
**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**COUNTY OF GILLESPIE,
TEXAS**

Fredericksburg, Texas

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

GILLESPIE COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

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

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INDEPENDENT AUDITOR'S REPORT

Honorable Judge and County Commissioners
Gillespie County, Texas
Fredericksburg, TX 78624

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gillespie 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 Gillespie County's basic financial statements. The combining nonmajor and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and fiduciary 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 and fiduciary 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 March 20, 2015, on our consideration of Gillespie 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 Gillespie County's internal control over financial reporting and compliance.

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

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

Fredericksburg, Texas

March 20, 2015

GILLESPIE COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

As management of Gillespie County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2014. Please read it in conjunction with the independent auditors' report on page 1, and County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$20,055,215 (Net Position). Of this amount, \$9,449,187 (unrestricted Net Position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's Net Position increased by \$1,936,314 as a result of this year's operations.
- At September 30, 2014, the County's governmental funds reported combined ending fund balances of \$16,692,509, a decrease of \$7,735,493 in comparison with the prior year.
- At September 30, 2014, the unassigned fund balance of the general fund was \$9,253,635 or 86.51 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 11 & 14) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (operating fund) are presented as required supplementary information on pages 38 and 39.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's Net Position and changes in them. The County's Net Position (the difference between assets and liabilities) provides one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's Net Position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County reports one kind of activity:

➤ Governmental activity - Most of the County's basic services are reported here, including the general administration, public safety, roads and bridges, judicial system, health and sanitation services, public facilities, libraries and education, and agricultural services. Property taxes, user charges, sales tax and governmental grants and contributions finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 11 & 14 provide detailed information about the most significant funds - not the County as a whole.

➤ Governmental funds - All of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note I to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position of the County's governmental activities increased from \$18,118,901 to \$20,055,215. Unrestricted Net Position - the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$9,449,187 at September 30, 2014. This increase in governmental Net Position was the result of four factors. First, the County's expenditures exceeded the revenues by \$8,050,096. Second, the County acquired capital assets in the amount of \$9,978,729. Third, the County retired principal on long-term debt of \$598,878 and issued new debt of \$284,122. Fourth, the County recorded depreciation in the amounts of \$676,859.

Table I
Gillespie County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 18,848	\$ 25,689
Capital Assets	19,388	10,087
Total Assets	<u>\$ 38,236</u>	<u>\$ 35,776</u>
Long-Term Liabilities	\$ 16,470	\$ 16,799
Other Liabilities	1,711	858
Total Liabilities	<u>\$ 18,181</u>	<u>\$ 17,657</u>
Net Position:		
Net Investment in Capital Assets	\$ 7,694	\$ 7,312
Restricted	2,912	2,821
Unrestricted	9,449	7,986
Total Net Position	<u>\$ 20,055</u>	<u>\$ 18,119</u>

Table II
Gillespie County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2014	2013
Revenues:		
Charges for Services	\$ 2,414	\$ 2,197
Operating Grants and Contributions	222	141
Capital Grants and Contributions	-	798
Property Taxes	10,784	9,021
Sales Tax	2,038	1,825
Other Taxes	407	328
Penalty and Interest	95	96
Grants and Contributions Not Restricted	476	487
Miscellaneous Revenue	151	539
Investment Earnings	49	44
Total Revenue	\$ 16,636	\$ 15,476
Expenses:		
Judicial	\$ 1,089	\$ 1,007
General Government	3,721	3,478
Public Safety	5,132	5,021
Road and Bridge	2,561	2,474
Health and Sanitation	208	384
Public Facilities	755	722
Libraries and Education	286	332
Agricultural Services	377	319
Debt Interest	571	79
Debt Fees	-	200
Total Expenses	\$ 14,700	\$ 14,016
Increase in Net Position	\$ 1,936	\$ 1,460
Net Position - Beginning	18,119	16,691
Prior Period Adjustment	-	(32)
Net Position - Ending	\$ 20,055	\$ 18,119

The cost of all governmental activities this year was \$14,700,350. However, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$10,783,883 because the other costs were paid by sales tax (\$2,038,629), capital and operating grants and contributions (\$697,746), user charges (\$2,414,240), other taxes (\$406,818), penalties and interest on taxes (\$95,455), investment earnings (\$49,231), and other miscellaneous (\$150,662).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$16,692,509, which is less than last year's total of \$24,428,002. Included in this year's total change in fund balance is an increase of \$1,490,829 in the County's General Fund, a decrease of \$144,952 in the County's Road and Bridge Fund, and a decrease of \$9,322,212 in the County's GOB Series 2013 Jail Project Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 5.

The Commissioner's Court adopted the General Fund Budget and the Road and Bridge Budget. For both funds, actual revenues were more than the budgeted amounts, while actual expenditures were less than budgeted amounts. This resulted in a positive variance with final budget of \$3,090,764 for the General Fund and a positive variance with final budget of \$226,071 for the Road and Bridge Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2014, the County had the following amounts invested in capital assets, net of depreciation:

	CAPITAL ASSETS	
	in thousands	
	2014	2013
Land and Easements	\$ 1,780	\$ 1,750
Construction in Progress	10,526	1,191
Buildings & Improvements	5,805	5,805
Machinery & Equipment	7,679	7,162
Other Improvements	2,338	2,304
Total Capital Assets	<u>\$ 28,128</u>	<u>\$ 18,212</u>
Less Accumulated Depreciation	8,740	8,126
Capital Assets, Net	<u><u>\$ 19,388</u></u>	<u><u>\$ 10,086</u></u>

This year's major additions included:

Equipment	239,176
Vehicles	340,887
Airport Improvements	33,550
County Jail Construction in Progress	9,334,296
Right of Ways	30,820
TOTALS	<u><u>\$ 9,978,729</u></u>

More detailed information about the County's capital assets is presented in Note 3.E. to the financial statements.

DEBT

At September 30, 2014, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	<u>2014</u>	<u>2013</u>
General Obligation Refunding Bonds – Series 2010	\$ 1,125	\$ 1,275
General Obligation Bonds – Series 2013	13,715	14,110
State Comptroller Obligation	21	32
Capital Leases	241	-
Premium on GO Bonds – Series 2013	1,018	1,073
Compensated Absences	350	309
Total Outstanding Debt	<u>\$ 16,470</u>	<u>\$ 16,799</u>

For governmental activities, the County had \$16,470,337 in general obligation bonds and other long-term debt outstanding, a decrease of 1.96 percent. The County retired \$598,878 in principle on the outstanding long-term debt, and issued a new capital lease for \$284,122. The annual amortization for the bond premium was \$54,659 in fiscal year 2013-2014. The net increase in compensated absences was \$41,091.

More detailed information about the County's long-term liabilities is presented in Note 3.G. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget and tax rates. The major factors are the economy, population growth, and assessed property valuation. These indicators were taken into account when adopting the General Fund budget for 2015. Amounts available for appropriation in the General Fund budget are \$13,091,903 and expenditures are estimated to be \$16,007,326. If these estimates are realized, the County's budgetary General fund balance is expected to decrease \$2,915,423 by the close of 2015 (use of prior year surplus). Amounts available for appropriation in the Road and Bridge Fund budget are \$2,738,756 and expenditures are estimated to be \$3,056,110. If these estimates are realized, the County's budgetary Road and Bridge fund balance is expected to decrease \$317,354 by the close of 2015 (use of prior year surplus).

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor or Commissioners' Court, at Gillespie County, Texas, Fredericksburg, Texas.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 17,792,983
Receivables (net of allowance for uncollectibles)	1,016,526
Inventories	33,147
Prepaid Items	5,221
Capital Assets:	
Land	1,780,335
Infrastructure, net	2,177,607
Buildings, net	3,608,135
Improvements other than Buildings, net	146,702
Machinery and Equipment, net	1,149,975
Construction in Progress	10,525,597
Total Assets	38,236,228
LIABILITIES	
Accounts Payable	1,535,008
Intergovernmental Payable	74,768
Accrued Interest Payable	65,886
Unearned Revenues	35,014
Noncurrent Liabilities	
Due Within One Year	744,927
Due in More Than One Year	15,725,410
Total Liabilities	18,181,013
NET POSITION	
Net Investment in Capital Assets	7,694,255
Restricted for:	
Debt Service	218,139
Special Revenue	2,693,634
Unrestricted Net Position	9,449,187
Total Net Position	\$ 20,055,215

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

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

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Position

	Program Revenues			Primary Gov. Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Judicial	\$ 1,089,371	\$ 627,778	\$ 39,083	\$ (422,510)
General Administration	3,721,158	653,697	34,457	(3,033,004)
Public Safety	5,132,108	80,200	94,613	(4,957,295)
Road and Bridge	2,560,795	907,533	27,392	(1,625,870)
Health and Sanitation	207,998	-	14,789	(193,209)
Public Facilities	754,941	145,032	11,528	(598,381)
Libraries and Education	285,733	-	-	(285,733)
Agriculture Services	376,697	-	-	(376,697)
Bond Interest	571,049	-	-	(571,049)
Fiscal Agent's Fees	500	-	-	(500)
TOTAL PRIMARY GOVERNMENT:	\$ 14,700,350	\$ 2,414,240	\$ 221,862	(12,064,248)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	9,414,057
Property Taxes, Levied for Debt Service	1,369,826
Sales Taxes	2,038,629
Other Taxes	406,818
Penalty and Interest	95,455
Grants and Contributions Not Restricted	475,884
Miscellaneous Revenue	150,662
Investment Earnings	49,231
Total General Revenues	14,000,562

Change in Net Position

1,936,314

Net Position- Beginning

18,118,901

Net Position--Ending

\$ 20,055,215

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

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

	General Fund	Road and Bridge Fund	GOB Series 2013 Jail Project
ASSETS			
Cash and Cash Equivalents	\$ 9,506,140	\$ 1,243,878	\$ 5,249,856
Taxes Receivable	205,870	36,330	-
Allowance for Uncollectible Taxes (credit)	(4,117)	(727)	-
Receivables (Net)	376,217	23,253	-
Intergovernmental Receivables	92,138	-	-
Due from Other Funds	5,353	-	-
Inventories	31,740	1,407	-
Prepaid Items	-	5,221	-
Total Assets	<u>\$ 10,213,341</u>	<u>\$ 1,309,362</u>	<u>\$ 5,249,856</u>
LIABILITIES			
Accounts Payable	\$ 344,335	\$ 129,557	\$ 758,040
Wages and Salaries Payable	276,183	18,856	-
Intergovernmental Payable	74,768	-	-
Due to Other Funds	-	2,245	-
Unearned Revenues	30,927	-	-
Total Liabilities	<u>726,213</u>	<u>150,658</u>	<u>758,040</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	201,753	35,603	-
Total Deferred Inflows of Resources	<u>201,753</u>	<u>35,603</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	31,740	1,407	-
Prepaid Items	-	5,221	-
Restricted Fund Balance:			
Road & Bridge Maintenance & Construction	-	1,116,473	-
Capital Acquisition & Contractual Obligation	-	-	4,491,816
Retirement of Long-Term Debt	-	-	-
Special Revenue	-	-	-
Unassigned Fund Balance	9,253,635	-	-
Total Fund Balances	<u>9,285,375</u>	<u>1,123,101</u>	<u>4,491,816</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,213,341</u>	<u>\$ 1,309,362</u>	<u>\$ 5,249,856</u>

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

Other Funds	Total Governmental Funds
\$ 1,793,109	\$ 17,792,983
34,465	276,665
(689)	(5,533)
14,340	413,810
-	92,138
-	5,353
-	33,147
-	5,221
<u>\$ 1,841,225</u>	<u>\$ 18,613,784</u>
\$ 4,461	\$ 1,236,393
3,576	298,615
-	74,768
3,108	5,353
4,087	35,014
<u>15,232</u>	<u>1,650,143</u>
<u>33,776</u>	<u>271,132</u>
<u>33,776</u>	<u>271,132</u>
-	33,147
-	5,221
-	1,116,473
15	4,491,831
218,139	218,139
1,577,161	1,577,161
(3,098)	9,250,537
<u>1,792,217</u>	<u>16,692,509</u>
<u>\$ 1,841,225</u>	<u>\$ 18,613,784</u>

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

Total Fund Balances - Governmental Funds	\$	16,692,509
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 \$18,212,722 and the accumulated depreciation was \$8,126,241. 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 decrease net position.		(6,810,873)
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.		10,293,485
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(676,859)
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.		556,953
Net Position of Governmental Activities	\$	20,055,215

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

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

	General Fund	Road and Bridge Fund	GOB Series 2013 Jail Project
REVENUES:			
Taxes:			
Property Taxes	\$ 8,032,718	\$ 1,418,204	\$ -
General Sales and Use Taxes	2,038,629	-	-
Other Taxes	8,643	-	-
Penalty and Interest on Taxes	73,779	12,905	-
Licenses and Permits	27,440	675,381	-
Intergovernmental Revenue and Grants	654,431	-	-
Charges for Services	997,291	-	-
Fines	83,184	210,016	-
Forfeits	-	-	-
Investment Earnings	32,036	3,258	12,084
Rents and Royalties	124,471	-	-
Other Revenue	106,760	13,273	-
Total Revenues	12,179,382	2,333,037	12,084
EXPENDITURES:			
Current:			
General Government:			
Judicial	1,014,015	-	-
General Administration	3,175,942	-	-
Public Safety	5,133,588	-	-
Road and Bridge	-	2,779,927	-
Health and Sanitation	199,289	-	-
Public Facilities	537,644	-	-
Libraries and Education	274,204	-	-
Agriculture Services	361,926	-	-
Debt Service:			
Bond Principal	-	-	-
Bond Interest	-	-	-
Fiscal Agent's Fees	-	-	-
Capital Outlay:			
Capital Outlay	-	-	9,334,296
Total Expenditures	10,696,608	2,779,927	9,334,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,482,774	(446,890)	(9,322,212)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	8,055	17,816	-
Proceeds from Capital Leases	-	284,122	-
Total Other Financing Sources (Uses)	8,055	301,938	-
Net Change in Fund Balances	1,490,829	(144,952)	(9,322,212)
Fund Balance - October 1 (Beginning)	7,794,546	1,268,053	13,814,028
Fund Balance - September 30 (Ending)	<u>\$ 9,285,375</u>	<u>\$ 1,123,101</u>	<u>\$ 4,491,816</u>

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

Other Funds	Total Governmental Funds
\$ 1,341,624	\$ 10,792,546
-	2,038,629
398,175	406,818
8,771	95,455
-	702,821
43,315	697,746
119,235	1,116,526
2,947	296,147
1,242	1,242
1,853	49,231
144,106	268,577
11,606	131,639
<u>2,072,874</u>	<u>16,597,377</u>
25,352	1,039,367
419,943	3,595,885
2,286	5,135,874
27,392	2,807,319
-	199,289
157,654	695,298
-	274,204
-	361,926
545,000	545,000
658,515	658,515
500	500
-	<u>9,334,296</u>
<u>1,836,642</u>	<u>24,647,473</u>
<u>236,232</u>	<u>(8,050,096)</u>
4,610	30,481
-	<u>284,122</u>
<u>4,610</u>	<u>314,603</u>
240,842	(7,735,493)
<u>1,551,375</u>	<u>24,428,002</u>
<u>\$ 1,792,217</u>	<u>\$ 16,692,509</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	(7,735,493)
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.		10,293,485
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.		(676,859)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		55,181
Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,936,314</u>

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

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

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 370,034	\$ 1,619,631
Other Receivables	736	23,814
Total Assets	<u>370,770</u>	<u>\$ 1,643,445</u>
LIABILITIES		
Accounts Payable	12,703	\$ -
Due to Other Governments	-	808,504
Due to Others	-	834,941
Total Liabilities	<u>12,703</u>	<u>\$ 1,643,445</u>
NET POSITION		
Unrestricted Net Position	<u>358,067</u>	
Total Net Position	<u>\$ 358,067</u>	

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

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

	Private Purpose Trust Funds
ADDITIONS:	
Charges for Services	\$ 11,458
Investment Earnings	617
Total Additions	<u>12,075</u>
DEDUCTIONS:	
Salaries and Wages	7,874
Employee Benefits	1,795
Professional Services	6,227
Supplies	14,561
Books	8,191
Total Deductions	<u>38,648</u>
Change in Net Position	(26,573)
Total Net Position -October 1 (Beginning)	<u>384,640</u>
Total Net Position September 30 (Ending)	<u><u>\$ 358,067</u></u>

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

GILLESPIE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gillespie County have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. 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 has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the County over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the County and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The County's financial statements include all funds over which the County exercises oversight responsibility. Also, the County is not included as a part of any other reporting entity.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The government-wide financial statements include the statement of Net Position and the statement of activities. Government-wide Financial Statements 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 main operating fund of the County, is always classified as a major fund. It is the primary fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure of principal and interest on general long-term debt of the County. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

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 five 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.

Major and Nonmajor Funds

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

Major Fund	Brief Description
General Fund	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Capital Projects Fund: GOB Series 2013 Jail Project	Accounts for the jail construction project funded with General Obligation Bonds Series 2013.

Nonmajor funds consist of special revenue funds and debt service 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 Private Purpose 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 fiduciary 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, certificates of deposit 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

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."

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

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

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of fuel and postage held for consumption. Inventories in the Special Revenue Fund consist of sign machine supplies. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (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. 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.

Property, plant and equipment 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

Vacation pay and sick leave benefits are accrued by County employees according to guidelines set out in the County's personnel policy. The policy allows employees to accumulate vacation, sick leave and overtime within certain limitations. Employees accrue 10 to 18 days of vacation each year (depending upon their length of service) and are allowed to accumulate unused vacation for two years. Unused vacation is paid upon termination or retirement. The County's policy allows for accumulation of up to 480 hours of sick leave, but does not provide for payment of any unused sick leave. Also, in accordance with the Fair Labor Standards Act, as it applies to local governments, non-exempt County employees have been granted compensatory time for hours worked beyond their regular working hours since October 1, 1987. Accumulated compensatory time is also paid upon termination of employment. The estimated cost of unused vacation and compensatory time is recorded in the accompanying financial statements in the government-wide financial statements.

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 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 expenditures in the year incurred.

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.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

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.

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).

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt 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 are 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.

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 \$7,699,517 and the bank balance was \$7,762,036. The County's cash deposits held at Security State Bank & Trust 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.

The County's temporary investments consisted of certificates of deposit and local government investment pools at September 30, 2014 and are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
<u>Certificates of Deposit -</u>				
Blanco National Bank	\$ 2,400,000	\$ 2,400,000	\$ 250,000	\$ 2,930,255
Security State Bank & Trust	2,650,000	2,650,000	250,000	19,033,491
<u>Liquid Asset Portfolio -</u>				
TexPool	3,584,795	3,584,795	*	*
TexasClass	2,131,843	2,131,843	*	*
Total Governmental Activities	<u>\$ 10,766,638</u>	<u>\$ 10,766,638</u>		

* TexPool and TexasClass are Local Government Investment Pools 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. TexPool and TexasClass are 2(a)7 like funds, meaning that they are structured similar to money market mutual funds. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. TexPool and TexasClass are rated AAAM and must maintain a weighted average maturity not to exceed 60 days.

At September 30, 2014, TexPool had a weighted average maturity of 48 days and TexasClass had a weighted average maturity of 43 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. The State Comptroller oversees TexPool and TexasClass, with a third party managing the daily operations of the pool under contract.

Policies Governing Deposits and Investments

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

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were 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. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2014, the County was not exposed to concentration of credit 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:

	<u>General</u>	<u>Road and Bridge</u>	<u>GOB Series 2013 Jail Project</u>	<u>Other Govern- mental Funds</u>	<u>TOTAL</u>
Receivables:					
Property Taxes	\$ 205,870	\$ 36,330	\$ -	\$ 34,465	\$ 276,665
Other	376,217	23,253	-	14,340	413,810
Intergovernmental	<u>92,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,138</u>
Gross Receivables	\$ 674,225	\$ 59,583	\$ -	\$ 48,805	\$ 782,613
Less: Allowance for Uncollectibles	<u>4,117</u>	<u>727</u>	<u>-</u>	<u>689</u>	<u>5,533</u>
Net Total Receivables	<u>\$ 670,108</u>	<u>\$ 58,856</u>	<u>\$ -</u>	<u>\$ 48,116</u>	<u>\$ 777,080</u>

Governmental funds report *Deferred Inflows of Resources - 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 report *Unearned Revenue* or defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *Unavailable and Unearned Revenues* reported in the governmental funds were as follows:

General Fund -	
Unavailable Revenue - Property Taxes	\$ 201,753
Unearned Revenue	30,927
<hr/>	
Special Revenue Road and Bridge Fund -	
Unavailable Revenue - Property Taxes	35,603
Other Governmental Funds -	
Unavailable Revenue - Property Taxes	33,776
Unearned Revenue	<u>4,087</u>
TOTAL UNAVAILABLE AND UNEARNED REVENUES	<u>\$ 306,146</u>

3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$1,596,310 which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts, the County has estimated an allowance for uncollectible court fines and fees of \$1,356,864, resulting in a net receivable of \$239,446.

3.D. PROPERTY TAXES

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2013 tax roll, the total assessed valuation was \$2,861,536,662 and the taxes assessed amounted to \$10,888,147. The total tax rate was \$0.3805 per \$100 valuation and allocated \$0.3331 to maintenance and operations and \$0.0474 to interest and sinking funds. The maximum tax levy allowed by State law for the above purposes is \$0.80 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.

3.E. 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	\$ 1,195,265	\$ -	\$ -	\$ 1,195,265
Easements	554,250	30,820	-	585,070
Construction In Progress	1,191,301	9,334,296	-	10,525,597
Total Capital Assets, Not Being Depreciated	\$ 2,940,816	\$ 9,365,116	\$ -	\$ 12,305,932
Capital Assets, Being Depreciated:				
Buildings	5,625,158	-	-	5,625,158
Building Improvements	180,270	-	-	180,270
Machinery and Equipment	7,162,223	580,063	(62,808)	7,679,478
Other Improvements	2,304,255	33,550	-	2,337,805
Total Capital Assets Being Depreciated	15,271,906	613,613	(62,808)	15,822,711
Less Accumulated Depreciation:				
Buildings	(1,903,679)	(113,344)	-	(2,017,023)
Building Improvements	(20,446)	(13,122)	-	(33,568)
Machinery and Equipment	(6,122,885)	(469,426)	62,808	(6,529,503)
Other Improvements	(79,231)	(80,967)	-	(160,198)
Total Accumulated Depreciation	(8,126,241)	(676,859)	62,808	(8,740,292)
Total Capital Assets Being Depreciated, Net	7,145,665	(63,246)	-	7,082,419
Governmental Activities Capital Assets, Net	\$ 10,086,481	\$ 9,301,870	\$ -	\$ 19,388,351

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

Governmental Activities:	
General Government	\$ 151,022
Public Safety	218,491
Judicial	44,274
Road and Bridge	126,639
Health and Sanitation	8,358
Public Facilities	100,461
Libraries and Education	12,436
Agricultural Services	15,178
Total Depreciation Expense - Governmental Activities	\$ 676,859

3.F. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2014, consisted of the following:

Due to/from other funds

	Due To	Due From
General Fund	\$ -	\$ 5,353
Road & Bridge Fund	2,245	-
Nonmajor Governmental Funds	3,108	-
TOTAL	<u>\$ 5,353</u>	<u>\$ 5,353</u>

Interfund transfers

During the year ended September 30, 2014 the County's did not have transfers between funds.

3.G. LONG-TERM LIABILITIES

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

	Balance 10/01/13	Issued	Retired	Balance 9/30/14	Due Within One Year
General Obligation Refunding Bonds – Series 2010	\$ 1,275,000	\$ -	\$ 150,000	\$ 1,125,000	\$ 150,000
General Obligation Bonds – Series 2013	14,110,000	-	395,000	13,715,000	530,000
Premium on General Obligation Bonds Series 2013	1,072,676	-	54,659	1,018,017	-
State Comptroller Obligation	31,780	-	10,593	21,187	10,593
Capital Leases	-	284,122	43,285	240,837	54,334
Compensated Absences	309,205	190,492	149,401	350,296	-
TOTAL	<u>\$ 16,798,661</u>	<u>\$ 474,614</u>	<u>\$ 802,938</u>	<u>\$ 16,470,337</u>	<u>\$ 744,927</u>

Certificates of Obligation	Balance at 9/30/14	Due Within One Year
General Obligation Refunding Bonds – Series 2010 Original issue amount \$1,590,000, interest rates of 0.80% to 3.40%, With final maturity date February 15, 2021	1,125,000	150,000
General Obligation Bonds – Series 2013 Original issue amount \$14,110,000, interest rates of 2.0% to 4.0%, With final maturity date February 15, 2033	<u>13,715,000</u>	<u>530,000</u>
TOTAL CERTIFICATES OF OBLIGATION	<u>\$ 14,840,000</u>	<u>\$ 680,000</u>

Long Term Debt Advance Refunding

On December 16, 2010 the County issued \$1,590,000 of refunding bonds (Gillespie County, Texas General Obligation Refunding Bonds, Series 2010) to finance the remaining callable obligations from the County's Series 2001 Certificates of Obligation. The bonds were called and were redeemed by depositing \$1,151,254 into an escrow account on December 16, 2010. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/2014
Gillespie County Certificates of Obligation - Series 2001	\$ 1,515,000	\$ 1,135,000
Total Amount Refunded	<u>\$ 1,515,000</u>	<u>\$ 1,135,000</u>

General Obligation Bonds

On May 15, 2013, the County issued \$14,110,000 General Obligation Bonds, Series 2013 for the construction and equipping of a new County Jail. The bonds mature on February 15 in each of the years 2014 through 2033, bearing interest at rates from 2.0% to 4.0%.

Debt service requirements for the General Obligation Refunding Bonds - Series 2010 and the General Obligation Bonds – Series 2013 are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2015	\$ 680,000	\$ 520,328	\$ 1,200,328
2016	690,000	506,515	1,196,515
2017	705,000	492,028	1,197,028
2018	725,000	476,740	1,201,740
2019	745,000	457,715	1,202,715
2020-2024	3,575,000	1,890,720	5,465,720
2025-2029	3,945,000	1,162,500	5,107,500
2030-2034	3,775,000	309,300	4,084,300
TOTAL	<u>\$ 14,840,000</u>	<u>\$ 5,815,846</u>	<u>\$ 20,655,846</u>

State Comptroller Obligation

On November 15, 1995, Gillespie County was notified by the State Comptroller of Public Accounts that in the course of an ongoing audit of a major corporation doing business in Texas, it was discovered that the firm had incorrectly credited several million dollars in sales tax to state government, as well as to nearly 400 cities and counties across the state. As a result of the audit, it was determined that Gillespie County was overpaid \$211,870 in County sales tax over a four-year period and would be required to reimburse that amount to the State Comptroller. On October 21, 1996, the State Comptroller agreed to a repayment schedule of twenty (20) years with no interest. The first quarterly payment was due on January 1, 1997, with annual requirements of \$10,593 for the next twenty (20) years. All payments will be funded by the General Fund.

The annual requirements due to the State are as follows:

Year Ending September 30,	Amount Due
2015	\$ 10,593
2016	10,594
TOTAL	<u>\$ 21,187</u>

Capital Leases

On October 29, 2013 Gillespie County executed a \$284,122 Capital Lease obligation with Government Capital – Southside Bank for the purchase of a Model RJ350 Broce Broom, a Ford Dump Truck, a PUP Trailer, a STCC Cross Conveyor, and three Ford F350 Pickup Trucks. The finance contract is dated September 23, 2013 and is due in sixty monthly installments of \$5,221.04 until 11/15/2018, with an interest rate of 3.849%.

A summary of the future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2014 follows:

Year Ended September 30	
2015	\$ 62,652
2016	62,652
2017	62,652
2018	62,652
2019	10,444
Total Minimum Lease Payments	\$ 261,052
Less Amount Representing Interest	20,215
Present Value of Lease Payments	<u>\$ 240,837</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery & Equipment	\$ 289,980
Less: Accumulated Depreciation	(40,032)
TOTAL	<u>\$ 249,948</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	\$ 31,643
Total Minimum Rentals	<u>\$ 31,643</u>
Rental Expenditures in Fiscal Year 2014	<u>\$ 62,182</u>

3.H. CLAIMS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and/or state 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 County expects such amounts, if any, to be immaterial.

The County is currently involved in one pending litigation suit and is subject to other various litigation and claims arising out of the normal course of operations. Although the outcome of this claim is not presently determinable, in the opinion County management, the resolution of this matter will not have a material adverse effect on the County's financial position. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

3.I. RISK MANAGEMENT

Gillespie County 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 contracted with Wells Fargo Insurance Services, USA to provide the aforementioned types of insurance coverage through OneBeacon Insurance Group, LLC.

Gillespie County also provides a Blanket Accident Insurance Policy for Emergency Service Organizations covering the Gillespie County Rural Volunteer Departments; a property and liability insurance policy covering Gillespie County Rural Schools; a liability policy covering the Gillespie County Airport; and a Crime Policy through commercial insurance carriers.

3.J. HEALTH INSURANCE

The County provides group medical and basic life insurance coverage for full-time employees through the Texas Association of Counties (TAC). The county pays the premiums for these eligible employees. Employees, at their options, may authorize payroll withholdings to pay premiums for eligible family members or for other supplemental coverage.

3.K. EMPLOYEE RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for 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 Commissioners' Court of Gillespie 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 prior to retirement are not entitled to any amounts contributed by the County. Partial lump sum distributions are allowed at retirement.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and County-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court of Gillespie County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County'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 County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

Gillespie 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 the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. For 2014 and 2013 the County elected to contribute 15.00% each year, although the actuarially determined rate was 10.79% and 10.69% respectively. The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners' Court of Gillespie County. The Commissioners' Court within the options available in TCDRS Act may change the employee deposit rate and the County contribution rate.

Annual Pension Cost

For the County's accounting year ended September 30, 2014, the annual pension cost for the TCDRS plan for its employees was \$744,250 and the actual contributions were \$744,250.

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, 2013, the basis for determining the contribution rate 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	4.5	6.1	6.2
Asset valuation method	SAF: 5-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return ¹	8%	8%	8%
Projected salary increases ¹	4.9%	5.4%	5.4%
Inflation	3.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
¹ Includes inflation at the stated rate			

**TREND INFORMATION FOR THE
RETIREMENT PLAN FOR THE EMPLOYEES OF
GILLESPIE COUNTY**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/10	\$ 651,259	100%	-0-
9/30/11	746,510	100%	-0-
9/30/12	731,730	100%	-0-
9/30/13	740,956	100%	-0-
9/30/14	744,250	100%	-0-

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits. The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (Actuarial) (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/13	\$ 15,032,915	\$ 16,968,786	\$ 1,935,871	88.59%	\$ 4,913,407	39.40%

3.L. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Retired County employees and their dependents are eligible to elect continued coverage under the County's healthcare program upon retirement if they were carrying the healthcare coverage at the time of their retirement and they have at least 8 years of continuous service upon retirement with the County. The County currently contributes 50% (or up to \$100/month) of the premium charged for such benefits for qualifying retirees. The County does not contribute any amount for continued dependent coverage. The Commissioners' Court, as the governing body of the County, approves such Other Postemployment Benefits (OPEB) on a year-to-year basis during the annual budget process and has not created a constitutionally valid obligation for OPEB beyond fiscal year 2014. As of September 30, 2014, there are 12 retirees who qualify for the \$100/month OPEB benefit. The cost of OPEB for the year ended September 30, 2014 was \$14,100 and the amount projected to be incurred in the year ending September 30, 2015 is \$19,200.

3.M. 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 plan, created in accordance with Internal Revenue Code Section 457(B), 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 plan, 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 plan, 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 participant balances were \$149,342 in Nationwide and \$78,075 in VALIC.

3.N. FUND BALANCE DEFICIT

The Grant Fund had a fund balance deficit of \$3,098 at September 30, 2014. This deficit will be funded in the fiscal year 2014-2015 with a transfer from the General Fund.

3.O. TAX ASSESSOR COLLECTOR CASH SHORTAGE

The Tax Assessor-Collector collects and remits tax collections to local taxing entities including Gillespie County. In January 2014, the County Treasurer notified the County Auditor that the County had not received tax revenue due to the County for the last two days of December. The County Treasurer and the County Auditor made numerous requests to the Tax Assessor-Collector requesting the balance of the tax revenue due to the County.

In April 2014, the Tax Assessor-Collector submitted a large portion of the tax revenue to the County Treasurer, leaving a balance of \$75,889.60 still due to the County as of the date of this report.

Because of the shortage, the County Auditor had begun analyzing the bank account activity of the Tax Office in comparison with the collection and payment activity source documents. This analysis raised significant concerns and questions regarding the collections of taxes, payment of taxes, and reporting of tax collections.

In August of 2014, the County Auditor brought these issues to the attention of the County Commissioners and it was determined that a forensic consultant would be engaged. The forensic consultant found that the transaction recording and financial reporting processes of the Tax Assessor-Collector Office were seriously deficient. The forensic consultant determined that the net unfunded shortage due to all taxing entities (including Gillespie County) was \$89,528.27 and recommended a necessary update and overhaul of the Tax Assessor-Collector Office transactional processing system.

The forensic consultant was subsequently engaged to redesign procedures in the Tax Assessor-Collector's office and to provide processes for proper transition of all tax collection responsibilities to the Gillespie Central Appraisal District. This process is ongoing as of the date of this report.

3.P. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 20, 2015, the date which the financial statements were available to be issued.

In November 2014, the County filed for recovery of the shortage through the Tax Assessor-Collector's bond. Currently, the funding company is performing an investigation.

On October 13, 2014, the County entered into a \$576,301 financing agreement with Government Capital Corporation for the purpose of procuring Sheriff's Office communication equipment. The agreement is due in 120 monthly installments of \$5,714, with an interest rate of 3.548%, and final payment due on October 28, 2024

In December 2014, Gillespie County Commissioners approved moving the tax collection function from the County Tax Assessor-Collector to the Gillespie County Appraisal District effective when the Gillespie County Appraisal District is ready to begin the function.

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 \$1,935,871 as of December 31, 2013.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 8,222,826	\$ 8,222,826	\$ 8,032,718	\$ (190,108)
General Sales and Use Taxes	1,751,000	1,751,000	2,038,629	287,629
Other Taxes	-	-	8,643	8,643
Penalty and Interest on Taxes	60,000	60,000	73,779	13,779
Licenses and Permits	20,000	20,000	27,440	7,440
Intergovernmental Revenue and Grants	535,570	535,570	654,431	118,861
Charges for Services	732,230	732,230	997,291	265,061
Fines	73,000	73,000	83,184	10,184
Investment Earnings	35,000	35,000	32,036	(2,964)
Rents and Royalties	120,000	120,000	124,471	4,471
Other Revenue	106,000	106,000	106,760	760
Total Revenues	<u>11,655,626</u>	<u>11,655,626</u>	<u>12,179,382</u>	<u>523,756</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	1,040,072	1,057,737	1,014,015	43,722
General Administration	4,034,402	3,946,577	3,175,942	770,635
Public Safety	5,491,929	5,497,989	5,133,588	364,401
Health and Sanitation	1,074,581	1,074,581	199,289	875,292
Public Facilities	624,804	628,904	537,644	91,260
Libraries and Education	321,614	321,614	274,204	47,410
Agriculture Services	318,159	378,159	361,926	16,233
Total Expenditures	<u>12,905,561</u>	<u>12,905,561</u>	<u>10,696,608</u>	<u>2,208,953</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,249,935)</u>	<u>(1,249,935)</u>	<u>1,482,774</u>	<u>2,732,709</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	8,055	8,055
Transfers Out (Use)	(350,000)	(350,000)	-	350,000
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>8,055</u>	<u>358,055</u>
Net Change	<u>(1,599,935)</u>	<u>(1,599,935)</u>	<u>1,490,829</u>	<u>3,090,764</u>
Fund Balance - October 1 (Beginning)	<u>7,794,546</u>	<u>7,794,546</u>	<u>7,794,546</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 6,194,611</u>	<u>\$ 6,194,611</u>	<u>\$ 9,285,375</u>	<u>\$ 3,090,764</u>

GILLESPIE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE
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	\$ 1,450,352	\$ 1,450,352	\$ 1,418,204	\$ (32,148)
Penalty and Interest on Taxes	8,000	8,000	12,905	4,905
Licenses and Permits	620,000	620,000	675,381	55,381
Fines	152,500	152,500	210,016	57,516
Investment Earnings	2,625	2,625	3,258	633
Other Revenue	500	500	13,273	12,773
Total Revenues	2,233,977	2,233,977	2,333,037	99,060
EXPENDITURES:				
Current:				
Road and Bridge	3,285,000	3,285,000	2,779,927	505,073
Total Expenditures	3,285,000	3,285,000	2,779,927	505,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,051,023)	(1,051,023)	(446,890)	604,133
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	17,816	17,816
Proceeds from Capital Leases	330,000	330,000	284,122	(45,878)
Transfers In	2,770,000	2,770,000	-	(2,770,000)
Transfers Out (Use)	(2,420,000)	(2,420,000)	-	2,420,000
Total Other Financing Sources (Uses)	680,000	680,000	301,938	(378,062)
Change in Fund Balance	(371,023)	(371,023)	(144,952)	226,071
Fund Balance - October 1 (Beginning)	1,268,053	1,268,053	1,268,053	-
Fund Balance - September 30 (Ending)	\$ 897,030	\$ 897,030	\$ 1,123,101	\$ 226,071

GILLESPIE COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2014

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	9,115,285	10,619,109	1,503,824	85.84%	3,669,397	40.98%
12/31/08	8,818,968	11,029,018	2,210,050	79.96%	3,988,068	55.42%
12/31/09	10,119,172	12,352,755	2,233,583	81.92%	4,373,531	51.07%
12/31/10	11,051,919	13,341,378	2,289,459	82.84%	4,676,134	48.96%
12/31/11	12,258,829	14,664,319	2,405,490	83.60%	4,800,119	50.11%
12/31/12	13,771,679	16,120,485	2,348,806	85.43%	4,901,795	47.92%
12/31/13	15,032,915	16,968,786	1,935,871	88.59%	4,913,407	39.40%

SUPPLEMENTARY INFORMATION

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

	11 Grants Fund	20 Law Library Fund	21 Lateral Road Fund	24 Probate Training Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 13,481	\$ -	\$ 26,341
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	2,329	-	184
Total Assets	\$ -	\$ 15,810	\$ -	\$ 26,525
LIABILITIES				
Accounts Payable	\$ -	\$ 508	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	3,098	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	3,098	508	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted Fund Balance:				
Capital Acquisition & Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Special Revenue	-	15,302	-	26,525
Unassigned Fund Balance	(3,098)	-	-	-
Total Fund Balances	(3,098)	15,302	-	26,525
Total Liabilities, Deferred Inflows & Fund Balances	\$ -	\$ 15,810	\$ -	\$ 26,525

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

25 Court Reporter Service Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security Fund	32 Courthouse Security Fund	34 District Clerk Records Management	35 County and District Crt. Technology
\$ 237	\$ 83,504	\$ 86,518	\$ 17,663	\$ 27,149	\$ 12,630	\$ 5,630	\$ 13,524
-	-	-	-	-	-	-	-
848	1,182	5,671	-	202	1,623	328	663
<u>\$ 1,085</u>	<u>\$ 84,686</u>	<u>\$ 92,189</u>	<u>\$ 17,663</u>	<u>\$ 27,351</u>	<u>\$ 14,253</u>	<u>\$ 5,958</u>	<u>\$ 14,187</u>
\$ -	\$ -	\$ 2	\$ 311	\$ -	\$ 5	\$ -	\$ -
-	-	494	-	-	1,251	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	496	311	-	1,256	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,085	84,686	91,693	17,352	27,351	12,997	5,958	14,187
-	-	-	-	-	-	-	-
<u>1,085</u>	<u>84,686</u>	<u>91,693</u>	<u>17,352</u>	<u>27,351</u>	<u>12,997</u>	<u>5,958</u>	<u>14,187</u>
<u>\$ 1,085</u>	<u>\$ 84,686</u>	<u>\$ 92,189</u>	<u>\$ 17,663</u>	<u>\$ 27,351</u>	<u>\$ 14,253</u>	<u>\$ 5,958</u>	<u>\$ 14,187</u>

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

	36 Hotel Occupancy Tax Fund	37 Pretrial Intervention Fund	51 Justice Court Technology Fund	54 Pioneer Memorial Library Grant
ASSETS				
Cash and Cash Equivalents	\$ 447,101	\$ 123,026	\$ 102,555	\$ 470
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	818	-
Total Assets	<u>\$ 447,101</u>	<u>\$ 123,026</u>	<u>\$ 103,373</u>	<u>\$ 470</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
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:				
Capital Acquisition & Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Special Revenue	447,101	123,026	103,373	470
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>447,101</u>	<u>123,026</u>	<u>103,373</u>	<u>470</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 447,101</u>	<u>\$ 123,026</u>	<u>\$ 103,373</u>	<u>\$ 470</u>

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

72 Airport Operations Fund	78 LEOSE Training Fund	81 Tax Assessor M V I Fund	93 Sheriff Abandoned Vehicles	Total Nonmajor Special Revenue Funds	53 Interest and Sinking Fund	62 GOB Series 2013 Interest and Sinking	Total Nonmajor Debt Service Funds
\$ 598,769	\$ 15,543	\$ 107	\$ 1,199	\$ 1,575,447	\$ 30,914	\$ 186,733	\$ 217,647
-	-	-	-	-	4,479	29,986	34,465
-	-	-	-	-	(89)	(600)	(689)
-	-	-	-	13,848	166	326	492
<u>\$ 598,769</u>	<u>\$ 15,543</u>	<u>\$ 107</u>	<u>\$ 1,199</u>	<u>\$ 1,589,295</u>	<u>\$ 35,470</u>	<u>\$ 216,445</u>	<u>\$ 251,915</u>
\$ 3,635	\$ -	\$ -	\$ -	\$ 4,461	\$ -	\$ -	\$ -
1,831	-	-	-	3,576	-	-	-
10	-	-	-	3,108	-	-	-
4,087	-	-	-	4,087	-	-	-
<u>9,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	4,390	29,386	33,776
-	-	-	-	-	4,390	29,386	33,776
-	-	-	-	-	-	-	-
-	-	-	-	-	31,080	187,059	218,139
589,206	15,543	107	1,199	1,577,161	-	-	-
-	-	-	-	(3,098)	-	-	-
<u>589,206</u>	<u>15,543</u>	<u>107</u>	<u>1,199</u>	<u>1,574,063</u>	<u>31,080</u>	<u>187,059</u>	<u>218,139</u>
<u>\$ 598,769</u>	<u>\$ 15,543</u>	<u>\$ 107</u>	<u>\$ 1,199</u>	<u>\$ 1,589,295</u>	<u>\$ 35,470</u>	<u>\$ 216,445</u>	<u>\$ 251,915</u>

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

	73 Airport Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 15	\$ 1,793,109
Taxes Receivable	-	34,465
Allowance for Uncollectible Taxes (credit)	-	(689)
Receivables (Net)	-	14,340
Total Assets	\$ 15	\$ 1,841,225
LIABILITIES		
Accounts Payable	\$ -	\$ 4,461
Wages and Salaries Payable	-	3,576
Due to Other Funds	-	3,108
Unearned Revenues	-	4,087
Total Liabilities	-	15,232
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	-	33,776
Total Deferred Inflows of Resources	-	33,776
FUND BALANCES		
Restricted Fund Balance:		
Capital Acquisition & Contractual Obligation	15	15
Retirement of Long-Term Debt	-	218,139
Special Revenue	-	1,577,161
Unassigned Fund Balance	-	(3,098)
Total Fund Balances	15	1,792,217
Total Liabilities, Deferred Inflows & Fund Balances	\$ 15	\$ 1,841,225

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

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

	11	20	21	24
	Grants	Law	Lateral	Probate
	Fund	Library	Road	Training
	Fund	Fund	Fund	Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	27,392	-
Charges for Services	-	14,538	-	2,973
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Rents and Royalties	-	-	-	-
Other Revenue	-	-	-	446
Total Revenues	<u>-</u>	<u>14,538</u>	<u>27,392</u>	<u>3,419</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	20,804	-	-
General Administration	-	-	-	815
Public Safety	-	-	-	-
Road and Bridge	-	-	27,392	-
Public Facilities	-	-	-	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>20,804</u>	<u>27,392</u>	<u>815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(6,266)</u>	<u>-</u>	<u>2,604</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(6,266)	-	2,604
Fund Balance - October 1 (Beginning)	<u>(3,098)</u>	<u>21,568</u>	<u>-</u>	<u>23,921</u>
Fund Balance - September 30 (Ending)	<u>\$ (3,098)</u>	<u>\$ 15,302</u>	<u>\$ -</u>	<u>\$ 26,525</u>

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

25 Court Reporter Service Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security Fund	32 Courthouse Security Fund	34 District Clerk Records Management	35 County and District Crt. Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,491	8,273	55,209	-	-	17,750	1,503	3,162
-	-	-	-	2,947	-	-	-
-	-	-	1,242	-	-	-	-
-	-	-	26	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,491</u>	<u>8,273</u>	<u>55,209</u>	<u>1,268</u>	<u>2,947</u>	<u>17,750</u>	<u>1,503</u>	<u>3,162</u>
4,548	-	-	-	-	-	-	-
-	-	25,614	-	-	49,287	1,001	900
-	-	-	1,250	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,548</u>	<u>-</u>	<u>25,614</u>	<u>1,250</u>	<u>-</u>	<u>49,287</u>	<u>1,001</u>	<u>900</u>
<u>(1,057)</u>	<u>8,273</u>	<u>29,595</u>	<u>18</u>	<u>2,947</u>	<u>(31,537)</u>	<u>502</u>	<u>2,262</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,057)</u>	<u>8,273</u>	<u>29,595</u>	<u>18</u>	<u>2,947</u>	<u>(31,537)</u>	<u>502</u>	<u>2,262</u>
<u>2,142</u>	<u>76,413</u>	<u>62,098</u>	<u>17,334</u>	<u>24,404</u>	<u>44,534</u>	<u>5,456</u>	<u>11,925</u>
<u>\$ 1,085</u>	<u>\$ 84,686</u>	<u>\$ 91,693</u>	<u>\$ 17,352</u>	<u>\$ 27,351</u>	<u>\$ 12,997</u>	<u>\$ 5,958</u>	<u>\$ 14,187</u>

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

	36 Hotel Occupancy Tax Fund	37 Pretrial Intervention Fund	51 Justice Court Technology Fund	54 Pioneer Memorial Library Grant
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	398,175	-	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	500	11,836	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	637	-	-	-
Rents and Royalties	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>398,812</u>	<u>500</u>	<u>11,836</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	342,326	-	-	-
Public Safety	-	-	-	-
Road and Bridge	-	-	-	-
Public Facilities	-	-	-	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>342,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,486</u>	<u>500</u>	<u>11,836</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	56,486	500	11,836	-
Fund Balance - October 1 (Beginning)	<u>390,615</u>	<u>122,526</u>	<u>91,537</u>	<u>470</u>
Fund Balance - September 30 (Ending)	<u>\$ 447,101</u>	<u>\$ 123,026</u>	<u>\$ 103,373</u>	<u>\$ 470</u>

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

72 Airport Operations Fund	78 LEOSE Training Fund	81 Tax Assessor M V I Fund	93 Sheriff Abandoned Vehicles	Total Nonmajor Special Revenue Funds	53 Interest and Sinking Fund	62 GOB Series 2013 Interest and Sinking	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,798	\$ 1,167,826	\$ 1,341,624
-	-	-	-	398,175	-	-	-
-	-	-	-	-	1,692	7,079	8,771
11,528	4,395	-	-	43,315	-	-	-
-	-	-	-	119,235	-	-	-
-	-	-	-	2,947	-	-	-
-	-	-	-	1,242	-	-	-
997	-	-	1	1,661	25	152	177
144,106	-	-	-	144,106	-	-	-
11,152	-	-	-	11,598	-	8	8
<u>167,783</u>	<u>4,395</u>	<u>-</u>	<u>1</u>	<u>722,279</u>	<u>175,515</u>	<u>1,175,065</u>	<u>1,350,580</u>
-	-	-	-	25,352	-	-	-
-	-	-	-	419,943	-	-	-
-	1,036	-	-	2,286	-	-	-
-	-	-	-	27,392	-	-	-
157,654	-	-	-	157,654	-	-	-
-	-	-	-	-	150,000	395,000	545,000
-	-	-	-	-	32,077	626,438	658,515
-	-	-	-	-	500	-	500
<u>157,654</u>	<u>1,036</u>	<u>-</u>	<u>-</u>	<u>632,627</u>	<u>182,577</u>	<u>1,021,438</u>	<u>1,204,015</u>
<u>10,129</u>	<u>3,359</u>	<u>-</u>	<u>1</u>	<u>89,652</u>	<u>(7,062)</u>	<u>153,627</u>	<u>146,565</u>
<u>4,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,739</u>	<u>3,359</u>	<u>-</u>	<u>1</u>	<u>94,262</u>	<u>(7,062)</u>	<u>153,627</u>	<u>146,565</u>
<u>574,467</u>	<u>12,184</u>	<u>107</u>	<u>1,198</u>	<u>1,479,801</u>	<u>38,142</u>	<u>33,432</u>	<u>71,574</u>
<u>\$ 589,206</u>	<u>\$ 15,543</u>	<u>\$ 107</u>	<u>\$ 1,199</u>	<u>\$ 1,574,063</u>	<u>\$ 31,080</u>	<u>\$ 187,059</u>	<u>\$ 218,139</u>

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

	73 Airport Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Property Taxes	\$ -	\$ 1,341,624
Other Taxes	-	398,175
Penalty and Interest on Taxes	-	8,771
Intergovernmental Revenue and Grants	-	43,315
Charges for Services	-	119,235
Fines	-	2,947
Forfeits	-	1,242
Investment Earnings	15	1,853
Rents and Royalties	-	144,106
Other Revenue	-	11,606
Total Revenues	<u>15</u>	<u>2,072,874</u>
EXPENDITURES:		
Current:		
General Government:		
Judicial	-	25,352
General Administration	-	419,943
Public Safety	-	2,286
Road and Bridge	-	27,392
Public Facilities	-	157,654
Debt Service:		
Bond Principal	-	545,000
Bond Interest	-	658,515
Fiscal Agent's Fees	-	500
Total Expenditures	<u>-</u>	<u>1,836,642</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15</u>	<u>236,232</u>
OTHER FINANCING SOURCES (USES):		
Sale of Real and Personal Property	<u>-</u>	<u>4,610</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,610</u>
Net Change in Fund Balance	15	240,842
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>1,551,375</u>
Fund Balance - September 30 (Ending)	<u>\$ 15</u>	<u>\$ 1,792,217</u>

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

GILLESPIE COUNTY, TEXAS
 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 COURT COSTS, FEES, FINES				
Assets:				
Cash and Cash Equivalents	\$ 62,059	\$ 376,593	\$ 382,213	\$ 56,439
Due From Other Governments	18,240	42,960	37,720	23,480
Total Assets	<u>\$ 80,299</u>	<u>\$ 419,553</u>	<u>\$ 419,933</u>	<u>\$ 79,919</u>
Liabilities:				
Due to Other Governments	<u>\$ 80,299</u>	<u>\$ 79,919</u>	<u>\$ 80,299</u>	<u>\$ 79,919</u>
 WASTE WATER (STATE FEE)				
Assets:				
Cash and Cash Equivalents	\$ 500	\$ 1,720	\$ 1,610	\$ 610
Liabilities:				
Due to Other Governments	<u>\$ 500</u>	<u>\$ 2,550</u>	<u>\$ 2,440</u>	<u>\$ 610</u>
 APPELLATE JUDICIAL SYSTEM				
Assets:				
Cash and Cash Equivalents	\$ 1,315	\$ 1,920	\$ 2,531	\$ 704
Other Receivables	175	334	175	334
Total Assets	<u>\$ 1,490</u>	<u>\$ 2,254</u>	<u>\$ 2,706</u>	<u>\$ 1,038</u>
Liabilities:				
Due to Others	<u>\$ 1,490</u>	<u>\$ 2,254</u>	<u>\$ 2,706</u>	<u>\$ 1,038</u>
 UNCLAIMED MONEY FUND				
Assets:				
Cash and Cash Equivalents	\$ 50,747	\$ 6,133	\$ 931	\$ 55,949
Liabilities:				
Due to Others	<u>\$ 50,747</u>	<u>\$ 6,133</u>	<u>\$ 931</u>	<u>\$ 55,949</u>
 OFFICIALS' FEES ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 1,238,703	\$ 79,945,122	\$ 79,677,896	\$ 1,505,929
Liabilities:				
Due to Other Governments	\$ 576,471	\$ 78,745,309	\$ 78,593,805	\$ 727,975
Due to Others	662,232	1,199,813	1,084,091	777,954
Total Liabilities	<u>\$ 1,238,703</u>	<u>\$ 79,945,122</u>	<u>\$ 79,677,896</u>	<u>\$ 1,505,929</u>

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

GILLESPIE COUNTY, TEXAS
 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
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 1,353,324	\$ 80,331,488	\$ 80,065,181	\$ 1,619,631
Other Receivables	175	334	175	334
Due From Other Governments	18,240	42,960	37,720	23,480
Total Assets	<u>\$ 1,371,739</u>	<u>\$ 80,374,782</u>	<u>\$ 80,103,076</u>	<u>\$ 1,643,445</u>
Liabilities:				
Due to Other Governments	\$ 657,270	\$ 78,827,778	\$ 78,676,544	\$ 808,504
Due to Others	714,469	1,208,200	1,087,728	834,941
Total Liabilities	<u>\$ 1,371,739</u>	<u>\$ 80,035,978</u>	<u>\$ 79,764,272</u>	<u>\$ 1,643,445</u>

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

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

	80 County Attorney Hot Check Fund	84 Alternative Dispute Resolution	89 McDermott Building (Library)	92 Breiten Fund (PML)
ASSETS				
Cash and Cash Equivalents	\$ 11,193	\$ 720	\$ 144,340	\$ 213,778
Other Receivables	-	736	-	-
Total Assets	<u>11,193</u>	<u>1,456</u>	<u>144,340</u>	<u>213,778</u>
LIABILITIES				
Accounts Payable	8,950	1,456	2,151	146
Total Liabilities	<u>8,950</u>	<u>1,456</u>	<u>2,151</u>	<u>146</u>
NET POSITION				
Unrestricted Net Position	2,243	-	142,189	213,632
Total Net Position	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 142,189</u>	<u>\$ 213,632</u>

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

99 Light Up The Block Fund	Total Private Purpose Trust Funds
\$ 3	\$ 370,034
-	736
<u>\$ 3</u>	<u>\$ 370,770</u>
\$ -	\$ 12,703
<u>\$ -</u>	<u>\$ 12,703</u>
3	358,067
<u>\$ 3</u>	<u>\$ 358,067</u>

GILLESPIE COUNTY, TEXAS
 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	80 County Attorney Hot Check Fund	84 Alternative Dispute Resolution	89 McDermott Building (Library)	92 Breiten Fund (PML)
ADDITIONS:				
Charges for Services	\$ 5,679	\$ 5,779	\$ -	\$ -
Investment Earnings	-	-	240	377
Total Additions	<u>5,679</u>	<u>5,779</u>	<u>240</u>	<u>377</u>
DEDUCTIONS:				
Salaries and Wages	7,874	-	-	-
Employee Benefits	1,795	-	-	-
Professional Services	-	6,227	-	-
Supplies	435	-	3,054	11,072
Books	-	-	-	8,191
Total Deductions	<u>10,104</u>	<u>6,227</u>	<u>3,054</u>	<u>19,263</u>
Change in Net Position	(4,425)	(448)	(2,814)	(18,886)
Total Net Position - October 1 (Beginning)	<u>6,668</u>	<u>448</u>	<u>145,003</u>	<u>232,518</u>
Total Net Position - September 30 (Ending)	<u>\$ 2,243</u>	<u>\$ -</u>	<u>\$ 142,189</u>	<u>\$ 213,632</u>

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

99 Light Up The Block Fund	Total Private Purpose Trust Funds
\$ -	\$ 11,458
-	617
-	12,075
-	7,874
-	1,795
-	6,227
-	14,561
-	8,191
-	38,648
-	(26,573)
3	384,640
<u>\$ 3</u>	<u>\$ 358,067</u>

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

To the Honorable Judge and Members
of the Commissioners' Court
Gillespie County, Texas
Fredericksburg, TX 78624

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 Gillespie 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 March 20, 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. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Tax Assessor-Collector

Serious deficiencies were found in the internal control system of the Tax Assessor-Collector's office regarding the transaction recording and financial reporting of the tax collection function. The County Auditor and a forensic consultant determined a shortage of funds in the tax collections for various entities. Most of the shortage is due to the County and appears to be due from improper accounting and processing of refunds.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gillespie 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 Gillespie, Texas, in a separate letter dated March 20, 2015.

Sincerely,

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

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas
March 20, 2015