

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

**COUNTY OF BANDERA,
TEXAS**

Bandera, Texas

**For the Year Ended
September 30, 2014**

COUNTY OF BANDERA, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

COUNTY OF BANDERA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Bandera
Bandera, TX 78003

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 Bandera County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas, as of September 30, 2014, and the respective changes in financial position, thereof 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 (pages 3 through 9), budgetary comparison information (pages 38 and 39), and the schedule of funding progress for the retirement plan (page 40), 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 Bandera County's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 nonmajor 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 February 27, 2015, on our consideration of Bandera 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 Bandera County's internal control over financial reporting and compliance.

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

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

Fredericksburg, Texas

February 27, 2015

**COUNTY OF BANDERA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Within this section of the County of Bandera (County) annual financial report, the County of Bandera Commissioners' Court provides a narrative discussion and analysis of the financial activities of the County for the fiscal year ending September 30, 2014. The financial performance is discussed within the context of accompanying financial statements and disclosures, which begin on page 10.

Financial Highlights (thousands)

- The County's Net Position, as indicated in the government-wide financial statements is \$18,177.
- Total Net Position is comprised of the following:
 1. Net Investment in Capital Assets of \$8,358 includes property and equipment, net of accumulated depreciation and related debt.
 2. Net Position of \$2,841 is restricted by debt covenants, grantee laws or regulations, capital projects or by County policy.
 3. Unrestricted Net Position of \$6,979 is available to meet obligations of creditors and citizens.
- The County was able to house prisoners from surrounding counties and started receiving revenue from outside counties in January 2010. The County received \$379, an increase of 6.63% from 2012-2013.
- The County spent a total of \$219 in services for court appointed attorney. \$27 was spent in County and Juvenile Court, a 26% decrease from 2012-2013. \$192 was spent in District Court, an increase of 24% from 2012-2013. The County received \$31 from the State Comptroller for Indigent Defense, an increase from \$19 in 2012-2013. An allotment of \$12 was received in 2013-2014 as a "one-time special payment".
- Indigent health care is an un-funded mandate from the State of Texas; the cost of that service for 2013-2014 was \$156, a decrease of approximately 47% from 2012-2013. In order to fund this operation, Bandera County assessed a tax rate of .0090.
- Revenues exceeded expenditures for governmental activities by \$55.
- The unreserved fund balance in the General Fund as shown in the fund financial statements on page 13 is \$6,148, or 72% of General Fund expenditures. This amount is 47% higher than the guidelines recommended by the Commissioner's Court and the State Comptroller's Office.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 10 through 12) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also compare actual revenue collection and expenditures to budget. Notes to the financial statement are included to provide additional financial information.

Government-wide Financial Statements

Government-wide statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector entities. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements include two statements. One is the *Statement of Net Position*; this statement presents all of the assets and liabilities of the County as a whole, with the difference reported as Net Position. It answers the question as to whether the financial condition of the County is better or worse as result of the of year's activities. Over time, increases or decreases in the County's Net Position are one indicator of whether its financial health is improving or deteriorating. To assess the overall financial condition of the County, one must also consider non-financial conditions such as property tax base and condition of assets.

The other government-wide financial statement is the *Statement of Activities*. This statement reports how each activity is funded by showing grants and program revenues related to each activity and how much reliance is placed on general revenues. The statement relates to the *Statement of Net Position* in that it shows how current operations have changed Net Position.

Fund Financial Statements

Funds are established to account for money that is designated for specific purposes by the Commissioners' Court or grantees such as the State of Texas. The fund financial statements differ from the government-wide statements in that they focus on significant funds rather than the County as a whole. Major funds are presented separately; others are aggregated into a single statement. The fund financial statements for major funds begin on page 13. Fund data for non-major funds is included in a combining statement on page 41. The basic funds are classified by type; each type used by the County is described in the following paragraphs.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information shows the amount of financial resources available in the near future to finance County programs.

In addition to the major government funds Balance Sheet and Statement of Revenues and Expenditures, budgetary comparison statements are included for the General Fund and major special revenue fund. Comparison data is also included for all other special revenue funds and the debt service fund. These schedules compare actual revenue and expenditures with adopted and amended budgets.

Notes to the financial statements – The notes presented immediately following the basic financial statements to provide additional information to facilitate the understanding of the government-wide and fund financial statements. The notes explain accounting policies and disclose additional information concerning fixed assets, long-term liabilities, and the County retirement plan.

The County as a Whole

Our analysis of the County as a whole focuses on Net Position (Table 1) and changes in Net Position (Table 2). The Statement of Activities reports annual expenditures by major function along with the charges for services and grant proceeds available to support each function. This presentation shows the cost of services that must be offset by general revenue such as property and sales taxes.

The Summary of Net Position (Table 1) lists assets in the order of liquidity beginning with cash and ending in fixed assets. Receivables include unpaid property taxes and unpaid court cost and fines assessed by the courts. Each receivable is reported net of a reserve for uncollectable accounts. Historical collection data for property taxes shows an average annual collection rate of 98 percent. Total capital assets as reported in the *Statement of Net Position* are \$17,218; this amount is net of accumulated depreciation of \$11,233. With the exception of land, total countywide assets are approximately 41% depreciated. Assets such as machinery and equipment are reported at \$8,224 and are 76% depreciated. We have to conclude that many assets exist with limited useful life that must be replaced in the near future. Liabilities are all payable within one year. Net Position at year-end is \$18,177. \$11,198 of Net Position is restricted for specific purposes as required by state law or by County policy. The \$6,679 in unrestricted Net Position is available for funding general operations.

The Changes in Net Position (Table 2) itemizes the basic sources of revenue and expenditures as to the services provided. Total revenue for governmental activities was \$17,012; approximately 78% is generated by general revenues. Total governmental expenditures were \$16,958, resulting in a net increase in Net Position of \$55. More detail about the increase is discussed in the *Financial Analysis of the County Funds*.

Revenues and expenditures for governmental activities are compared in Table 3 showing the relation between the cost of services and the revenue generated from users of the service. This table also shows how much general revenue (property and sales taxes) and grants are needed to provide each service. For the past several years the County has relied on the steady growth of property values and rate increases to meet the demand for services.

Table 1
Net Position (in Thousands)

	Governmental	
	Activities	
	<u>2014</u>	<u>2013</u>
Cash and Current Investments	\$ 9,280	\$ 9,049
Receivables	1,418	1,616
Capital Assets	<u>17,218</u>	<u>17,537</u>
Total Assets	<u>27,916</u>	<u>28,202</u>
Accounts Payable	631	515
Other Liabilities and Deferred Revenue	49	52
Short-term Debt (Due Within One Year)	490	465
Long-term Debt	<u>8,569</u>	<u>9,047</u>
Total Liabilities	<u>9,739</u>	<u>10,079</u>
Net Position:		
Net Investment in Capital Assets	8,358	8,191
Restricted	2,840	2,831
Unrestricted	<u>6,979</u>	<u>7,101</u>
Total Net Position	<u>\$ 18,177</u>	<u>\$ 18,123</u>

Table 2
Changes in Net Position (in Thousands)

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Revenues:		
<u>Program Revenues</u>		
Charges For Services	\$ 3,262	\$ 3,289
Operating Grants & Contributions	332	286
Capital Grants & Contributions	95	335
<u>General Revenues</u>		
Property Taxes	11,991	11,737
Other Taxes	1,014	947
Grants & Contributions	-	35
Investment Earnings	18	22
Other General Revenues	300	543
Total Revenues	<u>17,012</u>	<u>17,194</u>
Expenditures:		
General Government	2,886	2,790
Administration of Justice	2,769	2,623
Law Enforcement	3,407	3,105
Corrections	1,496	1,350
Road & Bridge	2,903	2,692
Health & Human Services	2,042	1,943
Community & Economic Development	1,048	930
Infrastructure & Environmental Services	12	-
Interest on long-term Debt	394	415
Agent Fees	1	1
Total Expenditures	<u>16,958</u>	<u>15,849</u>
Change in Net Position	54	1,346
Beginning Net Position	18,123	16,936
Prior Period Adjustment	-	(159)
Net Position	<u>\$ 18,177</u>	<u>\$ 18,123</u>

Table 3
Governmental Activities (in Thousands)

	Expenditures 2013	% of Total Exp	Non-Tax Program Revenue		Grants & Contributions		General Revenue	
			Amount	%	Amount	%	Amount	%
General Government	\$ 2,886	17%	\$ 670	23%	\$ 29	1%	\$ 2,187	76%
Administration of Justice	2,769	16%	305	11%	221	8%	2,243	81%
Law Enforcement	3,407	20%	223	7%	83	2%	3,101	91%
Corrections	1,496	9%	380	25%	-	-	1,116	75%
Road & Bridge	2,903	17%	849	29%	30	1%	2,024	70%
Health & Human Services	2,042	12%	802	39%	34	2%	1,206	59%
Community & Economic Development	1,048	6%	33	3%	19	2%	996	95%
Infrastructure & Environmental	12	-	-	-	12	-	-	-
Interest	394	2%	-	-	-	-	-	-
Agent Fees	1	-	-	-	-	-	-	-
Total Charges For Services	\$ 16,958		\$ 3,262		\$ 428		\$ 12,873	

Capital Assets and Debt Administration

Capital Assets: Bandera County purchased several pieces of equipment and vehicles. Mansfield Park renovated a restroom and the Animal Control facility was under construction.

Table 4
Capital Assets at Year-end
(in Thousands)

	Governmental Activities	
	2014	2013
Land	\$ 391	\$ 391
Buildings	16,136	16,132
Equipment	8,224	7,770
Construction in Progress	265	59
Infrastructure	3,434	3,195
Total	\$ 28,450	\$ 27,547

Debt Administration: Bandera County has one type of debt. It includes \$9,425 (Series 2007) and \$1,875 (Series 2008) in General Obligation Funds for the construction of a new Jail/Justice Center. This debt will be retired in the year 2027 and 2028.

**Table 5
Outstanding Debt at Year-end
(in Thousands)**

	Governmental Activities	
	2014	2013
Texas General Obligation Bonds - Series 2007	\$ 7,080	\$ 7,470
Texas General Obligation Bonds - Series 2008	1,475	1,550
Total	\$ 8,555	\$ 9,020

Financial Analysis of the County Funds (in thousands)

Governmental Funds

The governmental funds statements presented on pages 13 through 18 include the General Fund, Road and Bridge Fund, Jail/Justice Center Fund, and all other governmental funds combined. These statements focus on short-term transactions and the impact they have on financial resources for future financial requirements. The total of fund balances at year-end for all governmental funds are \$8,989, an increase of \$90 from the prior year.

The General Fund is the primary day-to-day operating fund that finances services such as the courts and law enforcement. In 2013-2014 General Fund operations had a fund balance of \$6,148. The ending fund balance of \$6,148 is 59% of total expenditures; this percentage satisfies the 25% recommended by the State Comptroller and the County's policy to have a minimum operating reserve of 25%.

The Road and Bridge Fund are reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Road and Bridge Fund resulted in a \$403 decrease in fund balance. The ending fund balance of \$730 is 30% of total expenditures; this percentage satisfies the recommended reserve.

The Ambulance Fund is also reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Ambulance Fund resulted in a \$267 increase in fund balance. The ending fund balance of \$885 is 58% of total expenditures; this percentage satisfies the recommended reserve.

All other governmental funds are combined to form the non-major governmental fund category; the funds included in this combination are itemized in the combining statements on pages 41 through 52 of the report. Combined fund balances increased by \$85 to \$1,026 at 61% of total expenditures; this percentage satisfies the recommended reserve.

Budgetary Highlights

Budgetary statements of revenues and expenditures for the General Fund and Road and Bridge Fund are on pages 38 and 39. The statements report the original and final budget with actual amounts for each category. The variance is the difference between the actual and the final budget. The original budget was adopted by the County's Commissioners' Court prior to the beginning of the fiscal year and amendments to the budget are approved by the court throughout the fiscal year. The plan for the General Fund budget was to spend \$953 of reserves; however, actual expenditures were under budgeted by \$947 and actual revenues were \$69 more than budget, so the County was able to end the year with \$1,031 more in reserves.

The final Road and Bridge budget anticipated expenditures to exceed revenues by \$723. Actual revenues were more than budgeted by \$126; actual expenditures were less than budget by \$194, so the County was able to add \$320 to Road and Bridge reserves.

Budget for 2014-2015

For the 2014-2015 fiscal year, the County is able to function on the 2013-2014 adopted property tax rate of .6769 per hundred dollars of taxable value. The County distributed the Ad Valorem tax rate differently internally in order to operate using the same tax rate as the previous year.

The total budget for capital expenditures and capital improvements is \$556, a decrease of \$33 from 2013-2014. Due to depreciating equipment, the County is purchasing several vehicles, road equipment, and computer equipment. The County has budgeted the last two years to build an Animal Control Facility at the same location as the Justice Center and it was not completed. The anticipated completion date is spring 2015.

Future Financial Issues

Bandera County has grown significantly in the last several years. Bandera County Commissioners' Court will continue to anticipate growth and remain fiscally conservative in order to maintain a healthy fund balance.

As in the previous years, the maintenance of county roads is and will be one of the most critical challenges. Until the State of Texas allows counties to participate in fuel tax revenues there is no hope for small rural counties to maintain and improve a failing road system. Ad Valorem property taxes will not provide adequate revenue to allow county government to function effectively.

The State of Texas continues to mandate that counties provide services with no financial support. If this trend continues, counties either raise taxes to support the unfunded mandates or discontinue service that they might otherwise provide.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

BANDERA COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 9,280,186
Receivables (net of allowance for uncollectibles)	1,418,384
Capital Assets:	
Land	391,457
Infrastructure, net	1,527,601
Buildings, net	13,065,913
Machinery and Equipment, net	1,968,264
Construction in Progress	264,622
Total Assets	27,916,427
LIABILITIES	
Accounts Payable	630,836
Accrued Interest Payable	48,953
Noncurrent Liabilities	
Due Within One Year	490,000
Due in More Than One Year	8,569,197
Total Liabilities	9,738,986
NET POSITION	
Net Investment in Capital Assets	8,357,538
Restricted for:	
Road & Bridge Construction & Maintenance	730,292
Debt Service	199,539
Ambulance Services	884,890
Other Special Revenue	1,025,886
Unrestricted Net Position	6,979,296
Total Net Position	\$ 18,177,441

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

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

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 2,886,736	\$ 670,263	\$ 28,740
Law Enforcement	3,407,089	223,455	1,894
Corrections	1,495,712	379,485	-
Road and Bridge	2,902,554	849,132	29,613
Health & Human Services	2,042,193	801,926	19,402
Administration of Justice	2,769,447	304,540	221,535
Community & Economic Development	1,047,940	32,961	19,115
Infrastructure & Environmental	12,250	-	12,250
Interest	393,648	-	-
Fiscal Agent's Fees	850	-	-
TOTAL PRIMARY GOVERNMENT:	\$ 16,958,419	\$ 3,261,762	\$ 332,549

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Other Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position- Beginning

Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (2,187,733)
80,802	(3,100,938)
-	(1,116,227)
-	(2,023,809)
14,465	(1,206,400)
-	(2,243,372)
-	(995,864)
-	-
-	(393,648)
-	(850)
<u>\$ 95,267</u>	<u>(13,268,841)</u>

11,072,797
917,791
541,428
472,910
300,417
18,028
<u>13,323,371</u>
54,530
18,122,911
<u>\$ 18,177,441</u>

BANDERA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Road & Bridge Fund	Ambulance Fund
ASSETS			
Cash and Cash Equivalents	\$ 6,316,884	\$ 865,206	\$ 832,078
Taxes Receivable	672,101	130,099	57,297
Allowance for Uncollectible Taxes (credit)	(189,238)	(48,593)	(16,133)
Receivables (Net)	134,390	8,371	135,065
Total Assets	<u>\$ 6,934,137</u>	<u>\$ 955,083</u>	<u>\$ 1,008,307</u>
LIABILITIES			
Accounts Payable	\$ 124,974	\$ 112,866	\$ 43,527
Wages and Payroll Taxes Payable	202,253	34,340	40,793
Total Liabilities	<u>327,227</u>	<u>147,206</u>	<u>84,320</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	458,619	77,585	39,097
Total Deferred Inflows of Resources	<u>458,619</u>	<u>77,585</u>	<u>39,097</u>
FUND BALANCES			
Restricted Fund Balance:			
Road & Bridge Construction & Maintenance	-	730,292	-
Retirement of Long-Term Debt	-	-	-
Special Revenue	-	-	-
Committed Fund Balance:			
Ambulance Services	-	-	884,890
Special Revenue	-	-	-
Unassigned Fund Balance	6,148,291	-	-
Total Fund Balances	<u>6,148,291</u>	<u>730,292</u>	<u>884,890</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,934,137</u>	<u>\$ 955,083</u>	<u>\$ 1,008,307</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 193,376	\$ 1,072,642	\$ 9,280,186
64,828	43,844	968,169
(15,357)	(12,344)	(281,665)
3,494	23,745	305,065
<u>\$ 246,341</u>	<u>\$ 1,127,887</u>	<u>\$ 10,271,755</u>
\$ -	\$ 53,603	\$ 334,970
-	18,480	295,866
-	72,083	630,836
46,802	29,918	652,021
<u>46,802</u>	<u>29,918</u>	<u>652,021</u>
-	-	730,292
199,539	-	199,539
-	396,740	396,740
-	-	884,890
-	629,146	629,146
-	-	6,148,291
<u>199,539</u>	<u>1,025,886</u>	<u>8,988,898</u>
<u>\$ 246,341</u>	<u>\$ 1,127,887</u>	<u>\$ 10,271,755</u>

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

Total Fund Balances - Governmental Funds	\$	8,988,898
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$27,547,937 and the accumulated depreciation was \$10,011,209. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>		
		7,972,357
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.</p>		
		1,460,404
<p>The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,314,275)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		1,070,057
Net Position of Governmental Activities	\$	18,177,441

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

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

	General Fund	Road & Bridge Fund	Ambulance Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 8,304,568	\$ 1,382,054	\$ 710,732
General Sales and Use Taxes	541,428	-	-
Other Taxes	14,673	-	-
Licenses and Permits	46,723	578,956	-
Intergovernmental Revenue and Grants	168,591	29,613	14,465
Charges for Services	1,204,818	332	1,054,959
Fines	201,700	-	-
Investment Earnings	14,786	1,195	683
Contributions & Donations	200	-	-
Other Revenue	139,164	36,028	1,469
Total Revenues	<u>10,636,651</u>	<u>2,028,178</u>	<u>1,782,308</u>
EXPENDITURES:			
Current:			
General Government:			
General Administration	2,451,493	-	-
Public Safety:			
Law Enforcement	3,328,234	-	-
Corrections	1,513,490	-	-
Road and Bridge	231,119	2,431,603	-
Health & Human Services	311,858	-	1,518,321
Administration of Justice	2,346,027	-	-
Conservation and Development:			
Community & Economic Development	390,930	-	-
Infrastructure & Environmental	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Fiscal Agent's Fees	-	-	-
Total Expenditures	<u>10,573,151</u>	<u>2,431,603</u>	<u>1,518,321</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>63,500</u>	<u>(403,425)</u>	<u>263,987</u>
OTHER FINANCING SOURCES (USES):			
Insurance Proceeds	15,494	456	3,128
Total Other Financing Sources (Uses)	<u>15,494</u>	<u>456</u>	<u>3,128</u>
Net Change in Fund Balances	78,994	(402,969)	267,115
Fund Balance - October 1 (Beginning)	6,069,297	1,133,261	617,775
Fund Balance - September 30 (Ending)	<u>\$ 6,148,291</u>	<u>\$ 730,292</u>	<u>\$ 884,890</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 941,570	\$ 542,364	\$ 11,881,288
-	-	541,428
-	458,237	472,910
-	-	625,679
-	214,947	427,616
-	550,116	2,810,225
-	-	201,700
458	906	18,028
-	-	200
-	7,196	183,857
<u>942,028</u>	<u>1,773,766</u>	<u>17,162,931</u>
-	191,209	2,642,702
-	51,786	3,380,020
-	-	1,513,490
-	244,872	2,907,594
-	156,467	1,986,646
-	400,903	2,746,930
-	631,282	1,022,212
-	12,250	12,250
465,000	-	465,000
414,570	-	414,570
850	-	850
<u>880,420</u>	<u>1,688,769</u>	<u>17,092,264</u>
<u>61,608</u>	<u>84,997</u>	<u>70,667</u>
-	-	19,078
-	-	19,078
61,608	84,997	89,745
<u>137,931</u>	<u>940,889</u>	<u>8,899,153</u>
<u>\$ 199,539</u>	<u>\$ 1,025,886</u>	<u>\$ 8,988,898</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	89,745
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2014 capital outlays and debt principal payments is to increase the change in net position.		1,460,404
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,314,275)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(181,344)
Change in Net Position of Governmental Activities	\$	54,530

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

BANDERA COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 168,949	\$ 727,879
Investments - Current	-	145,259
Other Receivables	1,023	5
Total Assets	<u>169,972</u>	<u>\$ 873,143</u>
LIABILITIES		
Accounts Payable	4,781	\$ 50,519
Due to Other Governments	-	676,606
Due to Others	-	146,018
Total Liabilities	<u>4,781</u>	<u>\$ 873,143</u>
NET POSITION		
Unrestricted Net Position	<u>165,191</u>	
Total Net Position	<u>\$ 165,191</u>	

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

BANDERA COUNTY
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Sales of Merchandise	\$ 575
Investment Earnings	142
Oil Production Royalties	6,550
Contributions & Donations	1,942
Total Additions	9,209
DEDUCTIONS:	
Distributions to Schools	4,780
Supplies	274
Publications & Notices	1,240
Building Repair & Maintenance	180
Total Deductions	6,474
Change in Net Position	2,735
Total Net Position -October 1 (Beginning)	162,456
Total Net Position September 30 (Ending)	\$ 165,191

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

COUNTY OF BANDERA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Bandera have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

1. A. REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report. Also, the County is not included as a part of any other reporting entity.

1. B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes and interest earnings are used for the payment of principal and interest on the County's debt.

Capital Projects Fund - To account for financial resources to be used for the acquisition and construction of major capital facilities.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes five private purpose trust funds.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Special Revenue Fund: Ambulance	Accounts for all EMS operations and activities.
Debt Service Fund: Jail/Justice Center I&S Fund	Accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Nonmajor funds consist of special revenue funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1. C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Agency and Permanent Trust Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1. D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

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

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. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

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). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) 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. Infrastructure assets include County owned roads, bridges, signs, and improvements to land. 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 and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Vehicles	3 - 10
Machinery and Equipment	5 - 15
Infrastructure	5 - 50

Compensated Absences

Full time employees who work 40 hours per week average are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Accumulated vacation time may be taken in pay upon termination or retirement up to a maximum of twenty (20) days. Non-exempt full time employees who work over 40 hours per week may choose to accrue comp time in lieu of overtime payments. Accumulated comp time may be taken in pay upon termination or retirement up to a maximum of thirty (30) days. Sick leave accrues to full time employees to specified maximums; however neither the vacation or comp time accrual policy applies to accumulated sick leave. The liability for accrued compensated absences is not accrued in governmental funds using the modified accrual basis of accounting, but is reflected in the Government-Wide Statement of Net Position.

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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.

Fund Equity

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

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. County Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the County Commissioners or by an official or body to which the County Commissioners delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Beginning fund balances for the County's governmental funds have been restated to reflect the above classifications.

The County Commissioners establish (and modify or rescind) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

Net Position

Net Position represents the difference between assets and liabilities. Net Position - 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.

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.

Deferred Inflows of Resources and Deferred Outflows of Resources

The County has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred inflows of resources.

The implementation resulted in the reporting of \$652,021 (deferred ad valorem tax revenue which is expected to be collected in future years) as a deferred inflow of resources in the Governmental Funds Balance Sheet.

1. E. REVENUES, EXPENDITURES AND EXPENSES

Property Taxes

The County contracted with the County of Bandera Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2013 tax roll, the total assessed valuation was \$1,777,776,629 and the taxes assessed amounted to \$12,033,770. The total tax rate was \$0.6769 per \$100 valuation and allocated \$0.5466 for Maintenance and Operations, \$0.0764 to the Road and Bridge Fund and \$0.0539 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$.80 per \$100 valuation.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets, as required by state statute, are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Auditor and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year.

For each budgeted fund, budgetary control is maintained at the expenditure line item level. This is the level at which expenditures cannot legally exceed appropriated amounts. The County Auditor is required to monitor the expenditures of the various funds. Any expenditures in excess of the total budgeted amount of a fund must be approved by the Commissioners' Court and the budget appropriately amended. It is the amended budget that is presented in the budget versus actual financial statement disclosure.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is not utilized by County of Bandera.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3. A. DEPOSITS AND INVESTMENTS

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

At September 30, 2014, the carrying amount of the County's deposits was \$679,765 and the bank balance was \$896,057. The County's cash deposits held at Bandera First State Bank at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy.

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

Temporary investments consisted of certificates of deposits and government pool investments as follows:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Days to Maturity</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
<u>Bandera Bank -</u> Certificate of Deposit	\$ 202,770	\$ 202,770	251	\$ 202,770	\$ -
<u>Texas Hill Country Bank-</u> Certificate of Deposit	1,005,009	1,005,009	360	250,000	4,529,539
<u>Hondo National Bank -</u> Certificate of Deposit	202,818	202,818	67	202,818	-
<u>Liquid Asset Portfolio -</u> Logic	<u>8,213,277</u>	<u>8,213,277</u>	1	<u>*</u>	<u>*</u>
Total Governmental Activities	<u>\$ 9,623,874</u>	<u>\$ 9,623,874</u>			

*The County invests in Logic (a Local Government Investment Pool) to provide its primary liquidity needs. Logic is established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. Logic is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic is rated AAAM and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2014, Logic had a weighted average maturity of 49 days. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

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

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County 's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral if needed. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2014, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Logic Investment Pool invests only in investments authorized under the Public Funds Investment Act. Logic's portfolio has low marker (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2014, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3. B. RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road & Bridge Fund	Ambulance Fund	Debt Service Fund	Other Governmental Funds	TOTAL
Receivables:						
Property Taxes	\$ 672,101	\$ 130,099	\$ 57,297	\$ 64,828	\$ 43,844	\$ 968,169
Other Receivables	<u>134,390</u>	<u>8,371</u>	<u>135,065</u>	<u>3,494</u>	<u>23,745</u>	<u>305,065</u>
Gross Receivables	\$ 806,491	\$ 138,470	\$ 192,362	\$ 68,322	\$ 67,589	\$ 1,273,234
Less: Allowance for Uncollectibles	<u>(189,238)</u>	<u>(48,593)</u>	<u>(16,133)</u>	<u>(15,357)</u>	<u>(12,344)</u>	<u>(281,665)</u>
Net Total Receivables	<u>\$ 617,253</u>	<u>\$ 89,877</u>	<u>\$ 176,229</u>	<u>\$ 52,965</u>	<u>\$ 55,245</u>	<u>\$ 991,569</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable revenues* reported in the governmental funds were as follows:

General Fund -	
Unavailable Revenue – Property Taxes	\$ 458,619
Road and Bridge Fund -	
Unavailable Revenue – Property Taxes	77,585
Ambulance Fund -	
Unavailable Revenue – Property Taxes	39,097
Debt Service Fund -	
Unavailable Revenue – Property Taxes	46,802
Other Governmental Funds -	
Unavailable Revenue – Property Taxes	<u>29,918</u>
 TOTAL UNAVAILABLE REVENUES	 <u>\$ 652,021</u>

3. C. COURT FINES, FEES AND EMS BILLINGS RECEIVABLE

In accordance with GASB Statement Number 34, the County has determined the amount of court fines, fees and EMS billings receivable to be \$1,376,282, which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts and the EMS Department, the County has booked an allowance for uncollectible accounts of \$949,467, resulting in a net receivable of \$426,815.

3. D. CAPITAL ASSETS

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

Primary Government

	Balance 10/1/13	Increases	Decreases	Balance 9/30/14
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 391,457	\$ -	\$ -	\$ 391,457
Construction in Progress	59,071	205,551	-	264,622
Total Assets Not Being Depreciated	<u>450,528</u>	<u>205,551</u>	<u>-</u>	<u>656,079</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	16,132,210	4,200	-	16,136,410
Equipment and Machinery	7,769,744	547,434	(92,819)	8,224,359
Infrastructure	3,195,455	238,219	-	3,433,674
Total Capital Assets Being Depreciated	<u>27,097,409</u>	<u>789,853</u>	<u>(92,819)</u>	<u>27,794,443</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,617,932)	(452,565)	-	(3,070,497)
Equipment and Machinery	(5,716,826)	(632,088)	92,819	(6,256,095)
Infrastructure	(1,676,451)	(229,622)	-	(1,906,073)
Total Accumulated Depreciation	<u>(10,011,209)</u>	<u>(1,314,275)</u>	<u>92,819</u>	<u>(11,232,665)</u>
Total Capital Assets Being Depreciated, Net	<u>17,086,200</u>	<u>(524,422)</u>	<u>-</u>	<u>16,561,778</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,536,728</u>	<u>\$ (318,871)</u>	<u>-</u>	<u>\$ 17,217,857</u>

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

<i>Governmental Activities:</i>	
General Administration	\$ 453,940
Law Enforcement	217,572
Administration of Justice	22,921
Roads and Bridges	459,704
Community & Economic Development	26,332
Corrections	10,117
Health & Human Services	123,689
	<u>1,314,275</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,314,275</u>

3. E. LONG-TERM LIABILITIES

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

	<u>Balance 10/01/13</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 9/30/14</u>	<u>Due Within One Year</u>
Texas General Obligation Bonds - Series 2007	\$ 7,470,000	\$ -	\$ 390,000	\$ 7,080,000	\$ 410,000
Texas General Obligation Bonds - Series 2008	<u>1,550,000</u>	<u>-</u>	<u>75,000</u>	<u>1,475,000</u>	<u>80,000</u>
SUBTOTAL	\$ 9,020,000	\$ -	\$ 465,000	\$ 8,555,000	\$ 490,000
Compensated Absences	239,052	49,892	20,191	268,753	-
Premium on Bonds	<u>253,497</u>	<u>-</u>	<u>18,053</u>	<u>235,444</u>	<u>-</u>
TOTAL	<u>\$ 9,512,549</u>	<u>\$ 49,892</u>	<u>\$ 503,244</u>	<u>\$ 9,059,197</u>	<u>\$ 490,000</u>

Certificates of Obligation

The County issued Texas General Obligation Bonds - Series 2007 for \$9,425,000 at interest rates from 4.25% to 5.25% with a final maturity date of August 17, 2027. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

The County issued Texas General Obligation Bonds - Series 2008 for \$1,875,000 at interest rates from 3% to 5% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

Debt service requirements for the Texas General Obligation Bonds - Series 2007 and 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2015	\$ 490,000	\$ 391,620	\$ 881,620
2016	510,000	367,455	877,455
2017	535,000	342,080	877,080
2018	565,000	315,480	880,480
2019	585,000	290,793	875,793
2020-2024	3,335,000	1,047,120	4,382,120
2025-2029	<u>2,535,000</u>	<u>254,325</u>	<u>2,789,325</u>
TOTAL	<u>\$ 8,555,000</u>	<u>\$ 3,008,873</u>	<u>\$ 11,563,873</u>

Operating Leases

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

Year Ended September 30	
2015	\$ 82,682
2016	80,632
2017	70,840
2018	63,001
2019	1,251
Total Minimum Rentals	<u>\$ 298,406</u>
Rental Expenditures in Fiscal Year 2014	<u>\$ 87,285</u>

3. F. CONTINGENT LIABILITIES

The County is subject to various litigation and claims arising out of the normal course of operations. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

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

3. G. RISK MANAGEMENT

County of Bandera is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation. The County contracts in the form of interlocal agreements with the Texas Association of Counties (TAC) to provide the aforementioned types of insurance coverage through an intergovernmental risk pool. These multi-employer accounts provide for a combination of modified self-insurance and stop loss coverage. Contributions are set annually by Texas Association of Counties. Liability by the County is generally limited to the amounts calculated by the County interlocal agreements.

3. H. HEALTH INSURANCE

The County provides group health, dental and life insurance coverage for regular, full-time employees through TAC, Ameritas, and TCDRS. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

3. I. EMPLOYEE RETIREMENT PLAN

Plan Description

Bandera County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for 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 Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

Bandera County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and Bandera County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of Bandera County is actuarially determined annually. Bandera County contributed using the actuarially determined rate of 9.41% for the months of the accounting year in 2013, and 9.66% for the months of the accounting year in 2014. The deposit rate payable by the employee members of the plan for calendar years 2013 and 2014 was the rate of 7% as adopted by the governing body of Bandera County. The employee deposit rate and the employer contribution rate may be changed by the governing body of Bandera County within the options available in the TCDRS Act.

Annual Pension Cost

For the County's accounting year ending September 30, 2014, the annual pension cost for the TCDRS plan for its employees was \$731,467, and the actual contributions were \$731,467.

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

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/13	12/31/12	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF:10-yr smoothed value	SAF:10-yr smoothed value	SAF:10-yr smoothed value
Subdivision Accumulation Fund	ESF: Fund Value	ESF: Fund Value	ESF: Fund Value
Employees Saving Fund			
Actuarial Assumptions:			
Investment return ¹	8%	8%	8%
Projected salary Increases ¹	5.4%	5.4%	5.4%
Inflation	3.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of County of Bandera

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/09	416,728	100%	-0-
9/30/10	525,084	100%	-0-
9/30/11	592,730	100%	-0-
9/30/12	629,377	100%	-0-
9/30/13	650,536	100%	-0-
9/30/14	731,467	100%	-0-

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN FOR THE EMPLOYEES OF COUNTY OF BANDERA

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/13	13,798,256	15,543,565	1,745,309	88.77%	7,131,089	24.47%

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

3. J. GROUP TERM LIFE FUND

Plan Description

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

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Bandera County contributions to the GTLF for the years ended September 30, 2014, 2013, and 2012 were \$32,958, \$30,339, and \$29,933, respectively, which equaled the contractually required contributions each year.

3. K. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (VALIC). The plans, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2014, the participants had balances of \$582,595 in Nationwide and \$720,261 in VALIC.

3. L. SUBSEQUENT EVENTS

The County has evaluated subsequent events through February 27, 2015, the date which the financial statements were available to be issued.

Beginning with the 2015 fiscal year, the County will have to include a net pension liability in its financial statements in accordance with GASB Statement No. 68. The Texas County and District Retirement System (TCDRS) has calculated the County's share of the net pension liability to be \$1,745,309 as of December 31, 2013.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
	Taxes:				
5110	Property Taxes	\$ 8,483,485	\$ 8,483,485	\$ 8,304,568	\$ (178,917)
5120	General Sales and Use Taxes	400,000	400,000	541,428	141,428
5180	Other Taxes	8,000	8,000	14,673	6,673
5200	Licenses and Permits	32,150	32,150	46,723	14,573
5300	Intergovernmental Revenue and Grants	77,932	154,818	168,591	13,773
5400	Charges for Services	957,570	957,570	1,204,818	247,248
5510	Fines	204,000	204,000	201,700	(2,300)
5610	Investment Earnings	8,000	8,000	14,786	6,786
5640	Contributions & Donations	500	500	200	(300)
5700	Other Revenue	67,150	319,118	139,164	(179,954)
5020	Total Revenues	10,238,787	10,567,641	10,636,651	69,010
EXPENDITURES:					
	Current:				
	General Government:				
0011	General Administration	2,612,188	2,817,430	2,451,493	365,937
	Public Safety:				
0021	Law Enforcement	3,520,585	3,576,283	3,328,234	248,049
0023	Corrections	1,595,214	1,595,214	1,513,490	81,724
0031	Road and Bridge	245,207	245,207	231,119	14,088
0033	Health & Human Services	361,269	354,183	311,858	42,325
0034	Administration of Justice	2,462,646	2,537,646	2,346,027	191,619
	Conservation and Development:				
0061	Community & Economic Development	394,536	394,536	390,930	3,606
6030	Total Expenditures	11,191,645	11,520,499	10,573,151	947,348
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(952,858)	(952,858)	63,500	1,016,358
OTHER FINANCING SOURCES (USES):					
8949	Insurance Proceeds	1,000	1,000	15,494	14,494
7080	Total Other Financing Sources (Uses)	1,000	1,000	15,494	14,494
1200	Net Change	(951,858)	(951,858)	78,994	1,030,852
0100	Fund Balance - October 1 (Beginning)	6,069,297	6,069,297	6,069,297	-
3000	Fund Balance - September 30 (Ending)	\$ 5,117,439	\$ 5,117,439	\$ 6,148,291	\$ 1,030,852

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

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,340,074	\$ 1,340,074	\$ 1,382,054	\$ 41,980
Licenses and Permits	523,000	523,000	578,956	55,956
Intergovernmental Revenue and Grants	28,000	28,000	29,613	1,613
Charges for Services	50	50	332	282
Investment Earnings	2,000	2,000	1,195	(805)
Other Revenue	9,000	9,000	36,028	27,028
Total Revenues	1,902,124	1,902,124	2,028,178	126,054
EXPENDITURES:				
Current:				
Road and Bridge	2,625,580	2,625,580	2,431,603	193,977
Total Expenditures	2,625,580	2,625,580	2,431,603	193,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(723,456)	(723,456)	(403,425)	320,031
OTHER FINANCING SOURCES (USES):				
Insurance Proceeds	-	-	456	456
Total Other Financing Sources (Uses)	-	-	456	456
Change in Fund Balance	(723,456)	(723,456)	(402,969)	320,487
Fund Balance - October 1 (Beginning)	1,133,261	1,133,261	1,133,261	-
Fund Balance - September 30 (Ending)	\$ 409,805	\$ 409,805	\$ 730,292	\$ 320,487

BANDERA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SEPTEMBER 30, 2014

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF COUNTY OF BANDERA
 (unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll Actuarial (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/03	4,754,274	5,418,847	664,573	87.74%	2,973,557	22.35%
12/31/04	5,283,618	6,043,375	759,757	87.43%	3,177,661	23.91%
12/31/05	5,948,970	6,691,893	742,923	88.90%	3,570,164	20.81%
12/31/06	6,854,227	7,286,144	431,917	94.07%	4,205,994	10.27%
12/31/07	7,565,799	7,999,737	433,938	94.58%	4,517,064	9.61%
12/31/08	7,907,486	8,990,424	1,082,938	87.95%	4,813,428	22.50%
12/31/09	9,021,590	10,189,536	1,167,766	88.54%	5,435,092	21.49%
12/31/10	10,357,944	11,742,163	1,384,219	88.21%	6,265,447	22.09%
12/31/11	11,132,075	12,842,115	1,710,040	86.68%	6,758,324	25.30%
12/31/12	12,182,650	14,113,317	1,930,667	86.32%	6,957,111	27.75%
12/31/13	13,798,256	15,543,565	1,745,309	88.77%	7,131,089	24.47%

SUPPLEMENTARY INFORMATION

BANDERA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	11 Hotel/Motel Tax Fund	14 Mansfield Park Fund	15 Indigent Health Care Fund	16 Sanitary Landfill Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 81,389	\$ 218,976	\$ 248,397
Taxes Receivable	-	7,811	12,758	-
Allowance for Uncollectible Taxes (credit)	-	(2,199)	(3,592)	-
Receivables (Net)	21,614	362	591	-
Total Assets	<u>\$ 21,614</u>	<u>\$ 87,363</u>	<u>\$ 228,733</u>	<u>\$ 248,397</u>
LIABILITIES				
Accounts Payable	\$ 21,614	\$ 4,267	\$ 54	\$ 7,230
Wages and Payroll Taxes Payable	-	1,491	1,512	2,512
Total Liabilities	<u>21,614</u>	<u>5,758</u>	<u>1,566</u>	<u>9,742</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	5,330	8,706	-
Total Deferred Inflows of Resources	<u>-</u>	<u>5,330</u>	<u>8,706</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Special Revenue	-	-	-	-
Committed Fund Balance:				
Special Revenue	-	76,275	218,461	238,655
Total Fund Balances	<u>-</u>	<u>76,275</u>	<u>218,461</u>	<u>238,655</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 21,614</u>	<u>\$ 87,363</u>	<u>\$ 228,733</u>	<u>\$ 248,397</u>

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

18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention CCP 102 Fund	25 Juvenile Probation Local Fund	27 Sheriff Seized Asset Fund	28 Law Library Fund	30 County Clerk Records Management	31 Records Preservation Fund	32 Courthouse Security Fund
\$ -	\$ 431	\$ 96,889	\$ 48,793	\$ 3,539	\$ 31,724	\$ 42,911	\$ 1,929
-	-	17,012	-	-	-	-	-
-	-	(4,790)	-	-	-	-	-
-	-	888	-	-	-	-	-
<u>\$ -</u>	<u>\$ 431</u>	<u>\$ 109,999</u>	<u>\$ 48,793</u>	<u>\$ 3,539</u>	<u>\$ 31,724</u>	<u>\$ 42,911</u>	<u>\$ 1,929</u>
\$ -	\$ -	\$ 3,036	\$ -	\$ -	\$ -	\$ 305	\$ -
-	-	10,430	-	-	874	-	-
-	-	13,466	-	-	874	305	-
-	-	11,608	-	-	-	-	-
-	-	11,608	-	-	-	-	-
-	431	84,925	48,793	3,539	30,850	42,606	1,929
-	-	-	-	-	-	-	-
-	431	84,925	48,793	3,539	30,850	42,606	1,929
<u>\$ -</u>	<u>\$ 431</u>	<u>\$ 109,999</u>	<u>\$ 48,793</u>	<u>\$ 3,539</u>	<u>\$ 31,724</u>	<u>\$ 42,911</u>	<u>\$ 1,929</u>

BANDERA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	33 Juvenile Probation State Aid	34 Juvenile Probation Mental Health	36 Juvenile Probation Title IV-E	45 Alternative Dispute Resolution
ASSETS				
Cash and Cash Equivalents	\$ 873	\$ 14,919	\$ 27,229	\$ 4,581
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	-	-
Total Assets	<u>\$ 873</u>	<u>\$ 14,919</u>	<u>\$ 27,229</u>	<u>\$ 4,581</u>
LIABILITIES				
Accounts Payable	\$ 52	\$ 14,919	\$ -	\$ -
Wages and Payroll Taxes Payable	-	-	-	-
Total Liabilities	<u>52</u>	<u>14,919</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Special Revenue	821	-	27,229	4,581
Committed Fund Balance:				
Special Revenue	-	-	-	-
Total Fund Balances	<u>821</u>	<u>-</u>	<u>27,229</u>	<u>4,581</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 873</u>	<u>\$ 14,919</u>	<u>\$ 27,229</u>	<u>\$ 4,581</u>

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

46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fee Fund	51 Family Protection Fee Fund	52 Attorney Pre-Trial Diversion	55 District Clerk Records Management	56 County Clerk Records Management	57 County Attorney Forfeitures
\$ 119	\$ 11,270	\$ 10,169	\$ 1,394	\$ 49,655	\$ 9,978	\$ 17,784	\$ 660
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 119</u>	<u>\$ 11,270</u>	<u>\$ 10,169</u>	<u>\$ 1,394</u>	<u>\$ 49,655</u>	<u>\$ 9,978</u>	<u>\$ 17,784</u>	<u>\$ 660</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65	\$ 1,625	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	65	1,625	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
119	11,270	10,169	1,394	49,655	9,913	16,159	660
-	-	-	-	-	-	-	-
<u>119</u>	<u>11,270</u>	<u>10,169</u>	<u>1,394</u>	<u>49,655</u>	<u>9,913</u>	<u>16,159</u>	<u>660</u>
<u>\$ 119</u>	<u>\$ 11,270</u>	<u>\$ 10,169</u>	<u>\$ 1,394</u>	<u>\$ 49,655</u>	<u>\$ 9,978</u>	<u>\$ 17,784</u>	<u>\$ 660</u>

BANDERA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	58 Justice Court Technology	60 State Funded Training-Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive
ASSETS				
Cash and Cash Equivalents	\$ 3,519	\$ 18,087	\$ 15,485	\$ 6,035
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	-	-
Total Assets	<u>\$ 3,519</u>	<u>\$ 18,087</u>	<u>\$ 15,485</u>	<u>\$ 6,035</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Payroll Taxes Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Special Revenue	3,519	18,087	15,485	6,035
Committed Fund Balance:				
Special Revenue	-	-	-	-
Total Fund Balances	<u>3,519</u>	<u>18,087</u>	<u>15,485</u>	<u>6,035</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,519</u>	<u>\$ 18,087</u>	<u>\$ 15,485</u>	<u>\$ 6,035</u>

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

68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	88 TDA CDBG Fund	95 Medina Lake County Park Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 8,571	\$ -	\$ 97,336	\$ 1,072,642	\$ 1,072,642
-	-	-	6,263	43,844	43,844
-	-	-	(1,763)	(12,344)	(12,344)
-	-	-	290	23,745	23,745
<u>\$ -</u>	<u>\$ 8,571</u>	<u>\$ -</u>	<u>\$ 102,126</u>	<u>\$ 1,127,887</u>	<u>\$ 1,127,887</u>
\$ -	\$ -	\$ -	\$ 436	\$ 53,603	\$ 53,603
-	-	-	1,661	18,480	18,480
-	-	-	2,097	72,083	72,083
-	-	-	4,274	29,918	29,918
-	-	-	4,274	29,918	29,918
-	8,571	-	-	396,740	396,740
-	-	-	95,755	629,146	629,146
-	8,571	-	95,755	1,025,886	1,025,886
<u>\$ -</u>	<u>\$ 8,571</u>	<u>\$ -</u>	<u>\$ 102,126</u>	<u>\$ 1,127,887</u>	<u>\$ 1,127,887</u>

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

	11 Hotel/Motel Tax Fund	14 Mansfield Park Fund	15 Indigent Health Care Fund	16 Sanitary Landfill Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 96,707	\$ 157,565	\$ -
Other Taxes	458,237	-	-	-
Intergovernmental Revenue and Grants	-	-	19,402	-
Charges for Services	-	25,794	-	233,360
Investment Earnings	-	70	193	220
Other Revenue	-	5	7,191	-
Total Revenues	<u>458,237</u>	<u>122,576</u>	<u>184,351</u>	<u>233,580</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Road and Bridge	-	-	-	244,872
Health & Human Services	-	-	156,467	-
Administration of Justice	-	-	-	-
Conservation and Development:				
Community & Economic Development	458,237	98,491	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	<u>458,237</u>	<u>98,491</u>	<u>156,467</u>	<u>244,872</u>
Net Change in Fund Balance	-	24,085	27,884	(11,292)
Fund Balance - October 1 (Beginning)	-	52,190	190,577	249,947
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ 76,275</u>	<u>\$ 218,461</u>	<u>\$ 238,655</u>

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

18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention CCP 102 Fund	25 Juvenile Probation Local Fund	27 Sheriff Seized Asset Fund	28 Law Library Fund	30 County Clerk Records Management	31 Records Preservation Fund	32 Courthouse Security Fund
\$ -	\$ -	\$ 210,219	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	845	519	-	-	-	-
136,440	104	2,491	-	11,758	41,485	6,237	13,203
-	-	104	42	3	17	38	8
-	-	-	-	-	-	-	-
<u>136,440</u>	<u>104</u>	<u>213,659</u>	<u>561</u>	<u>11,761</u>	<u>41,502</u>	<u>6,275</u>	<u>13,211</u>
136,440	-	-	-	-	20,654	9,105	-
-	-	-	1,683	-	-	-	15,000
-	-	-	-	-	-	-	-
-	-	217,521	-	-	-	-	-
-	-	-	-	11,765	-	-	-
-	-	-	-	-	-	-	-
<u>136,440</u>	<u>-</u>	<u>217,521</u>	<u>1,683</u>	<u>11,765</u>	<u>20,654</u>	<u>9,105</u>	<u>15,000</u>
-	104	(3,862)	(1,122)	(4)	20,848	(2,830)	(1,789)
-	327	88,787	49,915	3,543	10,002	45,436	3,718
<u>\$ -</u>	<u>\$ 431</u>	<u>\$ 84,925</u>	<u>\$ 48,793</u>	<u>\$ 3,539</u>	<u>\$ 30,850</u>	<u>\$ 42,606</u>	<u>\$ 1,929</u>

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

	33 Juvenile Probation State Aid	34 Juvenile Probation Mental Health	36 Juvenile Probation Title IV-E	45 Alternative Dispute Resolution
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	142,071	14,919	-	-
Charges for Services	-	-	-	5,556
Investment Earnings	-	-	23	2
Other Revenue	-	-	-	-
Total Revenues	<u>142,071</u>	<u>14,919</u>	<u>23</u>	<u>5,558</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	140,877	14,919	-	4,000
Conservation and Development:				
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	<u>140,877</u>	<u>14,919</u>	<u>-</u>	<u>4,000</u>
Net Change in Fund Balance	1,194	-	23	1,558
Fund Balance - October 1 (Beginning)	<u>(373)</u>	<u>-</u>	<u>27,206</u>	<u>3,023</u>
Fund Balance - September 30 (Ending)	<u>\$ 821</u>	<u>\$ -</u>	<u>\$ 27,229</u>	<u>\$ 4,581</u>

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

46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fee Fund	51 Family Protection Fee Fund	52 Attorney Pre-Trial Diversion	55 District Clerk Records Management	56 County Clerk Records Management	57 County Attorney Forfeitures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,680	1,800	1,780	1,129	11,300	1,927	41,643	-
-	-	9	1	55	8	6	-
-	-	-	-	-	-	-	-
<u>1,680</u>	<u>1,800</u>	<u>1,789</u>	<u>1,130</u>	<u>11,355</u>	<u>1,935</u>	<u>41,649</u>	-
-	-	-	-	-	463	24,547	-
-	-	-	-	33,971	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,691	-	2,618	550	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,691</u>	<u>-</u>	<u>2,618</u>	<u>550</u>	<u>33,971</u>	<u>463</u>	<u>24,547</u>	-
(11)	1,800	(829)	580	(22,616)	1,472	17,102	-
130	9,470	10,998	814	72,271	8,441	(943)	660
<u>\$ 119</u>	<u>\$ 11,270</u>	<u>\$ 10,169</u>	<u>\$ 1,394</u>	<u>\$ 49,655</u>	<u>\$ 9,913</u>	<u>\$ 16,159</u>	<u>\$ 660</u>

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

	58 Justice Court Technology	60 State Funded Training-Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	5,053	-	-
Charges for Services	5,844	-	3,634	2,951
Investment Earnings	1	-	12	4
Other Revenue	-	-	-	-
Total Revenues	<u>5,845</u>	<u>5,053</u>	<u>3,646</u>	<u>2,955</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	1,132	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	6,000	-	-	-
Conservation and Development:				
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	<u>6,000</u>	<u>1,132</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(155)	3,921	3,646	2,955
Fund Balance - October 1 (Beginning)	<u>3,674</u>	<u>14,166</u>	<u>11,839</u>	<u>3,080</u>
Fund Balance - September 30 (Ending)	<u>\$ 3,519</u>	<u>\$ 18,087</u>	<u>\$ 15,485</u>	<u>\$ 6,035</u>

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

68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	88 TDA CDBG Fund	95 Medina Lake County Park Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 77,873	\$ 542,364	\$ 542,364
-	-	-	-	458,237	458,237
12,727	7,161	12,250	-	214,947	214,947
-	-	-	-	550,116	550,116
-	5	-	85	906	906
-	-	-	-	7,196	7,196
<u>12,727</u>	<u>7,166</u>	<u>12,250</u>	<u>77,958</u>	<u>1,773,766</u>	<u>1,773,766</u>
-	-	-	-	191,209	191,209
-	-	-	-	51,786	51,786
-	-	-	-	244,872	244,872
-	-	-	-	156,467	156,467
12,727	-	-	-	400,903	400,903
-	2,978	-	59,811	631,282	631,282
-	-	12,250	-	12,250	12,250
<u>12,727</u>	<u>2,978</u>	<u>12,250</u>	<u>59,811</u>	<u>1,688,769</u>	<u>1,688,769</u>
-	4,188	-	18,147	84,997	84,997
-	4,383	-	77,608	940,889	940,889
<u>\$ -</u>	<u>\$ 8,571</u>	<u>\$ -</u>	<u>\$ 95,755</u>	<u>\$ 1,025,886</u>	<u>\$ 1,025,886</u>

BANDERA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BALANCE OCTOBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2014
STATE FEE & FINE FUND				
Assets:				
Cash and Cash Equivalents	\$ 50,928	\$ 223,182	\$ 222,951	\$ 51,159
Other Receivables	690	5	690	5
Total Assets	<u>\$ 51,618</u>	<u>\$ 223,187</u>	<u>\$ 223,641</u>	<u>\$ 51,164</u>
Liabilities:				
Accounts Payable	\$ 49,646	\$ 50,519	\$ 49,646	\$ 50,519
Due to Other Governments	1,972	172,668	173,995	645
Total Liabilities	<u>\$ 51,618</u>	<u>\$ 223,187</u>	<u>\$ 223,641</u>	<u>\$ 51,164</u>
 EMS MEMORIALS & DONATIONS FUND				
Assets:				
Cash and Cash Equivalents	\$ 1,046	\$ 1,642	\$ 1,929	\$ 759
Liabilities:				
Due to Others	\$ 1,046	\$ 1,642	\$ 1,929	\$ 759
 OFFICIALS' FEES & ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 557,932	\$ 51,445,456	\$ 51,327,427	\$ 675,961
Investments - Current	148,584	464	3,789	145,259
Total Assets	<u>\$ 706,516</u>	<u>\$ 51,445,920</u>	<u>\$ 51,331,216</u>	<u>\$ 821,220</u>
Liabilities:				
Due to Other Governments	\$ 557,932	\$ 51,445,456	\$ 51,327,427	\$ 675,961
Due to Others	148,584	464	3,789	145,259
Total Liabilities	<u>\$ 706,516</u>	<u>\$ 51,445,920</u>	<u>\$ 51,331,216</u>	<u>\$ 821,220</u>
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 609,906	\$ 51,670,280	\$ 51,552,307	\$ 727,879
Investments - Current	148,584	464	3,789	145,259
Other Receivables	690	5	690	5
Total Assets	<u>\$ 759,180</u>	<u>\$ 51,670,749</u>	<u>\$ 51,556,786</u>	<u>\$ 873,143</u>
Liabilities:				
Accounts Payable	\$ 49,646	\$ 50,519	\$ 49,646	\$ 50,519
Due to Other Governments	559,904	51,618,124	51,501,422	676,606
Due to Others	149,630	2,106	5,718	146,018
Total Liabilities	<u>\$ 759,180</u>	<u>\$ 51,670,749</u>	<u>\$ 51,556,786</u>	<u>\$ 873,143</u>

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

BANDERA COUNTY
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2014

	64 Ambulance Sinking Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,178	\$ 3,535	\$ 154	\$ 164,082
Other Receivables	-	520	-	503
Total Assets	<u>1,178</u>	<u>4,055</u>	<u>154</u>	<u>164,585</u>
LIABILITIES				
Accounts Payable	-	-	154	4,627
Total Liabilities	<u>-</u>	<u>-</u>	<u>154</u>	<u>4,627</u>
NET POSITION				
Unrestricted Net Position	1,178	4,055	-	159,958
Total Net Position	<u>\$ 1,178</u>	<u>\$ 4,055</u>	<u>\$ -</u>	<u>\$ 159,958</u>

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

97 Bandera EMS Building Fund	-	Total Private Purpose Trust Funds
\$	-	\$ 168,949
	-	1,023
<u>\$</u>	<u>-</u>	<u>\$ 169,972</u>
<u>\$</u>	<u>-</u>	<u>\$ 4,781</u>
<u>\$</u>	<u>-</u>	<u>\$ 4,781</u>
	-	165,191
<u>\$</u>	<u>-</u>	<u>\$ 165,191</u>

BANDERA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Data Control Codes	64 Ambulance Sinking Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ADDITIONS:				
Sales of Merchandise	\$ -	\$ 575	\$ -	\$ -
Investment Earnings	1	3	138	-
Oil Production Royalties	-	-	-	6,550
Contributions & Donations	-	1,942	-	-
Total Additions	<u>1</u>	<u>2,520</u>	<u>138</u>	<u>6,550</u>
DEDUCTIONS:				
Distributions to Schools	-	-	153	4,627
Supplies	-	274	-	-
Publications & Notices	-	1,240	-	-
Building Repair & Maintenance	-	-	-	-
Total Deductions	<u>-</u>	<u>1,514</u>	<u>153</u>	<u>4,627</u>
Change in Net Position	1	1,006	(15)	1,923
Total Net Position - October 1 (Beginning)	<u>1,177</u>	<u>3,049</u>	<u>15</u>	<u>158,035</u>
Total Net Position - September 30 (Ending)	<u>\$ 1,178</u>	<u>\$ 4,055</u>	<u>\$ -</u>	<u>\$ 159,958</u>

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

97 Bandera EMS Building Fund	Total Private Purpose Trust Funds
\$ -	\$ 575
-	142
-	6,550
-	1,942
-	<u>9,209</u>
-	4,780
-	274
-	1,240
180	180
<u>180</u>	<u>6,474</u>
(180)	2,735
180	<u>162,456</u>
<u>\$ -</u>	<u>\$ 165,191</u>

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

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER

AMERICAN INSTITUTE OF
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MEMBER

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

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

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 Bandera 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 February 27, 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 Bandera County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

We noted certain matters that we reported to management of the County of Bandera, Texas, in a separate letter dated February 27, 2015.

Sincerely,

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

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

February 27, 2015

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

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

February 27, 2015

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 22, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bandera County, Texas are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by Bandera County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; and the Schedule of Funding Progress for the Retirement Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds; Combining Statement of Changes in Assets and Liabilities – All Agency Funds; Combining Statement of Net Position – Private Purpose Trust Funds; and Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Commissioner's Court and management of Bandera County and is not intended to be and should not be used by anyone other than these specified parties.

Recommendations

County Attorney

There is not a complete accounting for reconciled cash for the County Attorney's bank account that lists the amount owed to businesses prior to the institution of the current computer system. The amount that is not accounted for is estimated to be about 50% or more of the reconciled bank balance of \$7,958 at September 30, 2014. We recommend that a complete list of amounts owed to businesses be completed and the total reconciled to the bank balance monthly.

Constables

Currently Constables submit the funds they collect from serving warrants to the Treasurer; however, reports are not submitted along with the funds. We recommend that the Constables prepare monthly reports to the Treasurer which include the warrants served, total amount collected and total amount remitted.

Restitution and Texas Parks and Wildlife Fee Collections and Payments

Currently, restitution and Texas Parks and Wildlife fees collected are recorded as revenue for the County and are held until the full amount has been paid. When the funds are disbursed, they are recorded as expenditures for the County. There is no accounting for how much is currently owed. We recommend the collections be posted as a credit to a liability account and subsequent disbursements debited to the same liability account. Also, we recommend that an accounting of the liability balance be maintained.

Prior Year Recommendations and Current Year Status

Tax Assessor Collector Bank Reconciliation

In the prior year we recommended posting errors be corrected properly on the computer generated bank reconciliations for the Tax Assessor Collector Tax Account at Bandera First State Bank (now Texas Hill Country Bank) and that staff obtain additional training in operating the software if necessary. The staff did obtain additional training in operating the software and most of the posting errors were corrected properly, however, there are still posting errors that have not been corrected. Most of the errors were concerning wire transfers that had cleared the bank, but were not cleared in the computer system. We recommend that the staff continue to work on correcting the posting errors for the computer generated bank reconciliations for the Tax Assessor Collector Tax Account at Texas Hill Country Bank. A positive correction adjustment of \$14,472.68 was made to the bank reconciliation.

Justice of the Peace Precincts #1 and #4

In the prior year we recommended receipts should be entered into the system as received. This recommendation has been instituted.

We appreciate the cooperation of the County Auditor's offices and the various officials and employees of the County.

Sincerely,

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

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

Fredericksburg, Texas

February 27, 2015