

**COUNTY OF GAINES  
INDEPENDENT AUDITOR'S REPORT**

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

# COUNTY OF GAINES

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INDEPENDENT AUDITORS' REPORT

December 2, 2014

To the Honorable Judge and Commissioners' Court  
County of Gaines  
P.O. Box 847  
Seminole, Texas 79360

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Gaines, Seminole, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Gaines, as of September 30, 2014, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

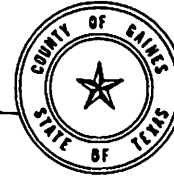
**Disclaimer of Opinion on Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Gaines, Seminole, Texas' basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 35 through 42, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Davis, Ray & Co.*

Davis, Ray & Co., PC  
Certified Public Accountants

# COUNTY OF GAINES



RICK DOLLAHAN, County Auditor

P. O. Box 847

Seminole, Texas 79360

December 2, 2014

Honorable Carter T. Schildknecht, District Judge, 106<sup>th</sup> Judicial District

Honorable Commissioners Court:

Lance Celander	County Judge		
Danny Yocom	Commissioner, PCT 1	Craig Belt	Commissioner, PCT 2
Blair Tharp	Commissioner, PCT 3	Biz Houston	Commissioner, PCT 4

In accordance with Chapter 114.025(c) VTCA, I submit herewith my report of the financial position of County of Gaines, Texas as of September 30, 2014 together with the results of the operations for the fiscal year of 2014.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Audited Financial Report, the management of County of Gaines, Texas, discusses and analyzes the County's financial performance for the fiscal year ended September 30, 2014. Please read it in conjunction with the independent auditors' report and the County's basic financial statements which begin on page 11.

## FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, County of Gaines's net position was \$51,902,805 an increase of 5.4 million dollars from the prior year. Of this amount, \$30,243,539 was unrestricted net position.
- The County's net position increased approximately 12% as a result of this year's operation.
- The County has no capital long term debt, but does have various operating leases for computer equipment and copiers. Everything else is on a cash basis.
- During the year, the County had expenses of \$19,335,345 which were \$5,384,655 less than the \$24,720,000 generated in Program and General Revenues. This compares to last year when revenues exceeded expenses by \$4,397,069.
- The General Fund ended the year with a fund balance of \$6,910,003 as compared to last year's fund balance of \$7,210,681.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to County of Gaines' basic financial statements. County of Gaines' basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 12). These provide information about the activities of the County as a whole and present a long-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.

*The Road to Excellence is Built with Vision*

Fund financial statements (starting on page 13) 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. For proprietary activities, fund financial statements tell how goods or services of the County were sold to departments within the County or to external consumers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other County funds or those outside of the County. They show what assets these funds have and who they belong to.

The notes to the financial statements (starting on page 20) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## REPORTING THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better 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. The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the County's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

These two statements report the County's net position and changes in position. 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 non-financial factors as well, such as changes in the County's 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 governmental activities:

Governmental activities – Most of the basic services are reported here, including general administration, law enforcement, judicial, road and bridge maintenance, cemetery, parks, airport and library services. Property taxes, courts and services revenue and vehicle registration fees finance most of these activities.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the County as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Each category uses a different accounting approach.

*Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. These funds use modified cash basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the County's general operations and the basic services it provides.*

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

*Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 18. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Position. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.*

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental and business-type activities.

Net position of the County's governmental activities increased from \$46,518,150 to \$51,902,805. 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 \$30,243,539 at September 30, 2014.

Table I County of Gaines, Texas NET POSITION		
	Governmental Activities 2014	Governmental Activities 2013
<b>Assets:</b>		
Current and Other Assets	30,243,539	25,925,803
Capital Assets	21,659,266	20,592,347
<b>Total Assets</b>	<b>51,902,805</b>	<b>46,518,150</b>
<b>Liabilities:</b>		
Accounts Payable	-	-
Noncurrent Liabilities		
Due in More Than One Year	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>Net Assets:</b>		
Net Investment in Capital Assets	21,659,266	20,592,347
Unrestricted Net Position	30,243,539	25,925,803
<b>Total Net Position</b>	<b>51,902,805</b>	<b>46,518,150</b>

Table II County of Gaines, Texas CHANGES IN NET POSITION		
	Governmental Activities 2014	Governmental Activities 2013
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	1,925,616	1,821,019
Operating Grants and Contributions	264,253	132,054
<b>Total Program Revenues</b>	<b>2,189,869</b>	<b>1,953,073</b>
<b>General Revenues:</b>		
<b>Taxes</b>		
Property Taxes, Levied for General Purposes	22,464,031	20,832,634
Investment Earnings	14,394	28,175
Miscellaneous Revenue	-	-
Gain on Sale of Assets	51,706	177,044
<b>Total General Revenue and Special Items</b>	<b>22,530,131</b>	<b>21,037,853</b>
<b>Total Program &amp; General Revenues</b>	<b>24,720,000</b>	<b>22,990,926</b>



Table II (Continued)  
County of Gaines, Texas  
CHANGES IN NET POSITION

	Governmental Activities 2014	Governmental Activities 2013
<b>Expenses:</b>		
General Administration	1,720,631	1,831,253
Judicial	1,703,253	1,654,813
Elections	188,741	74,255
Financial Administration	606,733	581,336
Tax Administration	511,294	530,219
Facilities Management	1,410,902	1,324,531
Law Enforcement	1,753,347	1,643,106
Fire Protection	310,522	181,380
Corrections	1,467,340	1,426,883
Civil Defense	40,308	50,983
Road and Bridge	6,653,498	6,339,231
Sanitation	22,519	22,519
Airport	79,794	77,202
Health	692,659	720,425
Human Services	67,210	66,216
Golf Course	740,114	709,081
Parks	372,101	366,474
Museums	123,111	120,748
County Extension Service	190,158	233,851
Libraries	421,927	379,139
Senior Citizens	259,183	260,212
<b>Total Expenses</b>	<b>19,335,345</b>	<b>18,593,857</b>
<b>Change in Net Position</b>	<b>5,384,655</b>	<b>4,397,069</b>
<b>Net Position at Beginning of Year</b>	<b>46,518,150</b>	<b>42,121,081</b>
<b>Net Position at End of Year</b>	<b>51,902,805</b>	<b>46,518,150</b>

Key factors related to the County's financial performance over the last year include the following:

1. Mineral and related taxable values stayed about the same.
2. The ad valorem property tax revenue levy was up by 7.26% compared to the prior year. This was done to ensure that enough money was available in the capital projects fund to ensure that the County could pay cash for the jail. Revenues in most other categories increased as well.
3. The county is in the middle of building a new 96 bed jail facility that will eventually cost about \$8.5 million. Work is started with an expected completion of August 2015.
4. Local officials, department heads and employees are committed to staying within their budgets and not asking for unnecessary things. This attention to budget discipline really helps the County control its costs.

The cost of all governmental activities this year was \$19,335,345 which was a 3.99% increase over the prior year. However, as shown in the Statement of Activities on page 12, the amount that our taxpayers ultimately financed for these activities was \$17,145,476 because some of the costs were paid with charges for services of \$1,925,616 a \$104,597 increase from the year before and operating grants and contributions of \$264,253 a \$132,199 increase.

## THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as reported on the balance sheet on page 13-14) reported a combined fund balance of \$30,243,539 which is \$4,317,736 more than last year's total of \$25,925,803. Included in this year's total change in fund balance is an increase of \$3,445,450 in the County's Capital Project Fund.

For fiscal year 2014, actual expenditure and transfers out of the General Fund were \$16,993,283 compared to the original budget expenditures of \$16,390,130. Actual revenue on a budgetary basis was \$16,692,605 compared to the original budget of \$16,390,130. Reasons for the actual numbers varying from the budget follow:

- The various categories of revenues were generally up from the prior year budget by 9.76%.
- Property tax was higher than budgeted because the Court only budgets 97% of the levy.
- Interest earnings received were slightly lower than budgeted, a reflection of the slow economy.
- Total disbursements were less than budgeted as the Capital Projects Line and the Reserve Line was minimally used with the express idea of transferring left over amounts to a Capital Projects Fund for future projects.
- General government including fuel, utility and road repair costs were less than budgeted amounts.
- Judicial expenses were less than budgeted.
- Corrections expenses were also less than originally budgeted. However expenditures for prisoner housing/medical care, and capital costs for fleet replacements vehicles remain very high.

Over the course of the year, the County's Commissioners' Court revised the County budget several times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The primary amendments include moving contingency/reserve budgeted amounts to amend other lines to allow:

- Increasing several line items in a variety of departments to purchase or replace various items.
- Upgrading or replacing office computers and hardware as they wore out.
- Purchasing furniture and equipment.

Page 35 provides a comparison of these changes as they relate to the General Fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2014, the County had \$21,659,266 invested in a broad range of capital assets, including land, buildings and equipment. The County's fiscal year 2014 capital outlay expenditures in all funds totaled \$2,914,396. This includes the following:

- Beginning the construction of the new jail building,
- Various pieces of heavy machinery was purchased,
- Various pieces of fleet replacement equipment was purchased, and
- Accomplishing major renovations of several county owned buildings in Loop and Seagraves.

More detailed information about the County's capital assets is presented in Note III, Item D to the financial statements.

At year end, the County had \$178,967 in commitments under operating leases.

More detailed information about the County's long-term liabilities is presented in Note III, Item E to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County Judge and Commissioners' Court members considered many factors when setting the FY 2015 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral and related taxable values stayed about the same in 2014. Additionally, local property tax values increased slightly. The net result of these changes created a tax base that mirrored last years. This continued the trend towards shifting the burden of the tax levy back from private property to minerals.
2. The Court undertook a dramatic change in the way the expenditure budget was funded in 2008. As can be seen from these financial statements it is working. The Court continues to develop true undesignated reserves, while still keeping the tax rate low and funding all of the necessary things that take place each day. It is recommended that the Court not deviate from the "zero based budgeting concept" that they have adopted. This will ensure that they have sufficient revenues to fully fund the expenditure budget that they want to adopt or cause them to cut the expenditure budget to match the projected revenues.
3. The Court again decided to fully fund a capital projects line in the General Fund to allow necessary capital upgrades to County facilities and to finish funding the costs of building a new jail facility and paying cash for these projects. By paying cash for these projects, the county continues to be able to say that it is debt free and saves the taxpayers a small fortune in debt servicing costs. In the end, the Court adopted a tax rate of \$0.360620 some 0.00049 cents below the adopted tax rate for FY2014.
4. Elected official/employee base pay raised by 3% and the Court did allow longevity increases for the employees. There were also 11 new positions added to the Jail Department to accommodate the staffing requirements of the new jail and separate communications department. There were no changes to the retirement system or other employee benefits. However, as discussed during the budget hearings, the court plans to pay down one fourth of the retirement system deficit early in this year and the rest over the next three years if circumstances allow it. This will significantly reduce the overall cost of payroll for the county for years to come.
5. Most of the other special revenue funds are projecting no major changes with the exception of the Capital Project fund. This fund will see major changes. The biggest drain on this fund will occur as the court pays cash to cover the construction costs of the new jail. As in the past, this fund may also be used to upgrade and modify several existing county buildings this year but paying off the jail is the number one priority.
6. The oil and agriculture industries in our area have had successful years but continue to be very unpredictable. These two industries remain the largest parts of our local business activity, and the uncertainty that goes along with them makes it a challenge to accurately predict long-term economic and population numbers for County of Gaines. Possibilities that will help strengthen and expand existing business and industry remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil and agriculture to help create stability and diversification for our local economy.

## REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, investors and creditors with a general overview of the County of Gaines' finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report or requests for additional financial information, contact County Auditor, County of Gaines, Texas, PO Box 847, Seminole, Texas 79360.

## ACKNOWLEDGMENTS

For their assistance and cooperation already and during the upcoming year, we thank the District Judge, County Judge, Commissioners' Court, Treasurer's Office and other elected officials, department heads, foremen and employees in the various departments. The interest and involvement of the Commissioners' Court in planning and conducting the financial operations of the County is appreciated.

Kudos also to the Auditor's staff for their hard work, knowledge and willingness to help the great folks serving the County of Gaines. Please remember that County Auditor's Office is here to help, and looks forward to the opportunity of working with anyone who calls upon them.

Respectfully submitted,

*Rick Dollahan*  
County of Gaines Auditor

**BASIC FINANCIAL STATEMENTS**

**COUNTY OF GAINES**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**SEPTEMBER 30, 2014**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 29,589,688
Inventory	653,851
Capital assets:	
Land	134,121
Infrastructure, net	6,321,592
Buildings, net	9,427,187
Machinery and equipment, net	4,389,921
Construction in progress	1,386,445
<b>Total Assets</b>	<b>51,902,805</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	21,659,266
Unrestricted	30,243,539
<b>Net Position</b>	<b>\$ 51,902,805</b>

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

**COUNTY OF GAINES**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental
<b>Governmental Activities:</b>				
General administration	\$ 1,720,631	\$ 3,893	\$ 7,564	\$ (1,709,174)
Judicial	1,703,253	742,646	199,313	(761,294)
Elections	188,741	18,700	-	(170,041)
Financial administration	606,733	-	-	(606,733)
Tax administration	511,294	148,655	-	(362,639)
Facilities management	1,410,902	-	-	(1,410,902)
Law enforcement	1,753,347	48,014	3,059	(1,702,274)
Fire protection	310,522	-	-	(310,522)
Corrections	1,467,340	106,478	-	(1,360,862)
Civil defense	40,308	-	-	(40,308)
Road and bridge	6,653,498	542,820	39,187	(6,071,491)
Sanitation	22,519	-	-	(22,519)
Airport	79,794	7,664	-	(72,130)
Health	692,659	-	-	(692,659)
Human services	67,210	-	-	(67,210)
Golf course	740,114	250,659	15,130	(474,325)
Parks	372,101	31,890	-	(340,211)
Museums	123,111	185	-	(122,926)
County extension	190,158	-	-	(190,158)
Libraries	421,927	24,012	-	(397,915)
Senior citizens	259,183	-	-	(259,183)
<b>Total Primary Government</b>	<b>\$ 19,335,345</b>	<b>\$ 1,925,616</b>	<b>\$ 264,253</b>	<b>\$ (17,145,476)</b>
<b>General Revenues:</b>				
Property taxes				\$ 22,464,031
Interest income				14,394
Gain on sale of assets				51,706
<b>Total General Revenues</b>				<b>22,530,131</b>
<b>Changes in Net Position</b>				<b>5,384,655</b>
Net Position - Beginning				46,518,150
Net Position - Ending				<b>\$ 51,902,805</b>

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

**COUNTY OF GAINES**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MODIFIED CASH BASIS**  
**SEPTEMBER 30, 2014**

	General Fund	Road & Bridge Fund	Precinct #1
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 6,910,003	\$ 64,563	\$ 3,430,621
Inventory	-	-	219,161
<b>Total Assets</b>	<b><u>\$ 6,910,003</u></b>	<b><u>\$ 64,563</u></b>	<b><u>\$ 3,649,782</u></b>
<b>Fund Balances:</b>			
<b>Non-Spendable:</b>			
Inventory	\$ -	\$ -	\$ 219,161
<b>Assigned:</b>			
Road and bridge	-	64,563	3,430,621
Capital projects	-	-	-
Special revenue funds	-	-	-
<b>Unassigned:</b>	<b>6,910,003</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b><u>6,910,003</u></b>	<b><u>64,563</u></b>	<b><u>3,649,782</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 6,910,003</u></b>	<b><u>\$ 64,563</u></b>	<b><u>\$ 3,649,782</u></b>

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



Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,495,631	\$ 2,926,847	\$ 4,091,568	\$ -	\$ 8,835,278	\$ 835,177	\$ 29,589,688
119,171	119,537	195,982	-	-	-	653,851
<u>\$ 2,614,802</u>	<u>\$ 3,046,384</u>	<u>\$ 4,287,550</u>	<u>\$ -</u>	<u>\$ 8,835,278</u>	<u>\$ 835,177</u>	<u>\$ 30,243,539</u>
\$ 119,171	\$ 119,537	\$ 195,982	\$ -	\$ -	\$ -	\$ 653,851
2,495,631	2,926,847	4,091,568	-	-	-	13,009,230
-	-	-	-	8,835,278	-	8,835,278
-	-	-	-	-	835,177	835,177
-	-	-	-	-	-	6,910,003
<u>2,614,802</u>	<u>3,046,384</u>	<u>4,287,550</u>	<u>-</u>	<u>8,835,278</u>	<u>835,177</u>	<u>30,243,539</u>
<u>\$ 2,614,802</u>	<u>\$ 3,046,384</u>	<u>\$ 4,287,550</u>	<u>\$ -</u>	<u>\$ 8,835,278</u>	<u>\$ 835,177</u>	<u>\$ 30,243,539</u>

**COUNTY OF GAINES**  
RECONCILIATION OF THE GOVERNMENTAL  
FUNDS BALANCE SHEET - MODIFIED CASH BASIS  
SEPTEMBER 30, 2014

**Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities:**

Governmental Fund Balances	\$ 30,243,539
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>21,659,266</u>
Net Position of Governmental Activities	<u>\$ 51,902,805</u>

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

**COUNTY OF GAINES**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Road & Bridge Fund	Precinct #1
<b><u>REVENUES</u></b>			
Property taxes	\$ 15,639,615	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-
Charges for services	770,734	470,098	-
Fines	255,122	67,265	-
Investment income	10,024	-	-
Contributions & donations from private sources	-	-	-
Miscellaneous revenue	-	-	-
<b>Total Revenues</b>	<b>16,675,495</b>	<b>537,363</b>	<b>-</b>
<b><u>EXPENDITURES</u></b>			
General administration	1,055,539	-	-
Judicial	1,615,084	-	-
Elections	163,208	-	-
Financial administration	606,733	-	-
Tax administration	511,294	-	-
Facilities management	1,292,350	-	-
Public safety:			
Law enforcement	1,660,568	-	-
Fire protection	310,522	-	-
Corrections	1,444,965	-	-
Civil defense	40,308	-	-
Road and bridge	1,700	56,435	1,358,557
Sanitation	22,519	-	-
Airport	-	-	-
Health	616,418	-	-
Human services	67,078	-	-
Culture and recreation:			
Golf course	-	-	-
Parks	262,945	-	-
Museums	123,111	-	-
County extension	159,090	-	-
Libraries	417,727	-	-
Senior citizens	252,879	-	-
Capital outlay	359,598	-	259,294
<b>Total Expenditures</b>	<b>10,983,636</b>	<b>56,435</b>	<b>1,617,851</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Sale of real and personal property	17,110	-	-
Transfers in (out)	(6,009,647)	(480,928)	1,943,770
<b>Total Other Financing Sources (Uses)</b>	<b>(5,992,537)</b>	<b>(480,928)</b>	<b>1,943,770</b>
<b>Net Change in Fund Balance</b>	<b>(300,678)</b>	<b>-</b>	<b>325,919</b>
Fund Balances - Beginning	7,210,681	64,563	3,323,863
Fund Balances - Ending	<b>\$ 6,910,003</b>	<b>\$ 64,563</b>	<b>\$ 3,649,782</b>

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

Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 6,824,416	\$ -	\$ -	\$ 22,464,031
-	-	-	39,187	-	214,443	253,630
-	-	-	-	-	346,209	1,587,041
-	-	-	-	-	10,729	333,116
-	-	-	4,356	-	14	14,394
-	-	-	-	-	10,623	10,623
2,140	2,483	835	-	-	-	5,458
<u>2,140</u>	<u>2,483</u>	<u>835</u>	<u>6,867,959</u>	<u>-</u>	<u>582,018</u>	<u>24,668,293</u>
-	-	-	-	151,595	146,415	1,353,549
-	-	-	-	-	85,486	1,700,570
-	-	-	-	-	17,989	181,197
-	-	-	-	-	-	606,733
-	-	-	-	-	-	511,294
-	-	-	-	-	86,216	1,378,566
-	-	-	-	-	3,403	1,663,971
-	-	-	-	-	-	310,522
-	-	-	-	-	-	1,444,965
-	-	-	-	-	-	40,308
1,562,929	1,390,362	1,198,109	-	-	-	5,568,092
-	-	-	-	-	-	22,519
-	-	-	-	-	71,628	71,628
-	-	-	-	-	76,241	692,659
-	-	-	-	-	132	67,210
-	-	-	-	-	662,216	662,216
-	-	-	-	-	-	262,945
-	-	-	-	-	-	123,111
-	-	-	-	-	-	159,090
-	-	-	-	-	-	417,727
-	-	-	-	-	-	252,879
162,727	78,397	352,454	-	1,675,710	26,216	2,914,396
<u>1,725,656</u>	<u>1,468,759</u>	<u>1,550,563</u>	<u>-</u>	<u>1,827,305</u>	<u>1,175,942</u>	<u>20,406,147</u>
32,467	6,013	-	-	-	-	55,590
1,826,894	1,802,705	1,793,338	(6,867,959)	5,272,755	719,072	-
<u>1,859,361</u>	<u>1,808,718</u>	<u>1,793,338</u>	<u>(6,867,959)</u>	<u>5,272,755</u>	<u>719,072</u>	<u>55,590</u>
135,845	342,442	243,610	-	3,445,450	125,148	4,317,736
2,478,957	2,703,942	4,043,940	-	5,389,828	710,029	25,925,803
<u>\$ 2,614,802</u>	<u>\$ 3,046,384</u>	<u>\$ 4,287,550</u>	<u>\$ -</u>	<u>\$ 8,835,278</u>	<u>\$ 835,177</u>	<u>\$ 30,243,539</u>

**COUNTY OF GAINES**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**SEPTEMBER 30, 2014**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities:**

Net changes in Governmental Fund Balances	\$	4,317,736
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		2,914,396
Depreciation expense		(1,843,594)
Net book value of assets disposed of		<u>(3,883)</u>
Change in Net Position of Governmental Activities	\$	<u><u>5,384,655</u></u>

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

**COUNTY OF GAINES**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS -**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2014**

<b><u>ASSETS</u></b>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ -	\$ 846,616
Investments	16,560	-
<b>Total Assets</b>	<b><u>\$ 16,560</u></b>	<b><u>\$ 846,616</u></b>
 <b><u>LIABILITIES</u></b>		
Current Liabilities:		
Intergovernmental payable	\$ -	\$ 264,216
Due to others	-	582,400
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>846,616</u></b>
 <b><u>NET POSITION</u></b>		
Restricted for cemetery use	16,560	-
<b>Total Net Position</b>	<b><u>\$ 16,560</u></b>	<b><u>\$ -</u></b>

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

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note I.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. REPORTING ENTITY**

Gaines County, Texas (the "County"), was created in 1905 by the Texas Legislature. The County operates under the authority of the Commissioners' Court and provides the following services: Law Enforcement, Judicial, Health, Safety, Welfare, Culture, Road & Bridge Maintenance and General Administrative Services. The Commissioners' Court (the "Court") consists of four County Commissioners and the County Judge who are elected by the public. The Court has the primary accountability for fiscal matters.

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. They report information in all of Gaines County, Texas with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, intergovernmental revenues, and other non-exchange revenues.

**FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental 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 expenditures/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**

The General Fund-The General Fund is the County's primary operating fund and is always classified as a major fund. It accounts for all financial resources except those required to be accounted for in another fund. This fund is operated and maintained separately by the Commissioners' Court decision. There are not any outside requirements for the self-imposed separation, and the funds can be used for general County operations.

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIS OF PRESENTATION (CONTINUED)**

**Governmental Funds (Continued)**

Other Major Governmental Funds-The Road & Bridge Fund is designated to receive the road and bridge taxes. A portion of these monies is expended in the fund, but the bulk (99%) is transferred to the four precinct funds. All of the precincts' funds have been presented as major funds to obtain a more meaningful presentation. The Farm to Market Fund and Capital Projects Fund are also major special revenue funds.

Special Revenue Funds-The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor. Most of the County's special revenue funds are not from grants but simply have restrictions on their use.

**Fiduciary Funds**

Private Purpose Trust Funds-The County accounts for funds that both the principal and the income must be used for purposes that benefit parties other than the County. The Private Purpose Trust Fund is the Memorial Cemetery Fund and is restricted to cemetery use.

Agency Funds-The County accounts for resources held for others in a custodial capacity in agency funds. The County's agency funds are the County Attorney's funds, Sheriff's funds, Justice of the Peace's funds, County Clerk's funds, Tax Assessor Collector's funds, District Clerk's funds, Golf Course fund, State Fee fund, Appellate Judicial fund, County Wide Equalization fund, Employee Flexible Spending fund, Employee Insurance fund and the Probation funds.

**Proprietary Funds**

The County has no proprietary funds at this time.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe how 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**

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined on page 22.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, 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.



**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

MEASUREMENT FOCUS (CONTINUED)

- b. Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position. The County currently has no proprietary funds.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**D. ASSETS, LIABILITIES, AND EQUITY**

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts or investments if they are in bank money market accounts, certificates of deposits maturing within 90 days or money market investment pools.

DUE FROM (TO) OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note I, F and Note III, C for additional discussion of interfund receivables, payables and transfers.

CONSUMABLE MATERIAL AND SUPPLIES/INVENTORY

Inventories consist of consumable materials and supplies held for future consumption. Inventory is accounted for under the purchases method. The cost is recorded as an expenditure at the time inventory is purchased. Quantities on hand at year-end are recorded at cost on a first-in, first-out basis with an offsetting nonspendable fund balance.

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**CAPITAL ASSETS**

The County's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over infrastructure, land, buildings, furniture and equipment, depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Statements**

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation on all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided on the assets' estimated useful lives using the straight-line method of depreciation. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Roads	40
Buildings	40-50
Building Improvements	15-25
Vehicles	5-10
Other Equipment	5-10

**Fund Financial Statements**

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**EQUITY CLASSIFICATION**

**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.
- b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The County has no restricted net position.
- c. Unrestricted net position—Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**EQUITY CLASSIFICATION (CONTINUED)**

**Fund Financial Statements**

The Commissioner's Court meets regularly to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to keep adequate fund balance to provide a stable financial foundation. The target level for the County's unassigned General Fund balance is set at 120 days of the budgeted General Fund expenditures, considering the annual budget, as amended, for any given fiscal year. Any shortfalls or excess fund balance shall be considered and remedied as set forth in the policy by the Commissioner's Court.

In accordance with GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

- a. Nonspendable fund balance—Includes amounts that cannot be spent because they are either not spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories.
- b. Restricted fund balance—Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- c. Committed fund balance—Includes amounts designated only by formal action of Commissioners Court.
- d. Assigned fund balance—Includes amounts that are constrained by the County's intent to use for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be determined by the County Judge, with assistance of the County Auditor and County Attorney, as needed. The Governmental Funds Balance Sheet provides details of the amounts that have been assigned for specific purposes.
- e. Unassigned fund balance—This is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**E. REVENUES, EXPENDITURES, AND EXPENSES**

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the County's taxpayers are reported as program revenues. The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the County such as vehicle registrations. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function.

If a revenue is not program revenue, it is general revenue used to support all of the County's functions. Taxes are always general revenues.

The Fund financial statements provide reports on the financial condition and results of operations for three fund categories-governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Grants and similar items are recognized as revenue when collected and all eligibility requirements imposed by the provider have been met.

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

**FUND FINANCIAL STATEMENTS**

Interfund activity, if any, within and among the governmental category is reported as follows in the fund financial statements:

1. Interfund loans—Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services—Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements—Repayments from funds responsible for certain expenditures/adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers—Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances—Amounts reported in the fund financial statement as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities—Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount between governmental and business-type activities, which are reported as Transfers—Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

**G. USE OF ESTIMATES**

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY COMPLIANCE**

The Commissioners' Court adopts an "appropriated budget" for the General Fund and all other funds. The adopted and final amended budgeted revenues and expenditures for the General Fund are presented in the Required Supplementary Information.

**COUNTY OF GAINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. BUDGETARY COMPLIANCE (CONTINUED)**

The following procedures are used in establishing the budgetary data reflected in the general purpose financial statements:

- a. In July, the County Judge, with the assistance of the County Auditor, prepares a budget for the succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The budget is filed with the County Clerk and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
- c. Prior to October 1, the budget is legally enacted through passage of a resolution by the Commissioners' Court. Once a budget is approved, it can only be amended at the department and fund level by approval of a majority of the members of the Commissioners' Court. The law requires that such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. The County had several routine budget amendments during the year. The largest was to move General Fund reserves into a Capital Projects Fund for upcoming capital improvements/purchases. The remaining amendments were mainly to purchase capital items, fund miscellaneous projects throughout the County, and absorb higher fuel costs, insurance increases and road materials.
- d. Each budget is controlled at the revenue and expenditure function level in accordance with Texas statutory guidance. The County Auditor audits and approves legal expenditures. The Commissioners' Court audits and settles claims against the County but can spend money only in accordance with the adopted budget. The Treasurer disburses money after ordered by the Court if the expenditure is in accordance with Texas statutes. All budget appropriations lapse at year end.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures in excess of revenues with the resulting reduction of fund balance:

General Fund	\$	300,678
Sheriff Forfeiture Fund		2,036
Technology Fund		1,009
Golf Course Sprinkler Fund		1,422
Lions Club Grant Fund		132
Appellate Judicial Fund		5
Fire Truck Fund		142,538
Library Memorial Fund		809

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)**

The following funds had planned deficit spending as reflected by budgeted expenditures in excess of expected revenue:

General Fund	\$ 746,370
Road and Bridge Fund	18,751
Precinct #1	17,820
Sheriff Forfeiture Fund	3,990
(RPF) County Clerk Fund	3,107
911 - Addressing Fund	1,495
Technology Fund	1,928
Judicial Supplement Fund	2,500
Golf Course Sprinkler Fund	1,422
Golf Course Fund	26,211
Wal-Mart Grant Fund	863
Lions Club Grant Fund	127
Appellate Judicial Fund	335
Election Fund	317
Fire Truck Fund	142,538
Sheriff Commissary Fund	2,995
Capital Projects Fund	327,300

**III. NOTES ON FUNDS AND ACCOUNTS**

**A. DEPOSITS AND INVESTMENTS**

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits (cash and savings accounts)-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 banks place 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 banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The County's depository during the year was Commercial State Bank. There were no instances of uninsured or uncollateralized deposits during the year.

At September 30, 2014, the carrying amount of the County's deposits (cash, certificates of deposits and interest-bearing savings accounts) was \$10,149,992, and the bank balance was \$11,252,612. The County's cash deposits as of September 30, 2014 were fully covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

**COUNTY OF GAINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

A Summary of the County's cash and cash equivalents and investments at September 30, 2014 is shown below:

	Checking and Savings Accounts	Certificate of Deposit	Investment Pools	Total
General	\$ (383,639)	\$ -	\$ 7,293,642	\$ 6,910,003
Road & Bridge	-	-	64,563	64,563
Precinct #1	-	-	3,430,621	3,430,621
Precinct #2	-	-	2,495,631	2,495,631
Precinct #3	-	-	2,926,847	2,926,847
Precinct #4	-	-	4,091,568	4,091,568
Capital Projects	8,835,278	-	-	8,835,278
Other Governmental Funds	835,177	-	-	835,177
Total Governmental Funds	\$ 9,286,816	\$ -	\$ 20,302,872	\$ 29,589,688
Fiduciary Fund	-	16,560	-	16,560
Agency Funds	765,275	81,341	-	846,616
Total	\$ 10,052,091	\$ 97,901	\$ 20,302,872	\$ 30,452,864

Legal and Contractual Provisions Governing Investments

The Public Funds Investments 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 investments at September 30, 2014, are shown below:

Investment Type	Fair Value	Yield
Certificate of Deposit-		
Commercial State Bank	\$ 97,901	0.4%-0.5%
Tex Pool Investment Pool	10,150,989	0.03%
Tex Star Investment Pool	10,151,883	0.03%
Total	\$ 20,400,773	

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless there is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is a pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Policies Governing Deposits and Investments

**Interest Rate Risk**-Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The County invests in certificates of deposit and securities with short-term maturity dates to limit the interest rate risk.

**Custodial Credit Risk for Deposits** (cash, savings account and certificates of deposit)-This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is that all deposits must be insured by FDIC or secured by another manner provided by law.

**Custodial Credit Risk for Investments**-To limit the risk that an issuer or other counter-party to an investment will not fulfill its obligations, the County limits investments to certificates of deposit and public funds investment pools.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act). In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; (3) maintain market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The public fund investment pool invests only in securities issued or backed by the U.S. Government or its agencies. An investment in these securities is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. At September 30, 2014, the County had approximately \$10,150,989 uninsured with Tex Pool Investment Pool and \$10,151,883 uninsured with Tex Star Investment Pool.

**B. PROPERTY TAXES**

In accordance with State Law, The Gaines County Appraisal District makes all appraisals for tax purposes. Assessed values are based upon 100 percent of market value and reviewed every three years. Taxpayers have the right to challenge the assessed value.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are not considered available in the funds until the County collects them.



**COUNTY OF GAINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)**

**B. PROPERTY TAXES (CONTINUED)**

The tax rate for the fiscal year ended September 30, 2014, (2013 tax levy) was \$.251 per \$100 assessed value for County General Fund operations and \$.110 for Farm-Market Lateral Road maintenance and operations for a total rate of \$.361. The County is subject to tax rate rollback if the total amount of the property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceded year by 8 percent.

**C. INTERFUND BALANCES AND TRANSFERS**

The interfund transfers reflected on the Statements of Revenues and Expenditures were for routine purposes except for specific transfers totaling \$5,272,755 from the General Fund to the Capital Projects Fund. Transfers from the Road and Bridge and the Farm to Market funds were to the corresponding precinct funds for precinct operations. Transfers from the General Fund were for operations of the Special Revenue Fund for indigent health care, airport operations, cemetery maintenance, 911 addressing expenses, and golf course operations.

**D. CAPITAL ASSET ACTIVITY**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 116,298	\$ 17,823	\$ -	\$ 134,121
Infrastructure	13,988,864	-	-	13,988,864
Buildings and Improvements	19,409,526	472,210	-	19,881,736
Furniture and Equipment	14,750,425	1,037,918	(504,132)	15,284,211
Construction in Progress	-	1,386,445	-	1,386,445
<b>Totals at Historic Cost</b>	<b>\$ 48,265,113</b>	<b>\$ 2,914,396</b>	<b>\$ (504,132)</b>	<b>\$ 50,675,377</b>
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	\$ (7,317,550)	\$ (349,722)	\$ -	\$ (7,667,272)
Buildings and Improvements	(9,976,760)	(477,789)	-	(10,454,549)
Furniture and Equipment	(10,378,456)	(1,016,083)	500,249	(10,894,290)
<b>Total Accumulated Depreciation</b>	<b>\$ (27,672,766)</b>	<b>\$ (1,843,594)</b>	<b>\$ 500,249</b>	<b>\$ (29,016,111)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 20,592,347</b>	<b>\$ 1,070,802</b>	<b>\$ (3,883)</b>	<b>\$ 21,659,266</b>

**COUNTY OF GAINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)**

**D. CAPITAL ASSET ACTIVITY (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 367,081
Justice System	2,682
Elections	7,544
Facilities Management	32,337
Law Enforcement	89,376
Corrections	22,375
Roads and Bridges	1,085,407
Airport	8,166
Golf Course	77,898
Parks	109,156
County Extension Service	31,068
Libraries	4,200
Senior Citizens	6,304
Total Depreciation Expense	<u>\$ 1,843,594</u>

**E. COMMITMENTS UNDER OPERATING LEASES**

Commitments under operating (noncapitalized) lease agreements for several copiers, a postage machine and software provide for minimum future rental payments as of September 30, 2014, as follows:

2015	\$ 76,412
2016	56,683
2017	20,523
2018	18,588
2019	6,761
Total Minimum Rentals	<u>\$ 178,967</u>

**IV. OTHER NOTES**

**A. HEALTH CARE COVERAGE**

During the current fiscal year, the employees of Gaines County were covered by a health insurance plan. The coverage is purchased through Blue Cross Blue Shield. The County's cost per employee per month was \$647. The employees, at their option, authorized payroll withholdings to pay contributions for dependents.

**B. CAFETERIA PLAN**

The County entered into a Pre-Tax Premium Plan that qualifies as a "cafeteria plan." The insurance premiums that qualify for the plan are medical, life and accidental death and dismemberment. The individuals who are eligible to participate are all employees who are covered or who are eligible to be covered under the County's group health plan.

**COUNTY OF GAINES**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. OTHER NOTES (CONTINUED)**

**C. EMPLOYEE RETIREMENT BENEFITS**

The County provides two separate retirement benefit plans. One plan is the defined benefit plan that is provided through the Texas County and District Retirement System. The County also offers a deferred compensation plan to its employees.

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PLAN**

**Plan Description.** Gaines County, Texas 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 656 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, P.O. Box 2034, Austin, Texas 78768-0234.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

**Funding Policy.** The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 11.50% for the year ending September 30, 2014. The deposit rate payable by the employee members is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Annual Pension Cost.** The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increase of 4.9 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 20 years.

**COUNTY OF GAINES**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

**IV. OTHER NOTES (CONTINUED)**

**D. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)**

For fiscal year 2014, the County's annual pension cost of \$812,864 was equal to the County's required and actual contributions. The three-year trend information is as follows:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2012	720,225	100%	-
September 30, 2013	754,677	100%	-
September 30, 2014	812,864	100%	-

**Funded Status and Funding progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was 80.66% funded. The actuarial accrued liability for benefits was \$19,426,572, and the actuarial value of assets was \$15,669,399, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,757,173. The covered payroll (annual payroll of active employees covered by the plan) was \$6,861,855, and the ratio of the UAAL to the covered payroll was 54.75%. The schedule of pension funding progress is as follows:

<u>Actuarial Valuation Date</u>	<u>Value of Assets (AVA) (a)</u>	<u>Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Percentage of Covered Payroll (b-a)/c)</u>
12/31/11	14,774,900	18,601,367	3,826,467	79.43%	6,582,833	58.13%
12/31/12	14,726,147	18,610,245	3,884,098	79.13%	6,658,084	58.34%
12/31/13	15,669,399	19,426,572	3,757,173	80.66%	6,861,855	54.75%

**DEFERRED COMPENSATION PLAN**

The County offers a deferred compensation plan for employees who elect to participate. In a plan set up under Section 457 of the Internal Revenue Code, Participants may defer up to \$17,500 per year. Withdrawals are permitted because of death, emergency as defined by the Internal Revenue Service, termination of employment or retirement. The County does not contribute to the plan, and all assets in the plan belong to the employees.

**E. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, thefts, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2014, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**F. JOINT VENTURE ARRANGEMENTS**

The County is involved in joint ventures with the City of Seminole, Northeast Gaines County Emergency Service District and South Plains Public Health District. These shared costs are for fire protection, landfill operations, emergency medical service, and public health services. Many of these agreements result in the County paying approximately half of the budget, but significant accumulations of financial resources or deficits are not generated from these joint ventures.

**COUNTY OF GAINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**IV. OTHER NOTES (CONTINUED)**

**G. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 2, 2014, the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF GAINES**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>RECEIPTS:</b>				
Taxes-property	\$ 15,605,000	\$ 15,605,000	\$ 15,639,615	\$ 34,615
Charges for services	584,925	584,925	770,734	185,809
Fines	178,200	178,200	255,122	76,922
Investment income	22,000	22,000	10,024	(11,976)
<i>Total receipts</i>	16,390,125	16,390,125	16,675,495	285,370
<b>DISBURSEMENTS:</b>				
Current:				
General administrative	4,923,748	1,535,114	1,055,539	479,575
Judicial	1,893,826	1,893,824	1,615,084	278,740
Elections	164,201	164,200	163,208	992
Financial administration	704,047	704,046	606,733	97,313
Tax administration	556,030	556,030	511,294	44,736
Facilities management	1,411,501	1,661,499	1,292,350	369,149
Public safety:				
Law enforcement	1,737,142	1,749,027	1,660,568	88,459
Fire protection	350,505	350,505	310,522	39,983
Corrections	1,769,350	1,771,667	1,444,965	326,702
Civil defense	39,714	46,714	40,308	6,406
Road and bridge	1,700	1,700	1,700	-
Sanitation	22,519	22,519	22,519	-
Health	619,008	619,007	616,418	2,589
Human services	71,491	71,491	67,078	4,413
Culture and recreation:				
Parks	303,171	303,171	262,945	40,226
Museums	138,139	138,139	123,111	15,028
County extension	252,622	252,621	159,090	93,531
Libraries	423,261	423,260	417,727	5,533
Senior citizens	267,024	276,124	252,879	23,245
Capital Outlay	135	133,840	359,598	(225,758)
<i>Total disbursements</i>	15,649,134	12,674,498	10,983,636	1,690,862
Excess (deficiency) of receipts over (under) disbursements	740,991	3,715,627	5,691,859	1,976,232
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	5	5	17,110	17,105
Transfers in (out)	(740,996)	(4,462,002)	(6,009,647)	(1,547,645)
<i>Total other financing sources (uses)</i>	(740,991)	(4,461,997)	(5,992,537)	(1,530,540)
Net change in fund balance	-	(746,370)	(300,678)	445,692
<i>Fund balance, beginning of year</i>	7,210,681	7,210,681	7,210,681	-
<i>Fund balance, end of year</i>	\$ 7,210,681	\$ 6,464,311	\$ 6,910,003	\$ 445,692

**COUNTY OF GAINES**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**ROAD & BRIDGE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>RECEIPTS:</b>				
Charges for services	\$ 421,740	\$ 421,740	\$ 470,098	\$ 48,358
Fines	105,000	105,000	67,265	(37,735)
<i>Total receipts</i>	<u>526,740</u>	<u>526,740</u>	<u>537,363</u>	<u>10,623</u>
<b>DISBURSEMENTS:</b>				
Current:				
Road and bridge	64,563	64,563	56,435	8,128
<i>Total disbursements</i>	<u>64,563</u>	<u>64,563</u>	<u>56,435</u>	<u>8,128</u>
Excess (deficiency) of receipts over (under) disbursements	<u>462,177</u>	<u>462,177</u>	<u>480,928</u>	<u>18,751</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	(462,177)	(480,928)	(480,928)	-
<i>Total other financing sources (uses)</i>	<u>(462,177)</u>	<u>(480,928)</u>	<u>(480,928)</u>	<u>-</u>
Net change in fund balance	-	(18,751)	-	18,751
<i>Fund balance, beginning of year</i>	<u>64,563</u>	<u>64,563</u>	<u>64,563</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 64,563</u>	<u>\$ 45,812</u>	<u>\$ 64,563</u>	<u>\$ 18,751</u>



## COUNTY OF GAINES

### BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS PRECINCT #1 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>RECEIPTS:</b>				
Miscellaneous	\$ 5	\$ 5	\$ -	\$ (5)
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
<b>DISBURSEMENTS:</b>				
Current:				
Road and bridge	1,917,637	1,935,457	1,617,851	317,606
<i>Total disbursements</i>	<u>1,917,637</u>	<u>1,935,457</u>	<u>1,617,851</u>	<u>317,606</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,917,632)</u>	<u>(1,935,452)</u>	<u>(1,617,851)</u>	<u>317,601</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	5	5	-	(5)
Transfers in (out)	1,917,627	1,917,627	1,943,770	26,143
<i>Total other financing sources (uses)</i>	<u>1,917,632</u>	<u>1,917,632</u>	<u>1,943,770</u>	<u>26,138</u>
Net change in fund balance	-	(17,820)	325,919	343,739
<i>Fund balance, beginning of year</i>	<u>3,323,863</u>	<u>3,323,863</u>	<u>3,323,863</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 3,323,863</u>	<u>\$ 3,306,043</u>	<u>\$ 3,649,782</u>	<u>\$ 343,739</u>

**COUNTY OF GAINES**  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 PRECINCT #2  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>RECEIPTS:</b>				
Miscellaneous	\$ 5	\$ 5	\$ 2,140	\$ 2,135
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>2,140</u>	<u>2,135</u>
<b>DISBURSEMENTS:</b>				
Current:				
Road and bridge	1,819,013	1,819,013	1,725,656	93,357
<i>Total disbursements</i>	<u>1,819,013</u>	<u>1,819,013</u>	<u>1,725,656</u>	<u>93,357</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,819,008)</u>	<u>(1,819,008)</u>	<u>(1,723,516)</u>	<u>95,492</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	5	5	32,467	32,462
Transfers in (out)	1,819,003	1,819,003	1,826,894	7,891
<i>Total other financing sources (uses)</i>	<u>1,819,008</u>	<u>1,819,008</u>	<u>1,859,361</u>	<u>40,353</u>
Net change in fund balance	-	-	135,845	135,845
<i>Fund balance, beginning of year</i>	<u>2,478,957</u>	<u>2,478,957</u>	<u>2,478,957</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 2,478,957</u>	<u>\$ 2,478,957</u>	<u>\$ 2,614,802</u>	<u>\$ 135,845</u>

**COUNTY OF GAINES**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**PRECINCT #3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>RECEIPTS:</b>				
Miscellaneous	\$ 5	\$ 5	\$ 2,483	\$ 2,478
<i>Total receipts</i>	5	5	2,483	2,478
<b>DISBURSEMENTS:</b>				
Current:				
Road and bridge	1,804,772	1,804,772	1,468,759	336,013
<i>Total disbursements</i>	1,804,772	1,804,772	1,468,759	336,013
Excess (deficiency) of receipts over (under) disbursements	(1,804,767)	(1,804,767)	(1,466,276)	338,491
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	5	5	6,013	6,008
Transfers in (out)	1,804,762	1,804,762	1,802,705	(2,057)
<i>Total other financing sources (uses)</i>	1,804,767	1,804,767	1,808,718	3,951
Net change in fund balance	-	-	342,442	342,442
<i>Fund balance, beginning of year</i>	2,703,942	2,703,942	2,703,942	-
<i>Fund balance, end of year</i>	\$ 2,703,942	\$ 2,703,942	\$ 3,046,384	\$ 342,442

**COUNTY OF GAINES**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**PRECINCT #4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>RECEIPTS:</b>				
Miscellaneous	\$ 5	\$ 5	\$ 835	\$ 830
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>835</u>	<u>830</u>
<b>DISBURSEMENTS:</b>				
Current:				
Road and bridge	1,774,597	1,774,597	1,550,563	224,034
<i>Total disbursements</i>	<u>1,774,597</u>	<u>1,774,597</u>	<u>1,550,563</u>	<u>224,034</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,774,592)</u>	<u>(1,774,592)</u>	<u>(1,549,728)</u>	<u>224,864</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	5	5	-	(5)
Transfers in (out)	<u>1,774,587</u>	<u>1,774,587</u>	<u>1,793,338</u>	<u>18,751</u>
<i>Total other financing sources (uses)</i>	<u>1,774,592</u>	<u>1,774,592</u>	<u>1,793,338</u>	<u>18,746</u>
Net change in fund balance	-	-	243,610	243,610
<i>Fund balance, beginning of year</i>	<u>4,043,940</u>	<u>4,043,940</u>	<u>4,043,940</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 4,043,940</u>	<u>\$ 4,043,940</u>	<u>\$ 4,287,550</u>	<u>\$ 243,610</u>

**COUNTY OF GAINES**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**FARM TO MARKET FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>RECEIPTS:</b>				
<b>Taxes:</b>				
Property Taxes	\$ 6,802,058	\$ 6,802,058	\$ 6,824,416	\$ 22,358
Investment income	15,000	15,000	4,356	(10,644)
Other revenue	36,784	36,784	39,187	2,403
<i>Total receipts</i>	<u>6,853,842</u>	<u>6,853,842</u>	<u>6,867,959</u>	<u>14,117</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	(6,853,842)	(6,853,842)	(6,867,959)	14,117
<i>Total other financing sources (uses)</i>	<u>(6,853,842)</u>	<u>(6,853,842)</u>	<u>(6,867,959)</u>	<u>14,117</u>
Net change in fund balance	-	-	-	-
<i>Fund balance, beginning of year</i>	-	-	-	-
<i>Fund balance, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COUNTY OF GAINES**  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>DISBURSEMENTS:</b>				
Current:				
General government	\$ 1,000,015	\$ 1,000,015	\$ 151,595	\$ 848,420
Capital outlay	500,000	827,300	1,675,710	(848,410)
<i>Total disbursements</i>	<u>1,500,015</u>	<u>1,827,315</u>	<u>1,827,305</u>	<u>10</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,500,015</u>	<u>1,827,315</u>	<u>1,827,305</u>	<u>10</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of real and personal property	15	15	-	(15)
Transfers in (out)	1,500,000	1,500,000	5,272,755	3,772,755
<i>Total other financing sources (uses)</i>	<u>1,500,015</u>	<u>1,500,015</u>	<u>5,272,755</u>	<u>3,772,740</u>
Net change in fund balance	-	(327,300)	3,445,450	3,772,750
<b>Fund balance, beginning of year</b>	<u>5,389,828</u>	<u>5,389,828</u>	<u>5,389,828</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,389,828</u>	<u>\$ 5,062,528</u>	<u>\$ 8,835,278</u>	<u>\$ 3,772,750</u>