

**HENDERSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

**PREPARED BY:  
HENDERSON COUNTY AUDITOR'S OFFICE  
Ann Marie Lee, CPA – County Auditor**



**HENDERSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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**HENDERSON COUNTY, TEXAS**

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# **INTRODUCTORY SECTION**

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# HENDERSON COUNTY, TEXAS

## DIRECTORY OF OFFICIALS

DECEMBER 31, 2012

Office	Name
County Judge	Judge Richard Sanders
Commissioner – Precinct 1	Joe Hall
Commissioner – Precinct 2	Wade McKinney
Commissioner – Precinct 3	Ronald Lawrence
Commissioner – Precinct 4	Ken Geeslin
County Attorney	Clint Davis
County Auditor	Ann Marie Lee
County Clerk	Gwen Moffeit
County Tax Assessor/Collector	Milburn Chaney
County Treasurer	Michael Bynum
Sheriff	Ray Nutt
District Clerk	Jean Brittain
District Attorney	Scott McKee
Justice of the Peace – Precinct 1	Judge Henry Ashford
Justice of the Peace – Precinct 2	Judge Dale Blaylock
Justice of the Peace – Precinct 3	Judge Sue Starnes
Justice of the Peace – Precinct 4	Judge Kelly Harris
Justice of the Peace – Precinct 5	Judge Tommy Barnett
Justice of the Peace – Precinct 6	Judge Milton Adams
Constable – Precinct 1	Daryl Graham
Constable – Precinct 2	Norman Terry
Constable – Precinct 3	David Grubbs
Constable – Precinct 4	Richard Stewart
Constable – Precinct 5	Brad Miers
Constable – Precinct 6	Mike Warren
Chief Juvenile Probation	Bonny Turnage
Chief Community Supervision & Corrections Officer	Steve Jeffus
County Court-at-Law No. 1 Judge	Judge Matt Livingston
County Court-at-Law No. 2 Judge	Judge Nancy Perryman
173rd District Court Judge	Judge Dan Moore
392nd District Judge	Judge Carter Tarrance
3rd District Court Judge	Judge Mark Calhoon

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# **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson County, Texas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

## **Basis for Qualified Opinion on the Governmental Activities, the Business-type Activities and the Major Proprietary Fund**

The County has not implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. These financial statements recognize the cost of postemployment benefits, other than retirement benefits, on a pay-as-you-go basis. Accounting principles generally accepted in the United States of America require that annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded would increase the liabilities, reduce the net assets, and change the expenses of the governmental activities, the business-type activities, and each major proprietary fund. The effects on these financial statements, although not reasonably determinable, are presumed to be material.

### **Qualified Opinions**

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major proprietary fund of Henderson County, Texas, as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of Henderson County, Texas, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Road and Bridge Fund 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 on pages 4–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

The introductory section 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas  
September 30, 2013

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended December 31, 2012. The MD&A should be read in conjunction with the County's basic financial statements.

### FINANCIAL HIGHLIGHTS

The assets of Henderson County exceeded its liabilities at the close of fiscal year 2012 by \$46,163,978 (*net position*). Of this amount, \$11,219,366 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position increased by \$301,690.
- As of December 31, 2012, Henderson County's governmental funds reported combined ending fund balances of \$9,777,645, an increase of \$143,949 .
- At the end of fiscal year 2012, unassigned fund balance for the General Fund was \$8,118,291.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of Henderson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Henderson County include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and interest on long-term debt. Henderson County business-type activities consist of a recreational arena and corresponding concessions.

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

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as 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.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Road and Bridge Fund, both of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Henderson County adopts an annual appropriated budget for its General Fund and Road and Bridge Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

*Proprietary Funds – Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Fair Park operations.

*Fiduciary Funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Henderson County's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements that further support the information in the financial statements. The combining fund statements are presented immediately following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Henderson County, assets exceeded liabilities by \$46,163,978 at the close of the most recent fiscal year.

Investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any debt used to acquire those assets that are still outstanding accounted for \$32,833,766 of the County’s net position. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**HENDERSON COUNTY’S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 28,347,558	\$ 27,534,735	\$ 78,407	\$ 62,644	\$ 28,425,965	\$ 27,597,379
Capital assets	36,880,032	37,660,226	1,078,788	1,123,735	37,958,820	38,783,961
Total assets	<u>65,227,590</u>	<u>65,194,961</u>	<u>1,157,195</u>	<u>1,186,379</u>	<u>66,384,785</u>	<u>66,381,340</u>
Long-term liabilities	4,023,057	4,824,197	30,000	40,000	4,053,057	4,864,197
Other liabilities	16,137,491	15,602,882	30,259	51,973	16,167,750	15,654,855
Total liabilities	<u>20,160,548</u>	<u>20,427,079</u>	<u>60,259</u>	<u>91,973</u>	<u>20,220,807</u>	<u>20,519,052</u>
Net position:						
Net investment in capital assets	31,794,978	31,895,226	1,038,788	1,066,753	32,833,766	32,961,979
Restricted	2,110,846	2,055,270	-	-	2,110,846	2,055,270
Unrestricted	<u>11,161,218</u>	<u>10,817,386</u>	<u>58,148</u>	<u>27,653</u>	<u>11,219,366</u>	<u>10,845,039</u>
Total net position	<u>\$ 45,067,042</u>	<u>\$ 44,767,882</u>	<u>\$ 1,096,936</u>	<u>\$ 1,094,406</u>	<u>\$ 46,163,978</u>	<u>\$ 45,862,288</u>

Approximately 5% of the County’s net assets represent *restricted net position*. These are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The remaining balance, *unrestricted net position*, may be used to meet the County’s ongoing obligations to citizens and creditors.

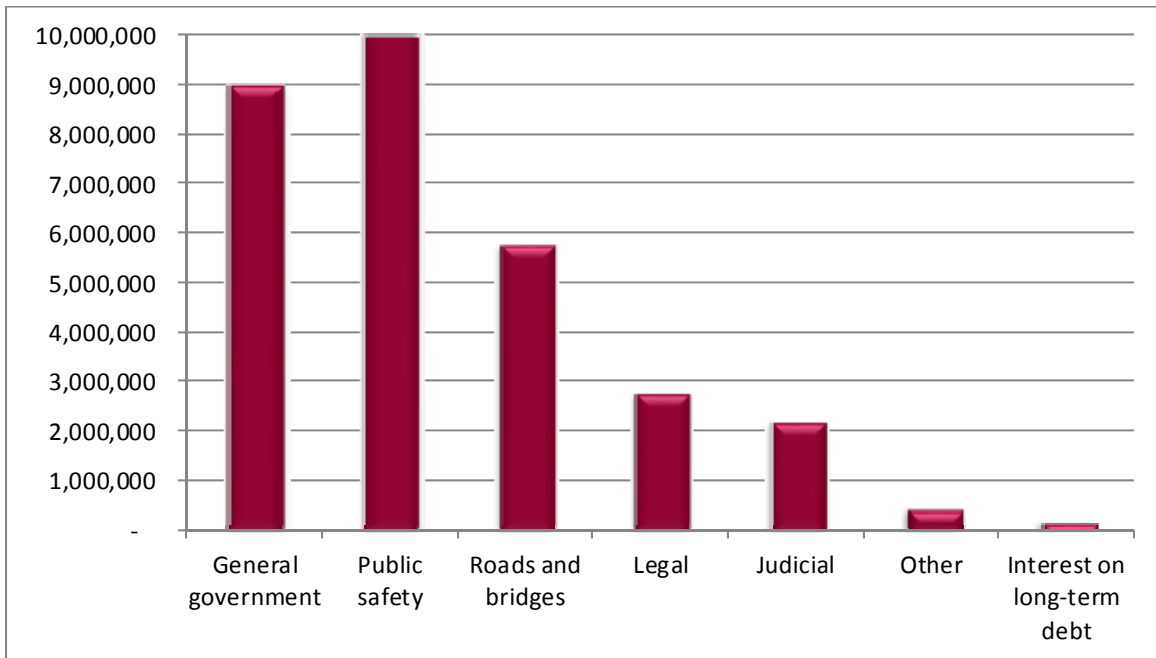
## HENDERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,525,211	\$ 6,476,642	\$ 270,061	\$ 288,843	\$ 5,795,272	\$ 6,765,485
Operating grants and contributions	893,022	1,360,517	71,640	29,830	964,662	1,390,347
General revenues:						
Property taxes	24,959,702	24,806,246	14,435	53,587	24,974,137	24,859,833
Other taxes	66,884	75,405	99,851	-	166,735	75,405
Investment earnings	99,502	83,973	-	-	99,502	83,973
Miscellaneous	94,273	119,727	-	-	94,273	119,727
Total revenues	<u>31,638,594</u>	<u>32,922,510</u>	<u>455,987</u>	<u>372,260</u>	<u>32,094,581</u>	<u>33,294,770</u>
<b>Expenses:</b>						
Governmental activities:						
General government	9,038,233	9,542,424	-	-	9,038,233	9,542,424
Legal	2,793,971	2,817,780	-	-	2,793,971	2,817,780
Health and welfare	73,803	69,001	-	-	73,803	69,001
Judicial	2,241,250	2,159,390	-	-	2,241,250	2,159,390
Public safety	10,775,718	10,155,360	-	-	10,775,718	10,155,360
Culture and recreation	386,609	378,236	-	-	386,609	378,236
Roads and bridges	5,805,287	5,520,135	-	-	5,805,287	5,520,135
Interest on long-term debt	199,563	228,110	-	-	199,563	228,110
Business-type activities:						
Fair Park	-	-	397,888	348,337	397,888	348,337
Fair Park Concessions	-	-	80,569	76,223	80,569	76,223
Total expenses	<u>31,314,434</u>	<u>30,870,436</u>	<u>478,457</u>	<u>424,560</u>	<u>31,792,891</u>	<u>31,294,996</u>
Change in net position before transfers	324,160	2,052,074	( 22,470)	( 52,300)	301,690	1,999,774
Transfers	( 25,000)	( 67,483)	25,000	67,483	-	-
Change in net position	299,160	1,984,591	2,530	15,183	301,690	1,999,774
Net position, beginning	<u>44,767,882</u>	<u>42,783,291</u>	<u>1,094,406</u>	<u>1,079,223</u>	<u>45,862,288</u>	<u>43,862,514</u>
Net position, ending	<u>\$ 45,067,042</u>	<u>\$ 44,767,882</u>	<u>\$ 1,096,936</u>	<u>\$ 1,094,406</u>	<u>\$ 46,163,978</u>	<u>\$ 45,862,288</u>

**Governmental Activities.** Governmental activities increased Henderson County's net assets by \$299,160. Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$6,418,233 equaled 20.5% of governmental expenses of \$31,314,434. As expected, general revenues of \$25,334,647 provided the additional support and coverage for expenses.
- Approximately 35% of the expenses were for public safety and 29% was for general government activities.
- Infrastructure (roads and bridges) expenses, at \$5,805,287 accounted for 18.5% of expenses.
- Grant revenues and contributions comprised roughly 14% of total revenues.

## GOVERNMENTAL ACTIVITIES EXPENSES



### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Henderson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of fiscal year 2012, Henderson County's *governmental funds* reported combined ending fund balances of \$9,777,645. Overall fund balance increased by \$143,949. The increase is only 1.45% of the total fund balance. This reflects a budget that truly reflected the needs of the County without any additional fluff.

The General Fund is the chief operating fund of Henderson County. At the end of fiscal year 2012, the General Fund had an ending fund balance of \$8,132,929. 99.82% of this total amount (\$8,118,291) constitutes unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total General Fund expenditures. Unassigned fund balance represents 33% of total General Fund expenditures.

The Road and Bridge Fund had an ending fund balance of \$936,593, a net decrease of \$124,444. The decrease was mainly due to the consumptions of lateral road funding provided by the State of Texas for the purpose of road construction.

*Enterprise Funds.*

A new hotel/motel tax that was imposed in 2011 generated over \$99,000 in revenues to assist the Fairgrounds in growth and development. Of the \$475,070 of expenses, \$88,960 was due to depreciation.

**Budgetary Highlights**

The budget is prepared in accordance to historical practices that conform to State of Texas statutes and approved by the Commissioners’ Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The County maintains strict budgetary controls and sets its appropriations as the category level for all operating expenses and at the position/line item level for all salaries and benefits. Budget amendments may be made between operating categories and benefits only with the approval of Commissioners’ Court.

The following are significant variations between the final budget and actual amounts in budget for General Fund or Road and Bridge Fund, as noted:

- Ad valorem tax collections were at a higher rate than last year due to improving economic conditions making it possible for more citizens to pay the current taxes due in a timely fashion. Henderson County also experienced the addition of new property to the tax roll that also aided in our collections.
- Road and Bridge experienced an unanticipated shortfall in property taxes, but with a healthy reserve in lateral road funds, all precincts were able to meet road construction/repair needs.
- Countywide, there was full participation in a conscientious reduction in spending; resulting in a positive variance (budget to actual) in all funds.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Henderson County’s investment in capital assets for its governmental activities as of December 31, 2012, was \$36,880,032 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furniture and equipment and infrastructure.

**HENDERSON COUNTY’S CAPITAL ASSETS AT YEAR-END**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,398,854	\$ 3,384,915	\$ 250,504	\$ 250,504	\$ 3,649,358	\$ 3,635,419
Buildings and improvements	28,463,655	28,458,155	1,949,164	1,949,164	30,412,819	30,407,319
Furniture and equipment	12,102,160	11,135,620	258,778	214,765	12,360,938	11,350,385
Infrastructure	32,024,869	32,024,869	-	-	32,024,869	32,024,869
Less: accumulated depreciation	( 39,109,506)	( 37,343,333)	( 1,379,658)	( 1,290,698)	( 40,489,164)	( 38,634,031)
Total capital assets	<u>\$ 36,880,032</u>	<u>\$ 37,660,226</u>	<u>\$ 1,078,788</u>	<u>\$ 1,123,735</u>	<u>\$ 37,958,820</u>	<u>\$ 38,783,961</u>

## **Significant Capital Assets Events**

There were no significant capital asset events in 2012.

**Long-term Debt.** At the end of fiscal year 2012, Henderson County had total bonded debt outstanding of \$4,735,000. This amount is the combination of \$4,695,000 of general obligation bonds and \$40,000 of certificates of obligation.

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

The 2013 budget process resulted in the elimination of 13 full and part-time positions. This was done in an attempt to streamline the County's efforts and reduce costs, especially in the area of health insurance.

The County adopted the same rate for the 2013 budget as was in place for the 2012 budget. This rate was lower than the effective rate. New property value increased the tax base by \$57,975,451. The Commissioner's Court was very sensitive to the plight of the taxpayer and provided a very conservative budget for 2013.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Henderson County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Auditor's Office  
100 E. Tyler, St Room 300  
Athens, TX 75751

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**BASIC  
FINANCIAL STATEMENTS**

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# HENDERSON COUNTY, TEXAS

## STATEMENT OF NET POSITION

DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 23,772,890	\$ 70,174	\$ 23,843,064
Receivables, net of allowance for uncollectibles			
Taxes	2,380,946	1,437	2,382,383
Fines	1,743,900	-	1,743,900
Other	265,464	6,796	272,260
Due from other governments	184,358	-	184,358
Total current assets	28,347,558	78,407	28,425,965
Noncurrent assets:			
Capital assets:			
Land	3,398,854	250,504	3,649,358
Buildings and improvements	28,463,655	1,949,164	30,412,819
Furniture and equipment	12,102,160	258,778	12,360,938
Infrastructure	32,024,869	-	32,024,869
Less: accumulated depreciation	( 39,109,506)	( 1,379,658)	( 40,489,164)
Total capital assets	36,880,032	1,078,788	37,958,820
Total noncurrent assets	36,880,032	1,078,788	37,958,820
Total assets	65,227,590	1,157,195	66,384,785
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	734,123	8,810	742,933
Accrued liabilities	656,197	5,077	661,274
Due to other governments	376,684	-	376,684
Unearned revenue	12,348,624	6,372	12,354,996
Cash bond deposits	295,100	-	295,100
Accrued interest payable	25,874	-	25,874
General obligation bonds	1,110,000	-	1,110,000
Capital lease obligation	79,775	-	79,775
Certificates of obligation	-	10,000	10,000
Compensated absences	511,114	-	511,114
Total current liabilities	16,137,491	30,259	16,167,750
Noncurrent liabilities:			
General obligation bonds	3,585,000	-	3,585,000
Capital lease obligation	310,279	-	310,279
Certificates of obligation	-	30,000	30,000
Compensated absences	127,778	-	127,778
Total noncurrent liabilities	4,023,057	30,000	4,053,057
Total liabilities	20,160,548	60,259	20,220,807
<b>NET POSITION</b>			
Net investment in capital assets	31,794,978	1,038,788	32,833,766
Restricted for:			
Roads and bridges	1,273,440	-	1,273,440
Debt service	323,561	-	323,561
Other purposes	513,845	-	513,845
Unrestricted	11,161,218	58,148	11,219,366
Total net position	\$ 45,067,042	\$ 1,096,936	\$ 46,163,978

**The accompanying notes are an integral part of these financial statements.**

# HENDERSON COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 9,038,233	\$ 1,681,633	\$ 314,497
Legal	2,793,971	124,698	70,022
Health and welfare	73,803	90,039	5,105
Judicial	2,241,250	1,609,837	235,793
Public safety	10,775,718	576,465	189,599
Culture and recreation	386,609	9,418	21,612
Roads and bridges	5,805,287	1,433,121	56,394
Interest on long-term debt	199,563	-	-
Total governmental activities	31,314,434	5,525,211	893,022
Business-type activities:			
Fair Park	397,888	180,691	71,640
Fair Park concessions	80,569	89,370	-
Total business-type activities	478,457	270,061	71,640
Total	\$ 31,792,891	\$ 5,795,272	\$ 964,662
General revenues:			
Taxes:			
Property			
Alcoholic beverages			
Investment earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning			
Net position, ending			

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ ( 7,042,103)	\$ -	\$ ( 7,042,103)
( 2,599,251)	-	( 2,599,251)
21,341	-	21,341
( 395,620)	-	( 395,620)
( 10,009,654)	-	( 10,009,654)
( 355,579)	-	( 355,579)
( 4,315,772)	-	( 4,315,772)
<u>( 199,563)</u>	<u>-</u>	<u>( 199,563)</u>
<u>( 24,896,201)</u>	<u>-</u>	<u>( 24,896,201)</u>
-	( 145,557)	( 145,557)
<u>-</u>	<u>8,801</u>	<u>8,801</u>
<u>-</u>	<u>( 136,756)</u>	<u>( 136,756)</u>
<u>( 24,896,201)</u>	<u>( 136,756)</u>	<u>( 25,032,957)</u>
24,959,702	114,286	25,073,988
66,884	-	66,884
99,502	-	99,502
94,273	-	94,273
<u>( 25,000)</u>	<u>25,000</u>	<u>-</u>
<u>25,195,361</u>	<u>139,286</u>	<u>25,334,647</u>
299,160	2,530	301,690
<u>44,767,882</u>	<u>1,094,406</u>	<u>45,862,288</u>
<u>\$ 45,067,042</u>	<u>\$ 1,096,936</u>	<u>\$ 46,163,978</u>

# HENDERSON COUNTY, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2012

	<u>General</u>	<u>Road and Bridge</u>
<b>ASSETS</b>		
Cash and investments	\$ 19,314,668	\$ 2,913,612
Receivables, net of allowance for uncollectibles:		
Taxes	1,866,683	350,951
Fines	1,743,900	-
Other	213,984	-
Due from other governments	184,358	-
Due from other funds	<u>51,480</u>	<u>-</u>
Total assets	<u>\$ 23,375,073</u>	<u>\$ 3,264,563</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	569,879	133,538
Accrued liabilities	579,664	72,437
Due to other governments	280,086	-
Deferred revenue	13,517,415	2,121,995
Cash bonds and deposits	<u>295,100</u>	<u>-</u>
Total liabilities	<u>15,242,144</u>	<u>2,327,970</u>
Fund balances:		
Restricted	-	936,593
Assigned	14,638	-
Unassigned	<u>8,118,291</u>	<u>-</u>
Total fund balances	<u>8,132,929</u>	<u>936,593</u>
Total liabilities and fund balances	<u>\$ 23,375,073</u>	<u>\$ 3,264,563</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

**The accompanying notes are an integral part of these financial statements.**

Other Governmental Funds	Total Governmental Funds
\$ 1,544,610	\$ 23,772,890
163,312	2,380,946
-	1,743,900
-	213,984
-	184,358
-	51,480
<u>\$ 1,707,922</u>	<u>\$ 28,347,558</u>

30,706	734,123
4,096	656,197
96,598	376,684
868,399	16,507,809
-	295,100
<u>999,799</u>	<u>18,569,913</u>

708,123	1,644,716
-	14,638
-	8,118,291
<u>708,123</u>	<u>9,777,645</u>

\$ 1,707,922

36,880,032  
4,159,185  
( 5,749,820)  
\$ 45,067,042

## HENDERSON COUNTY, TEXAS

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

#### GOVERNMENTAL FUNDS

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 19,925,518	\$ 3,528,041	\$ 1,426,304	\$ 24,879,863
Fees of office	2,040,330	1,016,788	203,187	3,260,305
Intergovernmental	1,123,498	56,394	62,500	1,242,392
Fines and forfeitures	950,852	-	115,563	1,066,415
Licenses and permits	13,101	416,333	-	429,434
Donations	12,619	-	-	12,619
Investment earnings	88,640	-	10,862	99,502
Miscellaneous	230,568	165,042	11,131	406,741
Total revenues	24,385,126	5,182,598	1,829,547	31,397,271
<b>EXPENDITURES</b>				
Current:				
General government	8,422,423	-	100,715	8,523,138
Public safety	10,741,584	-	151,111	10,892,695
Roads and bridges	-	5,466,591	-	5,466,591
Legal	2,040,361	-	199,426	2,239,787
Judicial	2,824,517	-	8,796	2,833,313
Culture and recreation	370,065	-	18,437	388,502
Health and welfare	73,355	-	-	73,355
Debt service:				
Principal	30,047	80,174	1,097,290	1,207,511
Interest and other charges	2,935	2,157	201,264	206,356
Total expenditures	24,505,287	5,548,922	1,777,039	31,831,248
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 120,161)	( 366,324)	52,508	( 433,977)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance	23,121	-	-	23,121
Sale of capital assets	52,491	-	-	52,491
Proceeds from debt issuance	148,426	241,880	137,008	527,314
Transfers in (out)	( 13,573)	-	( 11,427)	( 25,000)
Total other financing sources and uses	210,465	241,880	125,581	577,926
<b>NET CHANGE IN FUND BALANCES</b>	90,304	( 124,444)	178,089	143,949
<b>FUND BALANCES, BEGINNING</b>	8,042,625	1,061,037	530,034	9,633,696
<b>FUND BALANCES, ENDING</b>	\$ 8,132,929	\$ 936,593	\$ 708,123	\$ 9,777,645

**The accompanying notes are an integral part of these financial statements.**



**HENDERSON COUNTY, TEXAS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances - total governmental funds:	\$ 143,949
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	( 765,858)
Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	( 14,336)
The issuance of long-term debt (leases) provides current financial resources to governmental funds. However, this transaction has no effect on net position.	( 527,314)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	241,323
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This has no effect on the statement of activities.	1,207,511
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	<u>13,885</u>
Change in net position of governmental activities	<u>\$ 299,160</u>

**The accompanying notes are an integral part of these financial statements.**

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 20,936,419	\$ 20,936,419	\$ 19,858,634	\$( 1,077,785)
Mixed beverage taxes	87,947	87,947	66,884	( 21,063)
Fees of office:				
Sheriff	199,864	199,864	166,065	( 33,799)
County clerk	691,270	691,270	631,833	( 59,437)
Tax assessor/collector	600,737	600,737	622,126	21,389
District clerk	264,476	264,476	358,251	93,775
Justice of the peace	81,878	81,878	78,158	( 3,720)
County attorney	27,332	27,332	21,206	( 6,126)
Constables	63,275	63,275	51,506	( 11,769)
Court costs	95,170	95,170	80,953	( 14,217)
Other	32,334	32,334	30,232	( 2,102)
Total fees of office	2,056,336	2,056,336	2,040,330	( 16,006)
Intergovernmental	1,416,178	1,423,378	1,123,498	( 299,880)
Licenses and permits	18,121	18,121	13,101	( 5,020)
Fines and forfeitures	1,120,176	1,120,176	950,852	( 169,324)
Donations	100	100	12,619	12,519
Investment earnings	58,564	58,564	88,640	30,076
Miscellaneous	173,804	225,845	230,568	4,723
Total revenues	25,867,645	25,926,886	24,385,126	( 1,541,760)
<b>EXPENDITURES</b>				
General government:				
County Judge	235,919	236,354	227,657	8,697
General County operations	3,547,550	3,450,616	3,187,406	263,210
Juvenile	120,000	116,123	92,386	23,737
General information systems	632,200	632,200	537,617	94,583
County clerk	785,575	785,751	700,718	85,033

(continued)

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
General government: (Continued)				
County clerk records management	\$ 87,200	\$ 94,691	\$ 90,711	\$ 3,980
Elections administration	292,491	363,147	358,338	4,809
Veterans services	19,363	19,466	18,743	723
County auditor	643,299	643,299	577,268	66,031
Information technology	271,085	264,274	176,134	88,140
County treasurer	220,813	220,813	218,368	2,445
Tax assessor/collector	804,516	826,516	768,417	58,099
Public facilities	1,555,906	1,599,924	1,458,450	141,474
Jury	25,000	25,000	10,210	14,790
Total general government	9,240,917	9,278,174	8,422,423	855,751
Public safety:				
Constables general	13,810	12,729	4,464	8,265
Constable, precinct 1	63,534	63,434	62,812	622
Constable, precinct 2	63,471	64,391	63,376	1,015
Constable, precinct 3	62,119	62,594	61,875	719
Constable, precinct 4	63,187	63,087	62,840	247
Constable, precinct 5	61,649	63,582	63,476	106
Constable, precinct 6	63,458	63,458	61,944	1,514
Sheriff's office field operations	4,570,760	4,889,754	4,929,629	( 39,875)
Jail operations	5,357,311	5,206,361	4,991,541	214,820
County funding of CSCD	1,500	1,500	51	1,449
Emergency management	78,332	78,332	67,267	11,065
Fire marshal/environmental crimes	303,636	303,636	300,938	2,698
Department of public safety	72,473	72,473	71,371	1,102
Total public safety	10,775,240	10,945,331	10,741,584	203,747

(continued)

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Legal:				
County attorney prosecution	\$ 759,297	\$ 759,297	\$ 724,350	\$ 34,947
County attorney collections	337,226	337,226	257,302	79,924
District attorney	1,081,080	1,087,354	1,058,709	28,645
District attorney capital cases	25,000	7,941	-	7,941
Total legal	2,202,603	2,191,818	2,040,361	151,457
Judicial:				
County court-at-law 1	350,059	350,059	336,770	13,289
County court-at-law 2	340,781	340,781	337,134	3,647
District courts general	71,500	71,500	52,171	19,329
Indigent defense	53,774	53,774	52,298	1,476
3rd district court	129,138	129,138	119,555	9,583
173rd district court	216,531	216,527	215,132	1,395
392nd district court	219,132	219,136	215,560	3,576
District Clerk	608,219	615,005	596,020	18,985
Justice of the peace, precinct 1	140,160	140,260	128,252	12,008
Justice of the peace, precinct 2	198,720	207,920	197,695	10,225
Justice of the peace, precinct 3	128,205	135,705	133,072	2,633
Justice of the peace, precinct 4	121,679	121,779	119,893	1,886
Justice of the peace, precinct 5	165,413	165,782	163,970	1,812
Justice of the peace, precinct 6	79,206	79,206	72,904	6,302
Arraignments	11,918	13,133	12,810	323
Jury	88,500	88,500	71,281	17,219
Total judicial	2,922,935	2,948,205	2,824,517	123,688

(continued)

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Health and welfare:				
Health care coordination	\$ 79,713	\$ 79,713	\$ 73,355	\$ 6,358
Total health and welfare	79,713	79,713	73,355	6,358
Culture and recreation:				
Public library	143,784	180,799	173,756	7,043
County extension office	196,427	196,427	177,944	18,483
Historical Commission	18,396	18,396	18,365	31
Total culture and recreation	358,607	395,622	370,065	25,557
Debt service:				
Principal	-	-	30,047	( 30,047)
Interest and other charges	-	-	2,935	( 2,935)
Total expenditures	25,580,015	25,838,863	24,505,287	1,333,576
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	287,630	88,023	( 120,161)	( 208,184)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance	20,878	20,878	23,121	2,243
Sale of capital assets	25,000	25,000	52,491	27,491
Proceeds from debt issuance	-	-	148,426	148,426
Transfers in (out)	( 332,322)	( 332,322)	( 13,573)	318,749
Total other financing sources (uses)	( 286,444)	( 286,444)	210,465	496,909
<b>NET CHANGE IN FUND BALANCES</b>	1,186	( 198,421)	90,304	288,725
<b>FUND BALANCES, BEGINNING</b>	8,042,625	8,042,625	8,042,625	-
<b>FUND BALANCES, ENDING</b>	\$ 8,043,811	\$ 7,844,204	\$ 8,132,929	\$ 288,725

The accompanying notes are an integral part of these financial statements.

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## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### ROAD AND BRIDGE

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,672,619	\$ 3,672,619	\$ 3,528,041	\$( 144,578)
Fees of office	986,363	986,363	1,016,788	30,425
Licenses and permits	437,053	437,053	416,333	( 20,720)
Intergovernmental	52,291	52,291	56,394	4,103
Miscellaneous	<u>-</u>	<u>96,305</u>	<u>165,042</u>	<u>68,737</u>
Total revenues	<u>5,148,326</u>	<u>5,244,631</u>	<u>5,182,598</u>	<u>( 62,033)</u>
<b>EXPENDITURES</b>				
Waste management	330,761	330,761	284,994	45,767
Road and bridge general	16,700	16,700	3,702	12,998
Road and bridge precinct #1	1,186,698	1,199,208	1,199,196	12
Road and bridge precinct #2	1,186,698	1,388,267	1,383,262	5,005
Road and bridge precinct #3	1,186,698	1,239,456	1,239,213	243
Road and bridge precinct #4	1,186,698	1,188,661	1,333,582	( 144,921)
Precinct #1 lateral road	13,000	22,642	22,642	-
Precinct #2 lateral road	13,000	13,000	-	13,000
Precinct #3 lateral road	13,000	13,000	-	13,000
Precinct #4 lateral road	13,000	13,000	-	13,000
Principal	-	-	80,174	( 80,174)
Interest and other fiscal charges	<u>-</u>	<u>-</u>	<u>2,157</u>	<u>( 2,157)</u>
Total expenditures	<u>5,146,253</u>	<u>5,424,695</u>	<u>5,548,922</u>	<u>( 124,227)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	2,073	( 180,064)	( 366,324)	( 186,260)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>241,880</u>	<u>241,880</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>241,880</u>	<u>241,880</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	2,073	( 180,064)	( 124,444)	55,620
<b>FUND BALANCES, BEGINNING</b>				
	<u>1,061,037</u>	<u>1,061,037</u>	<u>1,061,037</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>				
	<u>\$ 1,063,110</u>	<u>\$ 880,973</u>	<u>\$ 936,593</u>	<u>\$ 55,620</u>

The accompanying notes are an integral part of these financial statements.

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# HENDERSON COUNTY, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

DECEMBER 31, 2012

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 48,484	\$ 21,690	\$ 70,174
Accounts receivable, net	6,796	-	6,796
Taxes receivable, net	1,437	-	1,437
Total current assets	<u>56,717</u>	<u>21,690</u>	<u>78,407</u>
Non-current assets:			
Capital assets:			
Land	250,504	-	250,504
Buildings and improvements	1,949,164	-	1,949,164
Furniture and equipment	258,778	-	258,778
Less: accumulated depreciation	( 1,379,658)	-	( 1,379,658)
Total non-current assets	<u>1,078,788</u>	<u>-</u>	<u>1,078,788</u>
Total assets	<u>1,135,505</u>	<u>21,690</u>	<u>1,157,195</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	7,079	1,731	8,810
Accrued liabilities	4,754	323	5,077
Unearned revenue	6,372	-	6,372
Certificates of obligation	10,000	-	10,000
Total current liabilities	<u>28,205</u>	<u>2,054</u>	<u>30,259</u>
Non-current liabilities:			
Certificates of obligation	30,000	-	30,000
Total non-current liabilities	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total liabilities	<u>58,205</u>	<u>2,054</u>	<u>60,259</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,038,788	-	1,038,788
Unrestricted	<u>38,512</u>	<u>19,636</u>	<u>58,148</u>
Total net position	<u>\$ 1,077,300</u>	<u>\$ 19,636</u>	<u>\$ 1,096,936</u>

The accompanying notes are an integral part of these financial statements.

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**HENDERSON COUNTY, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
<b>OPERATING REVENUES</b>			
Rentals	\$ 133,745	\$ -	\$ 133,745
Concessions	-	89,370	89,370
Contributions	71,640	-	71,640
Other	46,946	-	46,946
Total operating revenues	252,331	89,370	341,701
<b>OPERATING EXPENSES</b>			
Personnel	153,837	14,768	168,605
Supplies and materials	68,734	47,161	115,895
Repairs and maintenance	13,889	-	13,889
Utilities	65,702	-	65,702
Professional services	500	11,625	12,125
Depreciation	88,960	-	88,960
Other	2,879	7,015	9,894
Total operating expenses	394,501	80,569	475,070
<b>OPERATING INCOME (LOSS)</b>	( 142,170)	8,801	( 133,369)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Taxes	114,286	-	114,286
Interest expense	( 3,387)	-	( 3,387)
Total non-operating revenues (expenses)	110,899	-	110,899
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	( 31,271)	8,801	( 22,470)
Transfers in (out)	45,145	( 20,145)	25,000
<b>CHANGE IN NET POSITION</b>	13,874	( 11,344)	2,530
<b>TOTAL NET POSITION, BEGINNING</b>	1,063,426	30,980	1,094,406
<b>TOTAL NET POSITION, ENDING</b>	\$ 1,077,300	\$ 19,636	\$ 1,096,936

**The accompanying notes are an integral part of these financial statements.**

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# HENDERSON COUNTY, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 249,650	\$ 92,258	\$ 341,908
Cash paid to suppliers for goods and services	( 169,977)	( 14,656)	( 184,633)
Cash paid to employees for services	( 151,005)	( 64,793)	( 215,798)
Net cash provided (used) by operating activities	<u>( 71,332)</u>	<u>12,809</u>	<u>( 58,523)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from taxes	113,875	-	113,875
Transfers from (to) other funds	<u>45,145</u>	<u>( 20,145)</u>	<u>25,000</u>
Net cash provided (used) by noncapital financing activities	<u>159,020</u>	<u>( 20,145)</u>	<u>138,875</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	( 44,013)	-	( 44,013)
Interest and fiscal charges on long-term debt	( 3,387)	-	( 3,387)
Principal payments on long-term debt	<u>( 16,982)</u>	<u>-</u>	<u>( 16,982)</u>
Net cash used by capital and related financing activities	<u>( 64,382)</u>	<u>-</u>	<u>( 64,382)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	23,306	( 7,336)	15,970
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>25,178</u>	<u>29,026</u>	<u>54,204</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 48,484</u>	<u>\$ 21,690</u>	<u>\$ 70,174</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$( 142,170)	\$ 8,801	\$( 133,369)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	88,960	-	88,960
(Increase) decrease in assets:			
Accounts receivable	( 2,681)	2,888	207
Increase (decrease) in liabilities:			
Accounts payable	( 16,140)	1,008	( 15,132)
Accrued liabilities	<u>699</u>	<u>112</u>	<u>811</u>
Net cash provided (used) by operating activities	<u>\$( 71,332)</u>	<u>\$ 12,809</u>	<u>\$( 58,523)</u>

**The accompanying notes are an integral part of these financial statements.**

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**HENDERSON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2012**

**ASSETS**

Cash and investments	\$ 2,836,039
Accounts receivable	<u>51,480</u>
Total assets	<u>\$ 2,887,519</u>

**LIABILITIES**

Due to other funds	\$ 51,480
Due to other agencies and individuals	<u>2,836,039</u>
Total liabilities	<u>\$ 2,887,519</u>

**The accompanying notes are an integral part of these financial statements.**

# HENDERSON COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Henderson County, Texas (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### **Financial Reporting Entity**

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Henderson County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly. As of December 31, 2012, the County does not report any component units.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.



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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The County reports the following major governmental funds:

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

The **Road and Bridge Fund** is used to account for the operation, repair and maintenance of roads and bridges within the County.

The County reports the following major Enterprise Funds:

The **Fair Park Fund** is used to account for the activities of the Henderson County Fairgrounds.

The **Fair Park Concessions Fund** is used to account for the concessions activities of the Henderson County Fairgrounds.

Additionally, the County reports the following fund type:

**Agency Funds** account for assets held by the County in a trustee capacity or as an agent for individuals or other governments. They are custodial in nature and do not include measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County invests its resources in bank certificates of deposit. These investments are recorded at cost, which approximates fair value. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations with the State.

### **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."

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as physical assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Property improvements are capitalized if valued over \$10,000 with an estimated useful life in excess of 10 years. 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.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Infrastructure	50 - 100

**Compensated Absences**

It is the government’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other

financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Fund Balance Classification**

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

### **Fund Equity**

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

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

## Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its 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.

## 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.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$5,749,820) difference are as follows:

General obligation bonds	\$( 4,695,000)
Capital leases	( 390,054)
Accrued interest payable	( 25,874)
Compensated absences	<u>( 638,892)</u>
 Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$ ( 5,749,820)</u>

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is

allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(765,858) difference are as follows:

Capital outlay	\$ 1,319,862
Depreciation expense	<u>( 2,085,720)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 765,858)</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$106,113 difference are as follows:

Property taxes	\$ 11,513
Court fines	<u>94,600</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 106,113</u></u>

Another element of that reconciliation states that, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$14,136) difference are as follows:

Compensated absences	\$( 7,092)
Accrued interest	<u>( 7,044)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 14,136)</u></u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

The Commissioners’ Court approves a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. For each budgeted fund, budgetary control is maintained at the departmental classification level. This is the level at which expenditures may not legally exceed funds. Any expenditures which alter the total budgeted amounts must be approved by the Commissioners’ Court and the budget appropriately amended. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Capital Projects Fund. All annual appropriations lapse at fiscal year-end.

#### 4. DETAILED NOTES ON ALL FUNDS

##### Deposits

##### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of the State of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of December 31, 2012, the County's \$27,556,960 deposit balance was entirely collateralized with securities pledged by the pledging financial institution or covered by FDIC insurance.

##### Receivables

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

	<u>Governmental Funds</u>			<u>Enterprise Funds</u>	
	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor</u>	<u>Fair Park</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,964,929	\$ 369,422	\$ 171,907	\$ 1,437	\$ 2,507,695
Fines	17,439,007	-	-	-	17,439,007
Other	<u>213,984</u>	<u>-</u>	<u>-</u>	<u>6,796</u>	<u>220,780</u>
Gross receivables	19,617,920	369,422	171,907	8,233	20,167,482
Less: allowance for uncollectibles	<u>( 15,793,353)</u>	<u>( 18,471)</u>	<u>( 8,595)</u>	<u>-</u>	<u>( 15,820,419)</u>
Net total receivables	<u>\$ 3,824,567</u>	<u>\$ 350,951</u>	<u>\$ 163,312</u>	<u>\$ 8,233</u>	<u>\$ 4,347,063</u>

## Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
General fund:		
Property taxes	\$ 1,785,953	\$ 9,744,028
Fines	1,879,111	-
Other	-	108,323
Road and bridge:		
Property taxes	336,847	1,785,148
Nonmajor governmental funds:		
Property taxes	<u>157,274</u>	<u>711,125</u>
Total governmental activities	<u>\$ 4,159,185</u>	<u>\$ 12,348,624</u>



## Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,384,915	\$ 13,939	\$ -	\$ -	\$ 3,398,854
Total capital assets not being depreciated	<u>3,384,915</u>	<u>13,939</u>	<u>-</u>	<u>-</u>	<u>3,398,854</u>
Capital assets, being depreciated:					
Buildings and improvements	28,458,155	5,500	-	-	28,463,655
Furniture and fixtures	11,135,620	1,300,423	( 341,483)	7,600	12,102,160
Infrastructure	32,024,869	-	-	-	32,024,869
Total capital assets being depreciated	<u>71,618,644</u>	<u>1,305,923</u>	<u>( 341,483)</u>	<u>7,600</u>	<u>72,590,684</u>
Less accumulated depreciation:					
Buildings and improvements	( 10,900,350)	( 846,412)	-	-	( 11,746,762)
Furniture and fixtures	( 8,419,643)	( 744,282)	321,987	( 2,440)	( 8,844,378)
Infrastructure	( 18,023,340)	( 495,026)	-	-	( 18,518,366)
Total accumulated depreciation	<u>( 37,343,333)</u>	<u>( 2,085,720)</u>	<u>321,987</u>	<u>( 2,440)</u>	<u>( 39,109,506)</u>
Total capital assets, being depreciated, net	<u>34,275,311</u>	<u>( 779,797)</u>	<u>( 19,496)</u>	<u>5,160</u>	<u>33,481,178</u>
Governmental activities capital assets, net	<u>\$ 37,660,226</u>	<u>\$( 765,858)</u>	<u>\$( 19,496)</u>	<u>\$ 5,160</u>	<u>\$ 36,880,032</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 250,504	\$ -	\$ -	\$ -	\$ 250,504
Total capital assets not being depreciated	<u>250,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,504</u>
Capital assets, being depreciated:					
Buildings	1,556,281	-	-	-	1,556,281
Improvements	392,883	-	-	-	392,883
Furniture and fixtures	214,765	73,943	( 33,310)	3,380	258,778
Total capital assets being depreciated	<u>2,163,929</u>	<u>73,943</u>	<u>( 33,310)</u>	<u>3,380</u>	<u>2,207,942</u>
Less accumulated depreciation:					
Buildings	( 1,009,110)	( 51,133)	-	-	( 1,060,243)
Improvements	( 153,696)	( 25,766)	-	-	( 179,462)
Furniture and fixtures	( 127,892)	( 24,475)	13,766	( 1,352)	( 139,953)
Total accumulated depreciation	<u>( 1,290,698)</u>	<u>( 101,374)</u>	<u>13,766</u>	<u>( 1,352)</u>	<u>( 1,379,658)</u>
Total capital assets, being depreciated, net	<u>873,231</u>	<u>( 27,431)</u>	<u>( 19,544)</u>	<u>2,028</u>	<u>828,284</u>
Business-type activities capital assets, net	<u>\$ 1,123,735</u>	<u>\$ ( 27,431)</u>	<u>\$ ( 19,544)</u>	<u>\$ 2,028</u>	<u>\$ 1,078,788</u>

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

Governmental activities:	
General government	\$ 935,605
Legal	16,263
Public safety	320,725
Road and bridge	<u>813,127</u>
Total depreciation expense - governmental activities	<u>\$ 2,085,720</u>
Business-type activities:	
Fair Park	<u>\$ 101,374</u>
Total depreciation expense - business-type activities	<u>\$ 101,374</u>

## **Interfund Transfers**

The composition of interfund transfers as of December 31, 2012, is as follows:

### **Interfund Transfers:**

	<u>Receiving Fund Fair Park</u>
Transferring Fund:	
General	\$ 13,573
Nonmajor governmental	11,427
Nonmajor enterprise	<u>20,145</u>
 Total	 <u>\$ 45,145</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to another fund that is allowed to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## **Capital Leases**

The County has entered into certain lease agreements as lessee for the financing and acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2013	\$ 82,331
2014	145,065
2015	62,733
2016	62,732
2017	62,732
Less amount representing interest	<u>( 25,539)</u>
 Present value of minimum lease payments	 <u>\$ 390,054</u>

## **Long-term Debt**

The County issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future tax revenue or liens on property and equipment. Debt obligations that are

intended to be repaid from Fair Park revenue *have* been recorded as business-type activities. All other long-term obligations of the County are considered to be governmental type activities.

### Bonds Payable and Certificates of Obligation

A summary of the terms of general obligation bonds and certificates of obligation outstanding and their corresponding allocations to the governmental and business-type activities at December 31, 2012, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<b><u>General Obligation Bonds</u></b>					
2006 General Obligations	\$ 8,500,000	2016	3.625%-4.0%	\$ 4,695,000	\$ -
<b><u>Certificates of Obligation</u></b>					
2000 Certificates of Obligation	140,000	2015	5.95%	-	40,000
Total Bonds and Certificates of Obligation			\$ <u>4,695,000</u>	\$ <u>40,000</u>	

Annual debt service requirements for bonds and certificates of obligation are as follows:

Year Ending December 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2013	\$ 1,110,000	\$ 155,245	\$ 10,000	\$ 2,083
2014	1,145,000	133,045	15,000	1,339
2015	1,190,000	87,245	15,000	446
2016-2020	<u>1,250,000</u>	<u>45,000</u>	-	-
Total	\$ <u>4,695,000</u>	\$ <u>420,535</u>	\$ <u>40,000</u>	\$ <u>3,868</u>

### Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 5,765,000	\$ -	\$(1,070,000)	\$ 4,695,000	\$ 1,110,000
Capital leases	-	527,314	( 137,260)	390,054	79,775
Compensated absences	<u>645,984</u>	<u>439,238</u>	<u>( 446,330)</u>	<u>638,892</u>	<u>511,114</u>
Governmental activities long-term liabilities	\$ <u>6,410,984</u>	\$ <u>966,552</u>	\$ <u>(1,653,590)</u>	\$ <u>5,723,946</u>	\$ <u>1,700,889</u>
<b>Business-type activities</b>					
Certificates of obligation	\$ 50,000	\$ -	\$( 10,000)	\$ 40,000	\$ 10,000
Capital leases	<u>6,982</u>	-	<u>( 6,982)</u>	-	-
Business-type activities long-term liabilities	\$ <u>56,982</u>	\$ -	\$ <u>( 16,982)</u>	\$ <u>40,000</u>	\$ <u>10,000</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

### **Other Information**

#### **Risk Management**

Henderson County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers' compensation. The County carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. The amounts of settlements have not exceeded insurance coverage for the past three fiscal years.

#### **Health Care Coverage**

During the year ended December 31, 2012, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed 100% of the premium for each employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a Health Maintenance Organization. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the County and the licensed insurer is renewable, and terms of coverage and contribution costs are included in the contractual provisions.

#### **Postemployment Benefits Other than Pension Benefits (OPEB)**

Currently, health insurance benefits are provided to eligible retirees of the County in accordance with the policies and procedures approved by Commissioners' Court. Health insurance premiums for eligible retirees are paid for by the County for a maximum of three years.

Eligible retired employees are regular fulltime employees who retire under the employees' established retirement program (Texas County and District Retirement System) on or after January 1, 1991, and hired on or before December 31, 2009. Retired employee's eligibility shall cease upon the occurrence of the following events, whichever occurs first: 1) the last day of the contract month in which a retiree becomes eligible for Medicare by reason of obtaining age 65; 2) the last day of the contract month in which a retiree becomes eligible for disability under the United States Social Security Act; or 3) the last day of the contract month in which the County has contributed premiums for a three-year period.

As of December 31, 2012, the County had 10 retirees that were eligible for the OPEB plan and the cost per retiree to the County was \$822 per month for the months of January through October, and \$818 for November and December. Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, premiums paid by the County were \$89,339.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which was effective for the County for the year ending December 31, 2008. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The County has not obtained the required actuarial evaluation of the benefits it provides to retirees and, therefore, has not implemented this standard.

### **Litigation**

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. The outcome of these lawsuits is not presently determinable, but according to the County's attorneys, a judgment, if any, would have an immaterial impact on the County as a whole.

### **Commitments and Contingencies**

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

### **Pension Plans**

#### **Defined Benefit Plan – Texas County and District Retirement System (TCDRS)**

##### **Plan Description**

Henderson County provides pension, disability, and death benefits for all of its fulltime 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 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

**Funding Policy**

Henderson 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. The County contributed using the actuarially determined rate of 12.06% for the fiscal year 2012.

The deposit rate payable by the employee members of the plan for calendar year 2012 is the rate of 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the Commissioners’ Court of the County within the options available in the TCDRS Act.

**Annual Pension Cost**

For Henderson County’s accounting year ended December 31, 2012, the annual pension cost for the TCDRS plan for its employees was \$1,686,881 and the actual contributions were \$1,686,881.

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, 2010, the basis for determining the contribution rates for calendar year 2012. The December 31, 2012, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
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	20	20	20
Asset valuation method	SAF: 10-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)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.0%	0.0%	0.0%
(1) includes inflation at the stated rate			

**Trend Information**

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 1,666,373	100%	\$ -
12/31/11	1,618,978	100%	-
12/31/12	1,686,881	100%	-

**Schedule of Funding Progress**

<u>Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	\$ 34,099,577	\$ 40,924,730	\$ 6,825,153	83.32%	\$ 14,517,507	47.01%
2011	35,758,044	43,459,447	7,701,403	82.28%	14,127,207	54.51%
2012	36,551,072	45,258,179	8,707,107	80.76%	13,987,401	62.25%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.



## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

***Records Management*** – This fund is used to account for fees collected by both the District and County Clerks. The use of these fees is statute driven to provide these offices with funds for records management and preservation services. Expenditures must be approved by Commissioners' Court.

***CWM Library*** – This fund is used to account for the operation of the Clint W. Murchison Memorial Library.

***Hot Check***– This fund is funded by fees from hot check collections. The Hot Check Department is a division of the County Attorney's office and is a computerized operation for the prosecution and collection of hot checks. This department assists merchants by preparing witness statements, collection and return of restitution to merchants, and filing criminal cases against check writers. Revenue derived from these collections is utilized for the benefit of the County Attorney's office.

***Law Enforcement – District Attorney*** – This fund is used to account for the seizure of property and money, which may be used by the District Attorney for law enforcement purposes. The fund is also a clearing account for seizures held pending disposition. The District Attorney may dispense funds according to court orders and pro rata shares determined by interlocal agreements with other law enforcement agencies.

***Law Enforcement – Sheriff*** – This fund is used to account for seizures awarded to the Sheriff's Department through an interlocal agreement with the District Attorney. The fund may be used by the Sheriff for law enforcement purposes.

***County Attorney State Allotment*** – The County Attorney's office receives a state supplement provided by House Bill 801 for County Attorney salary and other uses of the office. The amount is appropriated from the State General Fund to enhance prosecution.

***Law Library*** – This fund is used to account for the fees collected at the District Clerk and County Clerk for the Law Library.

***Federal Seizures Sheriff*** – This fund is used to account for funds from the forfeiture of property and money, which may be used at the Sheriff's Department.

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## **DEBT SERVICE FUNDS**

***C.H.&J. Interest and Sinking*** – The ***Courthouse and Jail Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the courthouse and jail bonds.

***R.O.W. Interest and Sinking*** – The ***Right-of-Way Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the 1993 Right-of-Way Refunding Bonds.

***Jail Expansion Interest and Sinking*** – The ***Jail Expansion Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the jail expansion bonds.

## **CAPITAL PROJECTS FUND**

The ***Capital Projects Fund*** is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**HENDERSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2012**

	Special Revenue			
	Records Management	CWM Library	Hot Check	Law Enforcement District Attorney
<b>ASSETS</b>				
Cash and investments	\$ 267,452	\$ 4,829	\$ 65,698	\$ 116,601
Taxes receivable, net of allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 267,452</u>	<u>\$ 4,829</u>	<u>\$ 65,698</u>	<u>\$ 116,601</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 14,795	\$ 1,348	\$ 181	\$ 10,000
Accrued liabilities	-	-	305	341
Due to other governments	-	-	-	96,598
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,795</u>	<u>1,348</u>	<u>486</u>	<u>106,939</u>
Fund balances:				
Restricted	<u>252,657</u>	<u>3,481</u>	<u>65,212</u>	<u>9,662</u>
Total fund balances	<u>252,657</u>	<u>3,481</u>	<u>65,212</u>	<u>9,662</u>
Total liabilities and fund balances	<u>\$ 267,452</u>	<u>\$ 4,829</u>	<u>\$ 65,698</u>	<u>\$ 116,601</u>

Special Revenue				Debt Service				
Law Enforcement Sheriff	County Attorney State Allotment	Law Library	Federal Seizures Sheriff	CH&J Interest and Sinking	Right-of-Way Interest and Sinking	Jail Expansion Interest and Sinking	Capital Projects	Total Governmental Funds
\$ 63,074	\$ 64,234	\$ 62,668	\$ 689	\$ 1,111	\$ -	\$ 870,263	\$ 27,991	\$ 1,544,610
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,080</u>	<u>136,232</u>	<u>-</u>	<u>163,312</u>
<u>\$ 63,074</u>	<u>\$ 64,234</u>	<u>\$ 62,668</u>	<u>\$ 689</u>	<u>\$ 1,111</u>	<u>\$ 27,080</u>	<u>\$ 1,006,495</u>	<u>\$ 27,991</u>	<u>\$ 1,707,922</u>
\$ 405	\$ -	\$ 3,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,706
-	3,450	-	-	-	-	-	-	4,096
-	-	-	-	-	-	-	-	96,598
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,853</u>	<u>841,546</u>	<u>-</u>	<u>868,399</u>
<u>405</u>	<u>3,450</u>	<u>3,977</u>	<u>-</u>	<u>-</u>	<u>26,853</u>	<u>841,546</u>	<u>-</u>	<u>999,799</u>
<u>62,669</u>	<u>60,784</u>	<u>58,691</u>	<u>689</u>	<u>1,111</u>	<u>227</u>	<u>164,949</u>	<u>27,991</u>	<u>708,123</u>
<u>62,669</u>	<u>60,784</u>	<u>58,691</u>	<u>689</u>	<u>1,111</u>	<u>227</u>	<u>164,949</u>	<u>27,991</u>	<u>708,123</u>
<u>\$ 63,074</u>	<u>\$ 64,234</u>	<u>\$ 62,668</u>	<u>\$ 689</u>	<u>\$ 1,111</u>	<u>\$ 27,080</u>	<u>\$ 1,006,495</u>	<u>\$ 27,991</u>	<u>\$ 1,707,922</u>

**HENDERSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue			
	Records Management	CWM Library	Hot Check	Law Enforcement District Attorney
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fees of office	144,490	9,418	17,971	-
Fines and forfeitures	-	-	-	85,522
Intergovernmental	-	-	-	-
Investment earnings	-	-	10,658	69
Miscellaneous	-	8,631	-	-
Total revenues	144,490	18,049	28,629	85,591
<b>EXPENDITURES</b>				
Current:				
General government	100,715	-	-	-
Legal	-	-	24,029	78,760
Judicial	8,796	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	18,437	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	109,511	18,437	24,029	78,760
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	34,979	( 388)	4,600	6,831
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt issuance	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	34,979	( 388)	4,600	6,831
<b>FUND BALANCES, BEGINNING</b>	217,678	3,869	60,612	2,831
<b>FUND BALANCES, ENDING</b>	\$ 252,657	\$ 3,481	\$ 65,212	\$ 9,662

Special Revenue				Debt Service				Total Governmental Funds
Law Enforcement Sheriff	County Attorney State Allotment	Law Library	Federal Seizures Sheriff	CH&J Interest and Sinking	Right-of-Way Interest and Sinking	Jail Expansion Interest and Sinking	Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,426,304	\$ -	\$ 1,426,304
-	-	31,308	-	-	-	-	-	203,187
29,352	-	-	689	-	-	-	-	115,563
-	62,500	-	-	-	-	-	-	62,500
135	-	-	-	-	-	-	-	10,862
2,500	-	-	-	-	-	-	-	11,131
<u>31,987</u>	<u>62,500</u>	<u>31,308</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>1,426,304</u>	<u>-</u>	<u>1,829,547</u>
-	-	-	-	-	-	-	-	100,715
-	72,789	23,848	-	-	-	-	-	199,426
-	-	-	-	-	-	-	-	8,796
151,111	-	-	-	-	-	-	-	151,111
-	-	-	-	-	-	-	-	18,437
27,290	-	-	-	-	-	1,070,000	-	1,097,290
2,710	-	-	-	-	1,046	197,508	-	201,264
<u>181,111</u>	<u>72,789</u>	<u>23,848</u>	<u>-</u>	<u>-</u>	<u>1,046</u>	<u>1,267,508</u>	<u>-</u>	<u>1,777,039</u>
( 149,124)	( 10,289)	7,460	689	-	( 1,046)	158,796	-	52,508
137,008	-	-	-	-	-	-	-	137,008
-	-	-	-	-	( 11,427)	-	-	( 11,427)
<u>137,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 11,427)</u>	<u>-</u>	<u>-</u>	<u>125,581</u>
( 12,116)	( 10,289)	7,460	689	-	( 12,473)	158,796	-	178,089
<u>74,785</u>	<u>71,073</u>	<u>51,231</u>	<u>-</u>	<u>1,111</u>	<u>12,700</u>	<u>6,153</u>	<u>27,991</u>	<u>530,034</u>
<u>\$ 62,669</u>	<u>\$ 60,784</u>	<u>\$ 58,691</u>	<u>\$ 689</u>	<u>\$ 1,111</u>	<u>\$ 227</u>	<u>\$ 164,949</u>	<u>\$ 27,991</u>	<u>\$ 708,123</u>

## AGENCY FUNDS

***Property Tax Fund*** – This fund is maintained by the Tax Collector for property taxes collected for other governments.

***Auto 6.25% Fund*** – This fund is maintained by the Tax Collector to account for sales tax on new vehicles due to the State.

***Auto Fund*** – This fund is maintained by the Tax Collector to account for collections from auto registrations due to the State.

***Auto Vehicle Inventory Tax Fund*** – This fund holds estimated payments by auto dealers for taxes on inventory. Taxes are based on sales and are applied against the balance owed according to the assessment later in the year.

***Seven Points Substation Fund*** – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

***Chandler Substation Fund*** – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

***Juvenile Probation Fund*** – This fund accounts for cash held in an agency capacity for the Henderson County Juvenile Probation Department.

***County Clerk Fee Fund*** – This fund accounts for fines and fees charged by the office held for other entities.

***County Clerk Trust Fund*** – This fund accounts for trust money held in non-interest bearing accounts, for civil cases before the County Court or County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

***County Clerk Interest Bearing Trust Fund*** – This fund accounts for money held in interest-bearing accounts for civil cases before the County Court and County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

***District Clerk Fee Fund*** – This fund accounts for fines and fees charged by the office held for other entities. The account may hold a small amount of funds for restitution or bond payments.



***District Clerk Trust Investment Fund*** – This fund maintained by the District Clerk accounts for certificates of deposit held pending disposition of civil cases before the District Courts.

***County Attorney Hot Check Fund*** – This fund accounts for fees for bad check collections. The funds may be used for purposes benefiting the County Attorney's office.

***Inmate Trust Fund*** – Maintained by the Sheriff, the fund holds inmate funds during incarceration.

***Sheriff Commissary Fund*** – The ***Sheriff Commissary Fund*** is used for commissary purchases. Purchases of supplies by inmates provide funding for the commissary.

***District Attorney Escrow Fund*** – The District Attorney accounts for restitution payable to victims and temporarily holds fees collected on felony hot checks.

# HENDERSON COUNTY, TEXAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>PROPERTY TAX FUND</u></b>				
Assets				
Cash and investments	\$ 1,193,606	\$ 73,647,067	\$ 74,744,036	\$ 96,637
Total assets	\$ 1,193,606	\$ 73,647,067	\$ 74,744,036	\$ 96,637
Liabilities				
Due to other agencies and individuals	\$ 1,193,606	\$ 73,647,067	\$ 74,744,036	\$ 96,637
Total liabilities	\$ 1,193,606	\$ 73,647,067	\$ 74,744,036	\$ 96,637
<b><u>AUTO 6.25% FUND</u></b>				
Assets				
Cash and investments	\$ 320,242	\$ 4,947,189	\$ 4,921,398	\$ 346,033
Total assets	\$ 320,242	\$ 4,947,189	\$ 4,921,398	\$ 346,033
Liabilities				
Due to other agencies and individuals	\$ 320,242	\$ 4,947,189	\$ 4,921,398	\$ 346,033
Total liabilities	\$ 320,242	\$ 4,947,189	\$ 4,921,398	\$ 346,033
<b><u>AUTO FUND</u></b>				
Assets				
Cash and investments	\$ 395,472	\$ 9,565,164	\$ 9,540,984	\$ 419,652
Total assets	\$ 395,472	\$ 9,565,164	\$ 9,540,984	\$ 419,652
Liabilities				
Due to other agencies and individuals	\$ 395,472	\$ 9,565,164	\$ 9,540,984	\$ 419,652
Total liabilities	\$ 395,472	\$ 9,565,164	\$ 9,540,984	\$ 419,652

(continued)

# HENDERSON COUNTY, TEXAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>AUTO VEHICLE INVENTORY TAX FUND</u></b>				
Assets				
Cash and investments	\$ 174,869	\$ 196,254	\$ 164,475	\$ 206,648
Total assets	\$ 174,869	\$ 196,254	\$ 164,475	\$ 206,648
Liabilities				
Due to other agencies and individuals	\$ 174,869	\$ 196,254	\$ 164,475	\$ 206,648
Total liabilities	\$ 174,869	\$ 196,254	\$ 164,475	\$ 206,648
<b><u>SEVEN POINTS SUBSTATION FUND</u></b>				
Assets				
Cash and investments	\$ 3,912	\$ 2,281,879	\$ 2,284,020	\$ 1,771
Total assets	\$ 3,912	\$ 2,281,879	\$ 2,284,020	\$ 1,771
Liabilities				
Due to other agencies and individuals	\$ 3,912	\$ 2,281,879	\$ 2,284,020	\$ 1,771
Total liabilities	\$ 3,912	\$ 2,281,879	\$ 2,284,020	\$ 1,771
<b><u>CHANDLER SUBSTATION FUND</u></b>				
Assets				
Cash and investments	\$ 3,185	\$ 1,059,371	\$ 1,057,565	\$ 4,991
Total assets	\$ 3,185	\$ 1,059,371	\$ 1,057,565	\$ 4,991
Liabilities				
Due to other agencies and individuals	\$ 3,185	\$ 1,059,371	\$ 1,057,565	\$ 4,991
Total liabilities	\$ 3,185	\$ 1,059,371	\$ 1,057,565	\$ 4,991

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - AGENCY FUNDS**

(Continued)

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>JUVENILE PROBATION FUND</u></b>				
Assets				
Cash and investments	\$ 218,847	\$ 115,887	\$ 334,734	\$ -
Accounts receivable	<u>          -</u>	<u>      51,480</u>	<u>          -</u>	<u>      51,480</u>
Total assets	<u>\$ 218,847</u>	<u>\$ 167,367</u>	<u>\$ 334,734</u>	<u>\$ 51,480</u>
Liabilities				
Due to other agencies and individuals	\$ 218,847	\$ 115,887	\$ 334,734	\$ -
Due to other funds	<u>          -</u>	<u>      51,480</u>	<u>          -</u>	<u>      51,480</u>
Total liabilities	<u>\$ 218,847</u>	<u>\$ 167,367</u>	<u>\$ 334,734</u>	<u>\$ 51,480</u>
<b><u>COUNTY CLERK FEE FUND</u></b>				
Assets				
Cash and investments	\$ <u>5,460</u>	\$ <u>850,474</u>	\$ <u>832,778</u>	\$ <u>23,156</u>
Total assets	<u>\$ 5,460</u>	<u>\$ 850,474</u>	<u>\$ 832,778</u>	<u>\$ 23,156</u>
Liabilities				
Due to other agencies and individuals	\$ <u>5,460</u>	\$ <u>850,474</u>	\$ <u>832,778</u>	\$ <u>23,156</u>
Total liabilities	<u>\$ 5,460</u>	<u>\$ 850,474</u>	<u>\$ 832,778</u>	<u>\$ 23,156</u>
<b><u>COUNTY CLERK TRUST FUND</u></b>				
Assets				
Cash and investments	\$ <u>288,694</u>	\$ <u>148,850</u>	\$ <u>180,256</u>	\$ <u>257,288</u>
Total assets	<u>\$ 288,694</u>	<u>\$ 148,850</u>	<u>\$ 180,256</u>	<u>\$ 257,288</u>
Liabilities				
Due to other agencies and individuals	\$ <u>288,694</u>	\$ <u>148,850</u>	\$ <u>180,256</u>	\$ <u>257,288</u>
Total liabilities	<u>\$ 288,694</u>	<u>\$ 148,850</u>	<u>\$ 180,256</u>	<u>\$ 257,288</u>

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - AGENCY FUNDS**

(Continued)

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>COUNTY CLERK INTEREST BEARING</u></b>				
<b><u>TRUST FUND</u></b>				
Assets				
Cash and investments	\$ <u>219,894</u>	\$ <u>119,010</u>	\$ <u>17,719</u>	\$ <u>321,185</u>
Total assets	\$ <u>219,894</u>	\$ <u>119,010</u>	\$ <u>17,719</u>	\$ <u>321,185</u>
Liabilities				
Due to other agencies and individuals	\$ <u>219,894</u>	\$ <u>119,010</u>	\$ <u>17,719</u>	\$ <u>321,185</u>
Total liabilities	\$ <u>219,894</u>	\$ <u>119,010</u>	\$ <u>17,719</u>	\$ <u>321,185</u>
 <b><u>DISTRICT CLERK FEE FUND</u></b>				
Assets				
Cash and investments	\$ <u>775,537</u>	\$ <u>1,126,364</u>	\$ <u>1,317,442</u>	\$ <u>584,459</u>
Total assets	\$ <u>775,537</u>	\$ <u>1,126,364</u>	\$ <u>1,317,442</u>	\$ <u>584,459</u>
Liabilities				
Due to other agencies and individuals	\$ <u>775,537</u>	\$ <u>1,126,364</u>	\$ <u>1,317,442</u>	\$ <u>584,459</u>
Total liabilities	\$ <u>775,537</u>	\$ <u>1,126,364</u>	\$ <u>1,317,442</u>	\$ <u>584,459</u>

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - AGENCY FUNDS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>DISTRICT CLERK TRUST</u></b>				
<b><u>INVESTMENT FUND</u></b>				
Assets				
Cash and investments	\$ 398,488	\$ 26,662	\$ 19,839	\$ 405,311
Total assets	<u>\$ 398,488</u>	<u>\$ 26,662</u>	<u>\$ 19,839</u>	<u>\$ 405,311</u>
Liabilities				
Due to other agencies and individuals	\$ 398,488	\$ 26,662	\$ 19,839	\$ 405,311
Total liabilities	<u>\$ 398,488</u>	<u>\$ 26,662</u>	<u>\$ 19,839</u>	<u>\$ 405,311</u>
<b><u>COUNTY ATTORNEY HOT CHECK FUND</u></b>				
Assets				
Cash and investments	\$ 48,188	\$ 133,498	\$ 146,496	\$ 35,190
Total assets	<u>\$ 48,188</u>	<u>\$ 133,498</u>	<u>\$ 146,496</u>	<u>\$ 35,190</u>
Liabilities				
Due to other agencies and individuals	\$ 48,188	\$ 133,498	\$ 146,496	\$ 35,190
Total liabilities	<u>\$ 48,188</u>	<u>\$ 133,498</u>	<u>\$ 146,496</u>	<u>\$ 35,190</u>
<b><u>INMATE TRUST FUND</u></b>				
Assets				
Cash and investments	\$ 28,051	\$ 868,311	\$ 866,917	\$ 29,445
Total assets	<u>\$ 28,051</u>	<u>\$ 868,311</u>	<u>\$ 866,917</u>	<u>\$ 29,445</u>
Liabilities				
Due to other agencies and individuals	\$ 28,051	\$ 868,311	\$ 866,917	\$ 29,445
Total liabilities	<u>\$ 28,051</u>	<u>\$ 868,311</u>	<u>\$ 866,917</u>	<u>\$ 29,445</u>

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - AGENCY FUNDS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>SHERIFF COMMISSARY FUND</u></b>				
Assets				
Cash and investments	\$ 86,876	\$ 72,324	\$ 59,577	\$ 99,623
Total assets	\$ 86,876	\$ 72,324	\$ 59,577	\$ 99,623
Liabilities				
Due to other agencies and individuals	\$ 86,876	\$ 72,324	\$ 59,577	\$ 99,623
Total liabilities	\$ 86,876	\$ 72,324	\$ 59,577	\$ 99,623
<b><u>DISTRICT ATTORNEY ESCROW FUND</u></b>				
Assets				
Cash and investments	\$ 3,952	\$ 90,255	\$ 89,557	\$ 4,650
Total assets	\$ 3,952	\$ 90,255	\$ 89,557	\$ 4,650
Liabilities				
Due to other agencies and individuals	\$ 3,952	\$ 90,255	\$ 89,557	\$ 4,650
Total liabilities	\$ 3,952	\$ 90,255	\$ 89,557	\$ 4,650
<b><u>ALL AGENCY FUNDS</u></b>				
Assets				
Cash and investments	\$ 4,165,273	\$ 95,248,559	\$ 96,577,793	\$ 2,836,039
Accounts receivable	-	51,480	-	51,480
Total assets	\$ 4,165,273	\$ 95,300,039	\$ 96,577,793	\$ 2,887,519
Liabilities				
Due to other agencies and individuals	\$ 4,165,273	\$ 95,248,559	\$ 96,577,793	\$ 2,836,039
Due to other funds	-	51,480	-	51,480
Total liabilities	\$ 4,165,273	\$ 95,300,039	\$ 96,577,793	\$ 2,887,519

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