

WOOD COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

WOOD COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

**Page
Number**

FINANCIAL SECTION

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Assets and Liabilities – Agency Funds.....	15
Notes to Financial Statements.....	16 – 33
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	34
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge.....	35
Schedule of Funding Progress for Participation in Texas County and District Retirement System.....	36

WOOD COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

**Page
Number**

Schedule of Funding Progress for Post-retirement
Health Care Benefit Plan 37

Notes to Required Supplementary Information 38

Combining Statements:

Nonmajor Governmental Funds:

Combining Balance Sheet..... 39 – 42

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances 43 – 46

Agency Funds:

Combining Statement of Assets and Liabilities 47 – 48

INTERNAL CONTROL AND COMPLIANCE REPORT

Independent Auditors’ Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards..... 49 – 50

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2014, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Texas County and District Retirement System – Schedule of Funding Progress, and the Post-retirement Health Care Benefit Plan – Schedule of Funding Progress on pages 4 – 9 and 34 – 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

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

Waco, Texas
June 17, 2015

THIS PAGE LEFT BLANK INTENTIONALLY

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Wood County, Texas, we offer readers of Wood County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$26,766,930.
- Of this amount, \$15,244,280 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,338,416. Of this amount, \$13,592,366 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$13,592,366 or 100% of total General Fund annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the full accrual basis of accounting.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Road and Bridge Fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and Road and Bridge Fund, as well as many other funds. Budgetary comparison schedules have been provided for the General Fund and the Road and Bridge Fund to demonstrate compliance with the budget.

Agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Since the agency funds are fiduciary funds, these funds are not reported in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

ANALYSIS OF ASSETS, LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
Current assets	\$ 21,704,466	\$ 19,748,556
Capital assets	<u>7,610,459</u>	<u>7,486,872</u>
Total assets	<u>29,314,925</u>	<u>27,235,428</u>
Current liabilities	1,366,548	2,121,859
Noncurrent liabilities	<u>1,181,447</u>	<u>1,063,524</u>
Total liabilities	<u>2,547,995</u>	<u>3,185,383</u>
Net position:		
Net investment in capital assets	7,610,459	7,486,872
Restricted	3,912,191	4,149,783
Unrestricted	<u>15,244,280</u>	<u>12,413,390</u>
Total net position	<u>\$ 26,766,930</u>	<u>\$ 24,050,045</u>

Net position serves as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$26,766,930 as of September 30, 2014, an increase of \$2,716,885 as compared to the previous fiscal year. Unrestricted net position makes up 57% of the County's net position for the current fiscal year, which may be used to meet the County's ongoing obligations to citizens and creditors. Net investment in capital assets (e.g. land, construction in progress, infrastructure, buildings and improvements, and equipment less any related debt used to acquire those assets that is still outstanding) was \$7,610,459 or 28% of total net position. The County uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position was \$3,912,191 or 15% of total net position.

ANALYSIS OF REVENUES AND EXPENSES

	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 3,567,596	\$ 3,144,861
Operating grants and contributions	667,093	305,905
General revenues:		
Taxes	16,855,701	15,959,134
Investment earnings	104,817	49,776
Miscellaneous	90,566	38,671
Gain on sale of capital assets	45,302	179,778
Total revenues	21,331,075	19,678,125
Expenses:		
General government	4,691,727	4,133,736
Community services	866,610	997,230
Judicial	2,540,269	2,310,964
Public safety	6,197,720	5,989,205
Public transportation	4,984,948	4,577,277
Total expenses	19,281,274	18,008,412
Change in net position	2,049,801	1,669,714
Net position, beginning	24,050,045	22,380,331
Prior period adjustment	667,084	-
Net position, ending	\$ 26,766,930	\$ 24,050,045

Revenue increased from the prior year by \$1,652,950 (8%). This was primarily the result of an increase of \$896,567 in tax revenues. Also, contributing to the increase are revenues received in the amount of \$531,200 for road damages attributable to commercial trucks.

Expenditures increased by \$1,272,862. This was the result of increases of \$557,991 (13%) in general government, \$407,672 (9%) in public transportation, \$229,305 (10%) in judicial, and \$205,452 (3%) in public safety. These increases were offset by a reduction of \$130,620 (13%) in community services. The general government increase in expenditures is due to \$252,000 for election equipment and \$179,000 for equipment and professional services related to the purchase of a new courts and justice software system. The public transportation increase in expenditures is due to \$351,000 for materials related to road repairs and maintenance. The judicial increase in expenditures is due to \$167,000 in attorney fees and professional services. The public safety increase in expenditures is due to \$171,000 for equipping patrol vehicles with Copsync and VIDTAC. The decrease in community services expenditures is due to having completed a Texas Community Block Grant project in fiscal 2013 and having no expenditures in fiscal year 2014.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

At the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$18,338,416. \$13,592,366 of this amount constitutes unassigned fund balance. \$138,466 is classified as nonspendable for the payment of prepaid items.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, 99% of the General Fund fund balance (\$13,592,366) was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned General Fund fund balance and total General Fund expenditures. Unassigned fund balance represents 100% of total General Fund expenditures.

The General Fund fund balance increased by \$1,585,620 (13%) during the current fiscal year.

The Road and Bridge Fund had an ending fund balance of \$2,698,178, an increase of 18% from the prior year.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

The actual revenues for the year were \$15,149,160, which is \$830,394 above the budgeted amount of \$14,318,766. The actual expenditures for the year were \$13,639,831, which is \$898,598 lower than the budgeted amount of \$14,538,429. The net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$1,728,992.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The investment in capital assets for the County as of September 30, 2014, amounted to \$7,610,459 (net of accumulated depreciation).

WOOD COUNTY, TEXAS’ CAPITAL ASSETS AT YEAR-END

	<u>2014</u>	<u>2013</u>
Land	\$ 2,171,266	\$ 2,171,266
Construction in progress	-	198,468
Infrastructure	60,554	60,554
Buildings and improvements	9,337,157	9,337,157
Equipment	9,806,822	8,627,095
Less: accumulated depreciation	<u>(13,765,340)</u>	<u>(12,907,668)</u>
Total capital assets	<u>\$ 7,610,459</u>	<u>\$ 7,486,872</u>

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

- The purchase of various equipment and vehicles in the Road & Bridge Precincts for \$869,267.
- The purchase of various equipment and vehicles in the Sheriff's department for \$246,925.

Additional information on capital assets can be found in Note III – B on page 25 of this report.

OUTSTANDING DEBT AT YEAR-END

	<u>2014</u>	<u>2013</u>
Net OPEB obligation	\$ 731,466	\$ 636,896
Compensated absences	<u>449,981</u>	<u>426,628</u>
Total	<u>\$ 1,181,447</u>	<u>\$ 1,063,524</u>

Additional information on long-term debt can be found in Note III – C on page 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when the County prepared and approved the 2015 budget, tax rates and fees. The resulting budget reflected these considerations. Rising costs of road materials and replacing aging law enforcement vehicles were some of the major considerations for this budget year. The growth in population continues throughout the County which stimulates local business, tourism and development activities but also increases the services to be provided by the County.

In preparation of the fiscal year 2015 budget, the County held the ad valorem tax rate at \$0.5015 per \$100 assessed valuation. The overall property valuation (excluding tax cap properties) increased to \$2,699,446,601, reflecting an increase of \$70,267,132 or 2.67% from the prior year. The increase was due to the increase in appraised values of personal property and minerals. Fiscal year 2015 budgeted expenditures increased \$467,981 or 2.45% over fiscal year 2014 budgeted expenditures.

Because of the increase in the property valuation, the County was able to maintain the current ad valorem tax rate while still addressing departmental needs. The 2015 budget included a 3% cost-of-living compensation increase, an increase in road oil for the road and bridge departments, and funding for new law enforcement vehicles.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor, Wood County, P.O. Box 389, Quitman, Texas 75783.

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

WOOD COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 19,090,359
Taxes receivable	1,372,502
Accounts receivable	1,054,485
Due from other governments	48,654
Prepaid items	138,466
Total current assets	21,704,466
Noncurrent assets:	
Capital assets:	
Land	2,171,266
Infrastructure	60,554
Buildings and improvements	9,337,157
Equipment	9,806,822
Less: accumulated depreciation	(13,765,340)
Total capital assets	7,610,459
Total noncurrent assets	7,610,459
Total assets	29,314,925
LIABILITIES	
Current liabilities:	
Accounts payable	669,009
Accrued liabilities	247,518
Health claims payable	278,748
Due to other governments	5,183
Unearned revenue	157,545
Due to unclaimed property owners	8,545
Total current liabilities	1,366,548
Noncurrent liabilities:	
Due within one year	89,996
Due in more than one year	1,091,451
Total noncurrent liabilities	1,181,447
Total liabilities	2,547,995
NET POSITION	
Net investment in capital assets	7,610,459
Restricted	3,912,191
Unrestricted	15,244,280
Total net position	\$ 26,766,930

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 4,691,727	\$ 1,759,984	\$ 41,859	\$(2,889,884)
Community services	866,610	162,886	-	(703,724)
Judicial	2,540,269	569,128	27,557	(1,943,584)
Public safety	6,197,720	138,093	32,946	(6,026,681)
Public transportation	<u>4,984,948</u>	<u>937,505</u>	<u>564,731</u>	<u>(3,482,712)</u>
Total governmental activities	<u>\$ 19,281,274</u>	<u>\$ 3,567,596</u>	<u>\$ 667,093</u>	<u>(15,046,585)</u>
General revenues:				
				16,855,701
				104,817
				90,566
				<u>45,302</u>
				<u>17,096,386</u>
				2,049,801
				24,050,045
				<u>667,084</u>
				<u>24,717,129</u>
				<u>\$ 26,766,930</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

	General	Road and Bridge	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 13,956,270	\$ 3,148,678	\$ 1,985,411	\$ 19,090,359
Taxes receivable	1,104,642	246,052	21,808	1,372,502
Accounts receivable	1,054,108	250	127	1,054,485
Due from other governments	48,654	-	-	48,654
Prepaid items	<u>105,393</u>	<u>31,458</u>	<u>1,615</u>	<u>138,466</u>
Total assets	<u>16,269,067</u>	<u>3,426,438</u>	<u>2,008,961</u>	<u>21,704,466</u>
LIABILITIES				
Liabilities:				
Accounts payable	338,112	287,428	43,469	669,009
Accrued liabilities	195,235	51,078	1,205	247,518
Health claims payable	278,748	-	-	278,748
Unearned revenue	-	157,545	-	157,545
Due to other governments	5,183	-	-	5,183
Due to unclaimed property owners	<u>8,545</u>	<u>-</u>	<u>-</u>	<u>8,545</u>
Total liabilities	<u>825,823</u>	<u>496,051</u>	<u>44,674</u>	<u>1,366,548</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue: property taxes	788,971	232,209	21,808	1,042,988
Unavailable revenue: court fines	<u>956,514</u>	<u>-</u>	<u>-</u>	<u>956,514</u>
Total deferred inflows of resources	<u>1,745,485</u>	<u>232,209</u>	<u>21,808</u>	<u>1,999,502</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	105,393	31,458	1,615	138,466
Restricted:				
Public transportation	-	2,666,720	-	2,666,720
Debt service	-	-	55,956	55,956
Public safety	-	-	22,144	22,144
Judicial	-	-	146,271	146,271
Records preservation	-	-	666,892	666,892
Technology improvements	-	-	117,660	117,660
Economic development	-	-	79,003	79,003
Committed:				
Property acquisitions	-	-	801,720	801,720
Improvements	-	-	51,218	51,218
Unassigned	<u>13,592,366</u>	<u>-</u>	<u>-</u>	<u>13,592,366</u>
Total fund balances	<u>13,697,759</u>	<u>2,698,178</u>	<u>1,942,479</u>	<u>18,338,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,269,067</u>	<u>\$ 3,426,438</u>	<u>\$ 2,008,961</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,610,459
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,999,502
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,181,447)
Net position of governmental activities	<u>\$ 26,766,930</u>

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

WOOD COUNTY, TEXAS

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General	Road and Bridge	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 13,049,100	\$ 3,839,716	\$ 103,121	\$ 16,991,937
Charges for services	1,280,664	546,109	398,416	2,225,189
Intergovernmental	544,637	-	15,665	560,302
Fines and forfeitures	-	390,673	20,945	411,618
Investment income	96,626	-	8,352	104,978
Motor vehicle registration	-	384,722	-	384,722
Other	178,133	564,731	400	743,264
Total revenues	15,149,160	5,725,951	546,899	21,422,010
EXPENDITURES				
Current:				
General government	4,338,274	-	183,813	4,522,087
Public safety	5,708,460	-	34,126	5,742,586
Public transportation	-	4,477,616	-	4,477,616
Judicial	2,378,832	-	136,545	2,515,377
Community services	850,115	-	-	850,115
Capital outlay	364,150	869,268	-	1,233,418
Total expenditures	13,639,831	5,346,884	354,484	19,341,199
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	1,509,329	379,067	192,415	2,080,811
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	76,291	23,272	-	99,563
Total other financing sources	76,291	23,272	-	99,563
NET CHANGE IN FUND BALANCES				
	1,585,620	402,339	192,415	2,180,374
FUND BALANCES, BEGINNING				
	12,112,139	2,295,839	1,750,064	16,158,042
FUND BALANCES, ENDING				
	\$ 13,697,759	\$ 2,698,178	\$ 1,942,479	\$ 18,338,416

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

WOOD COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the Statement of Activities (page 11) are different because:

Net change in fund balances - total governmental funds (page 13)	\$ 2,180,374
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	177,848
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) decreased net position.	(54,261)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(136,237)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(117,923)</u>
Change in net position of governmental activities (page 11)	<u>\$ 2,049,801</u>

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

WOOD COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2014

ASSETS

Cash and investments \$ 3,064,224

Total assets 3,064,224

LIABILITIES

Due to other governments 1,758,435

Due to beneficiaries 1,305,789

Total liabilities \$ 3,064,224

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

WOOD COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United State of America applicable to state and local governments. Account principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of Wood County, Texas (“the County”) are described in the following notes to the financial statements.

A. Reporting Entity

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that an exclusion would cause the County’s financial statements to be misleading or incomplete.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

The County was incorporated under the provisions of the State of Texas in 1850. The County operates under a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes, fines and fees, grants and other intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. The combined amounts for nonmajor governmental funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining fund statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants, fines and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The County reports the following major governmental funds:

The ***General Fund*** is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The ***Road and Bridge Fund*** is a Special Revenue Fund used to account for revenue derived from ad valorem taxes, vehicle registration fees and rebates from the State of Texas. Expenditures are for maintenance and construction of County roads and bridges.

Additionally, the County reports the following fund type:

Agency Funds are used to account for assets held by the County in an agency capacity for individuals, private organizations and other governments.

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State. All investments are stated at fair value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are considered nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year.

3. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Infrastructure	10 - 50
Buildings and improvements	15 - 40
Vehicles	3 - 10
Machinery and equipment	3 - 7

4. Federal and State Grants

Revenue from federal and state grants is recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award.

5. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, compensatory time or overtime leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the County and its employees are accrued at year-end in the government-wide financial statements as the employees have earned the rights to these benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the County and its employees are accounted for in the period in which such services are rendered or such events take place.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

7. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioners' Court. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

8. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and court fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Use of Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$1,999,502 difference are as follows:

Unavailable fine revenue	\$ 956,514
Unavailable property tax revenue	<u>1,042,988</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,999,502</u>

Another element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(1,181,447) difference are as follows:

Compensated absences	\$(449,981)
Net OPEB obligation	<u>(731,466)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$(1,181,447)</u></u>

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$177,848 difference are as follows:

Capital outlay	\$ 1,233,418
Depreciation expense	<u>(1,055,570)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 177,848</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Property taxes	\$(<u>136,237</u>)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$(136,237)</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(117,923) difference are as follows:

Compensated absences	\$(23,353)
Net OPEB obligation	<u>(94,570)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$(117,923)</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2014, the County had the following investments carried at fair value:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity/Weighted Average Maturity (Days)</u>
Insured cash sweep accounts	\$ 2,734,599	1
TexPool	537,679	48
Certificates of deposit	4,962,420	60
Certificates of deposit	1,948,887	182
Certificates of deposit	5,401,853	365
Certificates of deposit	<u>3,580,412</u>	910
Total fair value of investments	<u><u>\$ 19,165,850</u></u>	308

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) yield, (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) bid solicitation preferences for certificates of deposit, (10) investment strategy, (11) appointment, role, and training of the County investment officer, and (12) standard of care. Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, the State of Texas, and certain municipal securities; (2) certificates of deposit and share certificates, (3) certain securities lending programs, (4) repurchase agreements, (5) bankers’ acceptances, (6) mutual funds, (7) investment pools, (8) guaranteed investment contracts, (9) common trust funds, and (10) commercial paper as allowed by the State. Local policy narrows the statewide authorization into County allowed investments. 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 selected investment pool, TexPool, is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool's fee is 0.0473% annually. Interest is accrued daily and paid monthly. TexPool is governed by the Texas Public Funds Investment Act, and is in full compliance with the Act.

The certificates of deposit were invested as County authorized investments issued by an institution with its main office or a branch in this state and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; secured by obligations as allowed by law; or secured in any other manner and amount provided by law for deposits of the County.

In fiscal year 2013, Commissioners Court approved updates to the investment policy to provide for CD investments to include CDARS (The Certificate of Deposit Account Registry Service) deposits whereby the depository institution arranges for the deposit of funds in certificates of deposit in one or more federally insured depository institution, wherever located, for the County's account rather than having the majority of CD investments secured by collateral provided by the local institution.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its investment portfolios to a maximum of one year. This term is subject to changes based on the annual review of the investment policy or other Commissioners Court action.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations, direct obligations of Texas, counties, municipalities, independent school districts or other instrumentalities allowed under LGC 116.054 but not listed here that have a fair value of not less than the principal amount of deposits. As of September 30, 2014, the County's deposit balance was entirely collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

Credit Risk. It is the County's policy and strategy to emphasize safety of principal and liquidity over yield by proper diversification, proper monitoring, and clear transparency. The County's policy has limited authorized investments to not all that are authorized by the statutes.

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,171,266	\$ -	\$ -	\$ 2,171,266
Construction in progress	198,468	-	198,468	-
Total assets not being depreciated	<u>2,369,734</u>	<u>-</u>	<u>198,468</u>	<u>2,171,266</u>
Capital assets, being depreciated:				
Infrastructure	60,554	-	-	60,554
Buildings and improvements	9,337,157	-	-	9,337,157
Equipment	8,627,095	1,431,886	252,159	9,806,822
Total capital assets being depreciated	<u>18,024,806</u>	<u>1,431,886</u>	<u>252,159</u>	<u>19,204,533</u>
Less accumulated depreciation:				
Infrastructure	15,280	2,017	-	17,297
Buildings and improvements	6,851,985	265,706	-	7,117,691
Equipment	6,040,403	787,847	197,898	6,630,352
Total accumulated depreciation	<u>12,907,668</u>	<u>1,055,570</u>	<u>197,898</u>	<u>13,765,340</u>
Total capital assets being depreciated, net	<u>5,117,138</u>	<u>376,316</u>	<u>54,261</u>	<u>5,439,193</u>
Governmental activities capital assets, net	<u>\$ 7,486,872</u>	<u>\$ 376,316</u>	<u>\$ 252,729</u>	<u>\$ 7,610,459</u>

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

Governmental activities:	
General government	\$ 144,932
Judicial	7,699
Community services	13,536
Public safety	408,614
Public transportation	<u>480,789</u>
Total depreciation expense - governmental activities	<u>\$ 1,055,570</u>

C. Long-term Liabilities

The following is a summary of the long-term liability activity of the County for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Compensated absences	\$ 426,628	\$ 303,556	\$ 280,203	\$ 449,981	\$ 89,996
Net OPEB obligation	<u>636,896</u>	<u>191,643</u>	<u>97,073</u>	<u>731,466</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 1,063,524</u>	<u>\$ 495,199</u>	<u>\$ 377,276</u>	<u>\$ 1,181,447</u>	<u>\$ 89,996</u>

IV. OTHER INFORMATION

A. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustee at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their ages and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum at retirement are not entitled to any amounts contributed by their employer. However, subsequent court action approved partial lump sum payment option beginning January 1, 2004.

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

Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions for both employee members and the employer based on the covered payroll of employee members. Under variable-rate provisions, the contributions rate of the employer is actuarially determined annually. The employer contributed using the elected rate of 13% for calendar year 2014. The County is under a variable-rate plan which allows for an employer contribution rate that exceeds the actuarially determined rate.

The contribution rate payable by the employee members for calendar years 2013 and 2014 is 7% as adopted by the governing body of the County. The employee deposit rate and the employer contributions rate may be changed by the governing body of the County within the options available in the TCDRS Act.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

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	9.8	10.8	7.6
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
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
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%

Annual Pension Cost and Net Pension Obligation

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/12	\$ 807,814	100%	\$ -
09/30/13	946,384	100%	-
09/30/14	1,011,227	100%	-

Funded Status

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2013	\$ 18,997,643	\$ 22,236,659	85%	\$ 3,239,016	\$ 7,608,237	43%

B. Employee Health Protection Plan

The County adopted a self-funded Health Protection Plan effective October 1, 1988. The purpose of the plan is to pay medical claims of Wood County employees and their covered dependents. The plan is funded through contributions by the County for employee coverage and through payroll deductions for dependent coverage.

The County does not financially provide for any post-employment medical benefits and life insurance except to those eligible retirees and their dependents for the remaining life of retiree with medical (limited) and limited life insurance and those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). These exceptions are funded at the retiree and/or dependent's expense that have elected the coverage under the Act with no direct costs of the premium to be incurred by the County.

The County enters into a contract with a reinsurance company to provide stop-loss coverage where the County's liability under the plan is limited to a projected cost factor determined annually by the company. The stop-loss attachment point is based on a specified monthly amount per covered employee or dependent.

Claims in excess of the specific stop-loss amount of \$85,000 per covered person and the annual aggregate claim liability of \$2,133,548 are fully insured. The plan paid net claims of approximately \$1,666,048 during the plan year ended September 30, 2014. Total estimated unpaid claims for Wood County for charges incurred prior to September 30, 2014, were \$278,748. The plan is administered by Health First, Third Party Administrators, Tyler, Texas.

Premiums are paid into the General Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditures reported in the General Fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past three years are as follows:

	Year Ended 09/30/14	Year Ended 09/30/13	Year Ended 09/30/12
Unpaid claims, beginning of fiscal year	\$ 242,351	\$ 295,160	\$ 284,722
Incurred claims (including IBNRs)	1,702,445	1,399,211	1,643,292
Claim payments	<u>(1,666,048)</u>	<u>(1,452,020)</u>	<u>(1,632,854)</u>
Unpaid claims, end of fiscal year	<u>\$ 278,748</u>	<u>\$ 242,351</u>	<u>\$ 295,160</u>

Dental Policy

Effective October 1, 2009, the County began offering dental coverage for employees and their covered dependents. The plan paid claims of approximately \$83,585 for the plan year ended September 30, 2014.

C. Postemployment Benefits Other than Pension Benefits (OPEB)

Health insurance, dental, and life insurance benefits provided under the County's benefits plan, are provided to eligible retirees or former employees who are fully vested, have completed at least 8 full years of employment with Wood County and are leaving all funds on deposit with the TCDRS with the intention of retiring at a later date in accordance with the policies and procedures approved by Commissioners' Court.

The cost of the elected benefits is paid by the retirees or eligible former employees in accordance with the premiums annually set by Commissioners' Court. Listed below are the current monthly premiums for retirees or eligible former employees:

<u>Health Insurance</u>	
Retiree/fully vested former employee	\$350
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	\$340
Medicare retiree	\$230
Medicare spouse (coupled with retiree)	\$285
<u>Dental</u>	
Retiree/fully vested former employee	\$25
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	\$49
Retiree/fully vested former employee and children	\$50
Retiree/fully vested former employee and family	\$64
<u>Life</u>	
Retiree/fully vested former employee (depending on coverage)	\$1 - \$10
<u>Vision</u>	
Retiree/fully vested former employee	\$6
Retiree/fully vested former employee and spouse (coupled with retiree/fully vested former employee)	\$11
Retiree/fully vested former employee and children	\$11
Retiree/fully vested former employee and family	\$17

The retiree's or eligible former employee's dependent coverage is an option only as long as the retiree or eligible former employee maintains personal coverage. Dependent coverage will cease when the retiree's or eligible former employee's coverage ceases. After the initial election, which is limited to coverage in effect on the last day of employment, no additional elections may be made.

As of September 30, 2014, the County had 59 participating retirees and/or eligible former employees. The total premiums collected by the County for the retirees and/or eligible former employees were \$125,507, of which \$62,335 (50%) was paid to the plan's third party administrator for stop-loss, premiums and administrative costs. Total claims paid were \$212,263 for the fiscal year.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other postemployment benefit (OPEB) cost is calculated based on an annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s OPEB obligation.

Fiscal Year	<u>2014</u>
Annual Required Contribution (ARC)	\$ 202,284
Interest on Net OPEB Obligation	25,476
Adjustment to the ARC	<u>(36,117)</u>
Annual OPEB Cost	191,643
Contributions Made	<u>(97,073)</u>
Increase in Net OPEB Obligation	94,570
Net OPEB Obligation, beginning of year	<u>636,896</u>
Net OPEB Obligation, ending of year	<u>\$ 731,466</u>

The County’s annual OPEB cost, amount contributed to the plan, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2014 and the preceding fiscal year is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2012	\$ 227,025	\$ 66,782	29.4%	\$ 471,707
09/30/2013	230,308	65,119	28.3%	636,896
09/30/2014	191,643	97,073	50.7%	731,466

Actuarial valuation of an ongoing plan involves estimates of the amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amount
Amortization Period	Open 30 year period
Discount Rate	4.00% (1.00% real rate of return plus 3.00% inflation)
Healthcare Cost Trend	Level at 5.00%

Funded Status. The funded status of the County’s retiree health care plan under GASB Statement No. 45 as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2013	\$ -	\$ 1,727,081	0%	\$ 1,727,081	\$ 7,150,221	24.15%

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County provides for the management of these risks through a combination of self-insurance and traditional insurance.

E. Commitments and Contingencies

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements, and accordingly, no provision for losses has been recorded.

The County participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2014, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

F. Prior Period Adjustment

During the year ended September 30, 2014, the County implemented new software to account for the collection and reporting of fines and fees. During this process, the County discovered that fines receivable had been understated in previous years. As a result, the beginning net position of governmental activities in the statement of net position was increased by \$667,084.

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

WOOD COUNTY, TEXAS

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 12,691,698	\$ 12,691,698	\$ 13,049,100	\$ 357,402
Charges for services	1,088,650	1,088,670	1,280,664	191,994
Intergovernmental	350,580	429,797	544,637	114,840
Investment income	31,000	31,000	96,626	65,626
Other	77,400	77,601	178,133	100,532
Total revenues	14,239,328	14,318,766	15,149,160	830,394
EXPENDITURES				
Current:				
General government	3,863,426	3,957,352	4,338,274	(380,922)
Public safety	5,995,545	5,899,642	5,708,460	191,182
Judicial	2,484,436	2,476,042	2,378,832	97,210
Community services	1,197,137	1,210,807	850,115	360,692
Capital outlay	605,000	994,586	364,150	630,436
Total expenditures	14,145,544	14,538,429	13,639,831	898,598
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	93,784	(219,663)	1,509,329	1,728,992
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	76,291	76,291	-
Total other financing sources	-	76,291	76,291	-
NET CHANGE IN FUND BALANCE	\$ 93,784	\$(143,372)	1,585,620	\$ 1,728,992
FUND BALANCE, BEGINNING			12,112,139	
FUND BALANCE, ENDING			\$ 13,697,759	

WOOD COUNTY, TEXAS

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

ROAD AND BRIDGE

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,789,266	\$ 3,789,266	\$ 3,839,716	\$ 50,450
Charges for services	443,000	475,901	546,109	70,208
Fines and forfeitures	311,000	311,000	390,673	79,673
Motor vehicle registration	393,000	393,000	384,722	(8,278)
Other	-	564,731	564,731	-
Total revenues	4,936,266	5,533,898	5,725,951	192,053
EXPENDITURES				
Current:				
Public transportation	4,577,159	4,965,541	4,477,616	487,925
Capital outlay	377,900	1,431,991	869,268	562,723
Total expenditures	4,955,059	6,397,532	5,346,884	1,050,648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(18,793)	(863,634)	379,067	1,242,701
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	23,272	23,272	-
Total other financing sources	-	23,272	23,272	-
NET CHANGE IN FUND BALANCE				
	\$(18,793)	\$(840,362)	402,339	\$ 1,242,701
FUND BALANCE, BEGINNING			2,295,839	
FUND BALANCE, ENDING			\$ 2,698,178	

WOOD COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/2011	\$ 17,498,154	\$ 21,060,541	83.09%	\$ 3,562,387	\$ 7,450,487	47.81%
12/31/2012	17,925,737	21,707,630	82.58%	3,781,893	7,353,731	51.43%
12/31/2013	18,997,643	22,236,659	85.43%	3,239,016	7,608,237	42.57%

WOOD COUNTY, TEXAS

**SCHEDULE OF FUNDING PROGRESS FOR
POST-RETIREMENT HEALTH CARE BENEFIT PLAN**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
10/1/2011	\$ -	\$ 1,809,103	0.00%	\$ 1,809,103	\$ 6,656,000	27.18%
10/1/2013	-	1,727,081	0.00%	1,727,081	7,150,221	24.15%

(Note) Fiscal Year 2011 was the first year of implementation of GASB 45. Accordingly, only two years of funding progress are available. Additional years of funding progress will be presented in future years, as they become available.

WOOD COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

Budgetary Information

The County uses the following procedures in establishing the budgetary data reflected in the financial schedules:

Prior to September 1, the Commissioners' Court proposes an operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. Public hearings are conducted to obtain taxpayer comment.

Prior to adoption of the budget, the Commissioners' Court receives a certified tax roll from the Chief Appraiser and the Tax Assessor/Collector prepares the calculation of the effective tax rate. The County Auditor prepares a schedule of estimated unencumbered fund balances. This information is used to determine the ad valorem tax rate which will produce the major portion of the revenue available for the budget year.

Encumbrance Accounting

The County does not use a formal encumbrance accounting system. At year-end, the Commissioners' Court may take action to commit a portion of the fund balances for capital outlays and other specific expenditures that had been planned during the budget year, but were not completed at year-end. In addition, the County has a specific capital outlay carryover policy for the Road and Bridge Funds which allows budgeted but unspent funds for machines and equipment at year-end to be carried over to the following budget year.

Budgetary Basis

Budgets are adopted on a basis consistent with generally accepted accounting principles.

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources or to finance specified activities as required by law or administrative regulation.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

WOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue				
	County Clerk Records Management and Preservation	County Clerk Records Archive	General Records Management and Preservation	Courthouse Security	Right of Way
ASSETS					
Cash and investments	\$ 321,367	\$ 259,278	\$ 39,193	\$ 31,647	\$ 801,720
Taxes receivable	-	-	-	-	8,335
Accounts receivable	-	-	-	-	-
Prepaid items	<u>10</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total assets	<u>321,377</u>	<u>259,278</u>	<u>39,205</u>	<u>31,647</u>	<u>810,055</u>
LIABILITIES					
Liabilities:					
Accounts payable	7,762	25,195	-	-	-
Accrued liabilities	<u>-</u>	<u>-</u>	<u>566</u>	<u>639</u>	<u>-</u>
Total liabilities	<u>7,762</u>	<u>25,195</u>	<u>566</u>	<u>639</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue: property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,335</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	10	-	12	-	-
Restricted:					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	-	-	-	-	-
Record preservation	313,605	234,083	38,627	-	-
Technology improvements	-	-	-	31,008	-
Economic development	-	-	-	-	-
Committed:					
Property acquisitions	-	-	-	-	801,720
Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>313,615</u>	<u>234,083</u>	<u>38,639</u>	<u>31,008</u>	<u>801,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 321,377</u>	<u>\$ 259,278</u>	<u>\$ 39,205</u>	<u>\$ 31,647</u>	<u>\$ 810,055</u>

Special Revenue

Law Library	Sheriff Forfeiture	Hotel/ Motel Tax	Tobacco Settlement	Crime Victim Service	Justice Court Technology	District Clerk Records Management	Criminal District Attorney Special	JP Building Security
\$ 43,571	\$ 19,391	\$ 87,782	\$ 51,218	\$ 3,911	\$ 59,480	\$ 37,269	\$ 50,565	\$ 22,775
-	-	-	-	-	-	-	-	-
-	-	127	-	-	-	-	-	-
-	-	1,590	-	-	-	3	-	-
<u>43,571</u>	<u>19,391</u>	<u>89,499</u>	<u>51,218</u>	<u>3,911</u>	<u>59,480</u>	<u>37,272</u>	<u>50,565</u>	<u>22,775</u>
749	-	8,906	-	-	857	-	-	-
-	-	-	-	-	-	-	-	-
<u>749</u>	<u>-</u>	<u>8,906</u>	<u>-</u>	<u>-</u>	<u>857</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,590	-	-	-	3	-	-
-	-	-	-	-	-	-	-	-
-	19,391	-	-	-	-	-	-	-
42,822	-	-	-	3,911	-	-	50,565	-
-	-	-	-	-	-	37,269	-	-
-	-	-	-	-	58,623	-	-	22,775
-	-	79,003	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	51,218	-	-	-	-	-
<u>42,822</u>	<u>19,391</u>	<u>80,593</u>	<u>51,218</u>	<u>3,911</u>	<u>58,623</u>	<u>37,272</u>	<u>50,565</u>	<u>22,775</u>
<u>\$ 43,571</u>	<u>\$ 19,391</u>	<u>\$ 89,499</u>	<u>\$ 51,218</u>	<u>\$ 3,911</u>	<u>\$ 59,480</u>	<u>\$ 37,272</u>	<u>\$ 50,565</u>	<u>\$ 22,775</u>

WOOD COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue				
	Elections Special	Guardianship	County Clerk Technology	District Clerk Technology	District Clerk Records Archive
ASSETS					
Cash and investments	\$ 18,932	\$ 30,041	\$ 2,864	\$ 2,390	\$ 19,416
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	18,932	30,041	2,864	2,390	19,416
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue: property taxes	-	-	-	-	-
Fund balances:					
Nonspendable					
Prepaid items	-	-	-	-	-
Restricted					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	18,932	30,041	-	-	-
Record preservation	-	-	-	-	19,416
Technology improvements	-	-	2,864	2,390	-
Economic development	-	-	-	-	-
Committed					
Property acquisitions	-	-	-	-	-
Improvements	-	-	-	-	-
Total fund balances	18,932	30,041	2,864	2,390	19,416
Total liabilities, deferred inflows of resources and fund balances	\$ 18,932	\$ 30,041	\$ 2,864	\$ 2,390	\$ 19,416

Special Revenue			Debt Service	Total Nonmajor Governmental Funds
District Clerk Records Preservation	Constable Forfeiture	Total Special Revenue	Interest and Sinking	
\$ 23,892	\$ 2,753	\$ 1,929,455	\$ 55,956	\$ 1,985,411
-	-	8,335	13,473	21,808
-	-	127	-	127
-	-	1,615	-	1,615
<u>23,892</u>	<u>2,753</u>	<u>1,939,532</u>	<u>69,429</u>	<u>2,008,961</u>
-	-	43,469	-	43,469
-	-	1,205	-	1,205
-	-	44,674	-	44,674
-	-	8,335	13,473	21,808
-	-	1,615	-	1,615
-	-	-	55,956	55,956
-	2,753	22,144	-	22,144
-	-	146,271	-	146,271
23,892	-	666,892	-	666,892
-	-	117,660	-	117,660
-	-	79,003	-	79,003
-	-	801,720	-	801,720
-	-	51,218	-	51,218
<u>23,892</u>	<u>2,753</u>	<u>1,886,523</u>	<u>55,956</u>	<u>1,942,479</u>
<u>\$ 23,892</u>	<u>\$ 2,753</u>	<u>\$ 1,939,532</u>	<u>\$ 69,429</u>	<u>\$ 2,008,961</u>

WOOD COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue				
	County Clerk Records Management and Preservation	County Clerk Records Archive	General Records Management and Preservation	Courthouse Security	Right of Way
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 500
Charges for services	133,895	128,195	12,975	28,056	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	1,360	947	195	142	3,979
Other	-	-	-	-	-
Total revenues	<u>135,255</u>	<u>129,142</u>	<u>13,170</u>	<u>28,198</u>	<u>4,479</u>
EXPENDITURES					
Current:					
General government	50,417	29,695	-	-	-
Public safety	-	-	-	25,108	-
Judicial	-	-	17,458	-	-
Total expenditures	<u>50,417</u>	<u>29,695</u>	<u>17,458</u>	<u>25,108</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,838	99,447	(4,288)	3,090	4,479
FUND BALANCES, BEGINNING	<u>228,777</u>	<u>134,636</u>	<u>42,927</u>	<u>27,918</u>	<u>797,241</u>
FUND BALANCES, ENDING	<u>\$ 313,615</u>	<u>\$ 234,083</u>	<u>\$ 38,639</u>	<u>\$ 31,008</u>	<u>\$ 801,720</u>

Special Revenue

Law Library	Sheriff Forfeiture	Hotel/ Motel Tax	Tobacco Settlement	Crime Victim Service	Justice Court Technology	District Clerk Records Management	Criminal District Attorney Special	JP Building Security
\$ -	\$ -	\$ 101,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,059	-	-	-	-	9,884	4,366	45,544	2,456
-	-	-	10,211	-	-	-	-	-
-	20,945	-	-	-	-	-	-	-
242	-	295	-	19	311	179	124	106
-	-	-	-	400	-	-	-	-
<u>17,301</u>	<u>20,945</u>	<u>101,824</u>	<u>10,211</u>	<u>419</u>	<u>10,195</u>	<u>4,545</u>	<u>45,668</u>	<u>2,562</u>
-	-	101,971	-	-	-	1,730	-	-
-	6,115	-	-	-	-	-	-	-
<u>29,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>22,206</u>	<u>-</u>	<u>67,352</u>	<u>-</u>
<u>29,449</u>	<u>6,115</u>	<u>101,971</u>	<u>-</u>	<u>80</u>	<u>22,206</u>	<u>1,730</u>	<u>67,352</u>	<u>-</u>
(12,148)	14,830	(147)	10,211	339	(12,011)	2,815	(21,684)	2,562
<u>54,970</u>	<u>4,561</u>	<u>80,740</u>	<u>41,007</u>	<u>3,572</u>	<u>70,634</u>	<u>34,457</u>	<u>72,249</u>	<u>20,213</u>
<u>\$ 42,822</u>	<u>\$ 19,391</u>	<u>\$ 80,593</u>	<u>\$ 51,218</u>	<u>\$ 3,911</u>	<u>\$ 58,623</u>	<u>\$ 37,272</u>	<u>\$ 50,565</u>	<u>\$ 22,775</u>

WOOD COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue				
	Elections Special	Guardianship	County Clerk Technology	District Clerk Technology	District Clerk Records Archive
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	4,820	700	1,336	5,830
Intergovernmental	5,454	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	72	136	13	7	78
Other	-	-	-	-	-
Total revenues	5,526	4,956	713	1,343	5,908
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	-	-	-	-	-
Total expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,526	4,956	713	1,343	5,908
FUND BALANCES, BEGINNING	13,406	25,085	2,151	1,047	13,508
FUND BALANCES, ENDING	\$ 18,932	\$ 30,041	\$ 2,864	\$ 2,390	\$ 19,416

<u>Special Revenue</u>			<u>Debt Service</u>	
<u>District Clerk Records Preservation</u>	<u>Constable Forfeiture</u>	<u>Total Special Revenue</u>	<u>Interest and Sinking</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 102,029	\$ 1,092	\$ 103,121
3,300	-	398,416	-	398,416
-	-	15,665	-	15,665
-	-	20,945	-	20,945
111	18	8,334	18	8,352
-	-	400	-	400
<u>3,411</u>	<u>18</u>	<u>545,789</u>	<u>1,110</u>	<u>546,899</u>
-	-	183,813	-	183,813
-	2,903	34,126	-	34,126
-	-	<u>136,545</u>	-	<u>136,545</u>
-	<u>2,903</u>	<u>354,484</u>	-	<u>354,484</u>
3,411	(2,885)	191,305	1,110	192,415
<u>20,481</u>	<u>5,638</u>	<u>1,695,218</u>	<u>54,846</u>	<u>1,750,064</u>
<u>\$ 23,892</u>	<u>\$ 2,753</u>	<u>\$ 1,886,523</u>	<u>\$ 55,956</u>	<u>\$ 1,942,479</u>

THIS PAGE LEFT BLANK INTENTIONALLY

AGENCY FUNDS

WOOD COUNTY, TEXAS

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS**

SEPTEMBER 30, 2014

	<u>Wood County Historical Commission</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Justices of the Peace</u>	<u>Criminal District Attorney</u>	<u>Tax Collector</u>
ASSETS						
Cash and investments	\$ <u>46,078</u>	\$ <u>119,590</u>	\$ <u>973,078</u>	\$ <u>10,946</u>	\$ <u>23,162</u>	\$ <u>886,423</u>
Total assets	\$ <u><u>46,078</u></u>	\$ <u><u>119,590</u></u>	\$ <u><u>973,078</u></u>	\$ <u><u>10,946</u></u>	\$ <u><u>23,162</u></u>	\$ <u><u>886,423</u></u>
LIABILITIES						
Due to other governments	\$ 46,078	\$ -	\$ 45,877	\$ 10,946	\$ -	\$ 741,344
Due to beneficiaries	<u>-</u>	<u>119,590</u>	<u>927,201</u>	<u>-</u>	<u>23,162</u>	<u>145,079</u>
Total liabilities	\$ <u><u>46,078</u></u>	\$ <u><u>119,590</u></u>	\$ <u><u>973,078</u></u>	\$ <u><u>10,946</u></u>	\$ <u><u>23,162</u></u>	\$ <u><u>886,423</u></u>

<u>Sheriff</u>	<u>Child Welfare Board</u>	<u>Wood County CSCD</u>	<u>Wood County Juvenile Probation</u>	<u>Upper Sabine Valley Solid Waste Management District</u>	<u>County Treasurer Special</u>	<u>Health Department Special</u>	<u>Totals</u>
\$ <u>175,337</u>	\$ <u>5,422</u>	\$ <u>335,847</u>	\$ <u>31,591</u>	\$ <u>399,321</u>	\$ <u>57,427</u>	\$ <u>2</u>	\$ <u>3,064,224</u>
\$ <u>175,337</u>	\$ <u>5,422</u>	\$ <u>335,847</u>	\$ <u>31,591</u>	\$ <u>399,321</u>	\$ <u>57,427</u>	\$ <u>2</u>	\$ <u>3,064,224</u>
\$ <u>84,580</u>	\$ <u>5,422</u>	\$ <u>335,847</u>	\$ <u>31,591</u>	\$ <u>399,321</u>	\$ <u>57,427</u>	\$ <u>2</u>	\$ <u>1,758,435</u>
<u>90,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,305,789</u>
\$ <u>175,337</u>	\$ <u>5,422</u>	\$ <u>335,847</u>	\$ <u>31,591</u>	\$ <u>399,321</u>	\$ <u>57,427</u>	\$ <u>2</u>	\$ <u>3,064,224</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**INTERNAL CONTROL AND
COMPLIANCE REPORT**

THIS PAGE LEFT BLANK INTENTIONALLY



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

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

To the Honorable County Judge
and Commissioners Court
Wood County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wood 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 June 17, 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 the County's 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 purpose.

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

Waco, Texas
June 17, 2015