,000
Lisa Whitehead	J.P., Precinct 2	53,391	10,000
Peggy Simon	J.P., Precinct 3	53,391	5,000
Edward Cutchin	J.P., Precinct 4	53,391	5,000
Mike Harnisch	Constable, Precinct 1	38,002	10,000
Garry Adams	Constable, Precinct 2	38,002	1,500
Robert Ballard	Constable, Precinct 3	38,002	1,500
Chris Jett	Constable, Precinct 4	38,002	1,500

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

**NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.**  
**Certified Public Accountants**

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MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2014, 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 10, 2015.

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 10, 2015.

*Neffendorf, Knopp, Doss + Company, P.C.*

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

April 10, 2015

**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, 2014. 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, 2014.

## 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, Doos + Company, P.C.*

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

April 10, 2015

BURNET COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**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:

**FEDERAL AND STATE MAJOR PROGRAMS TESTED**

Grantor Agency		Program or Cluster	CFDA # / Project #
PASS THROUGH	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	TEXAS DEPARTMENT OF AGRICULTURE TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	14.228 712147
PASS THROUGH	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	TEXAS DEPARTMENT OF AGRICULTURE TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM	14.228 713037
DIRECT PROGRAM	TEXAS AUTOMOBILE BURGLARY & THEFT PREVENTION AUTHORITY	2014 HEART OF TEXAS AUTO THEFT TASK FORCE	2014-T01-Burnet C-00034

- 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, 2014

- NONE -

BURNET COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

(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
<b>FEDERAL AWARDS</b>			
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<u>Direct Programs</u>			
State Criminal Alien Assistance Program	16.606	2014-H1439-TX-AP	\$ 4,615
Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	1,345
Total Direct Programs			5,960
<u>Passed Through Texas Criminal Justice Division</u>			
BCSO Warrant/Bond Division Enhanced Project FY 2014	16.738	DJ-09-A10-24408-01	27,998
DJ-Edward Byrne Memorial Justice Assistance Grant Program			
Law Enforcement In-Car Computer Project	16.738	DJ-11-A10-27841-01	62,781
Total Passed Through Texas Criminal Justice Division			90,779
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>96,739</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<u>Passed Through Texas Department of Agriculture</u>			
Texas Community Development Block Grant Program	14.228	712147	115,449
Texas Community Development Block Grant Program	14.228	713037	335,818
Total Passed Through Texas Department of Agriculture			451,267
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>451,267</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 548,006</b>

**STATE AWARDS**

**DIRECT PROGRAMS**

Texas Indigent Defense Commission

Indigent Defense Formula		212-14-027	61,752
Texas Indigent Defense Commission - Public Defender Office		212-24-D05	193,029
Total Texas Indigent Defense Commission			254,781

Texas Veterans Commission Fund for Veterans' Assistance

Texas Veterans Commission - Vet rides		FVA_14A_0154	34,735
Total Texas Veterans Commission Fund for Veterans' Assistance			34,735

Automobile Burglary & Theft Prevention Authority

Heart of Texas Auto Theft Task Force/FY 2014		2014-T01-Burnet C-00034	312,563
Total Automobile Burglary & Theft Prevention Authority			312,563

Office of the Attorney General of Texas

Statewide Automated Victim Notification Service		1445204	16,500
Victim Coordinator and Liason Grant (VCLG)		1442326	43,701
Total Office of the Attorney General of Texas			60,201

BURNET COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

(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 Continued			
<u>Secretary of State Elections Division</u>			
Chapter 19		N/A	6,078
Total Secretary of State Elections Division			6,078
<u>Office of the Governor Criminal Justice Division</u>			
CE-County Essentials Program Courthouse Security Project		CE-13-A10-27434-01	36,050
SF-State Criminal Justice Planning (421) Fund 33rd and 424 Judicial Drug Crt		SF-14-A10-17385-10	75,285
Total Office of the Governor Criminal Justice Division			111,335
<u>Texas Department of Transportation</u>			
2014 Impaired Driving Mobilization (IDM) Grant		N/A	4,658
Burnet 2014 County Transportation Infrastructure Fund Grant		CTIF-01-027	10,312
Total Texas Department of Transportation			14,970
<b>TOTAL DIRECT PROGRAMS</b>			<b>794,663</b>
 <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 2014		N/A	1,996
Capital Area Planning Council of Governments 911 Database FY 2014		N/A	97,672
Total Pass Through Capital Area Planning Council of Governments			99,668
<u>Passed Through Texas Commission on Environmental Quality</u>			
Capital Area Planning Council of Governments HHW FY 2014		15-12-G05	12,000
Total Pass Through Texas Commission on Environmental Quality			12,000
<b>TOTAL CAPITAL AREA PLANNING COUNCIL ON GOVERNMENTS</b>			<b>111,668</b>
 <u>Passed Through Local Mental Health Authority/RHP 8</u>			
<u>Bluebonnet Trails Community Services</u>			
BCSO Crisis Diversion		RHP #126844305.14	62,737
Total Pass Through Local Mental Health Authority/RHP 8			62,737
Bluebonnet Trails Community Services			62,737
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 969,068</b>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<b>\$ 1,517,074</b>

BURNET COUNTY, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2014

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.