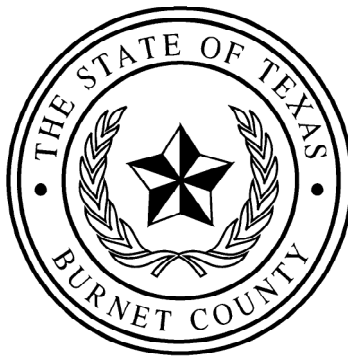


# COMPREHENSIVE ANNUAL FINANCIAL REPORT



*For the Fiscal Year  
Ended September 30, 2012*

***BURNET COUNTY, TEXAS***

BURNET COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended September 30, 2012

Prepared By

County Auditor's Office

Karen Lester, County Auditor

Burnet County, Texas

Carole Poppema, First Assistant Auditor

Adrienne Feild, Internal Audit Supervisor

Helen Cummins, Accounts Payable

Donna Hall, Assistant

Jolene Mock, Assistant Purchasing Agent

Laura Rippy, Accountant

BURNET COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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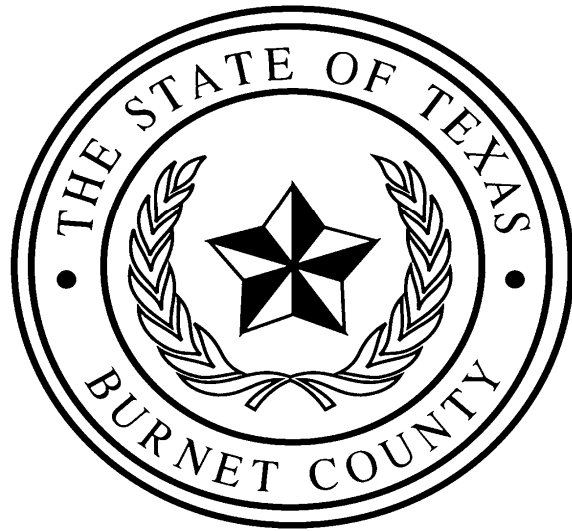
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## **INTRODUCTORY SECTION**



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2012

COMMISSIONERS

Bill Neve  
Russell Graeter  
Ronny Hibler  
Joe Don Dockery

COUNTY JUDGE

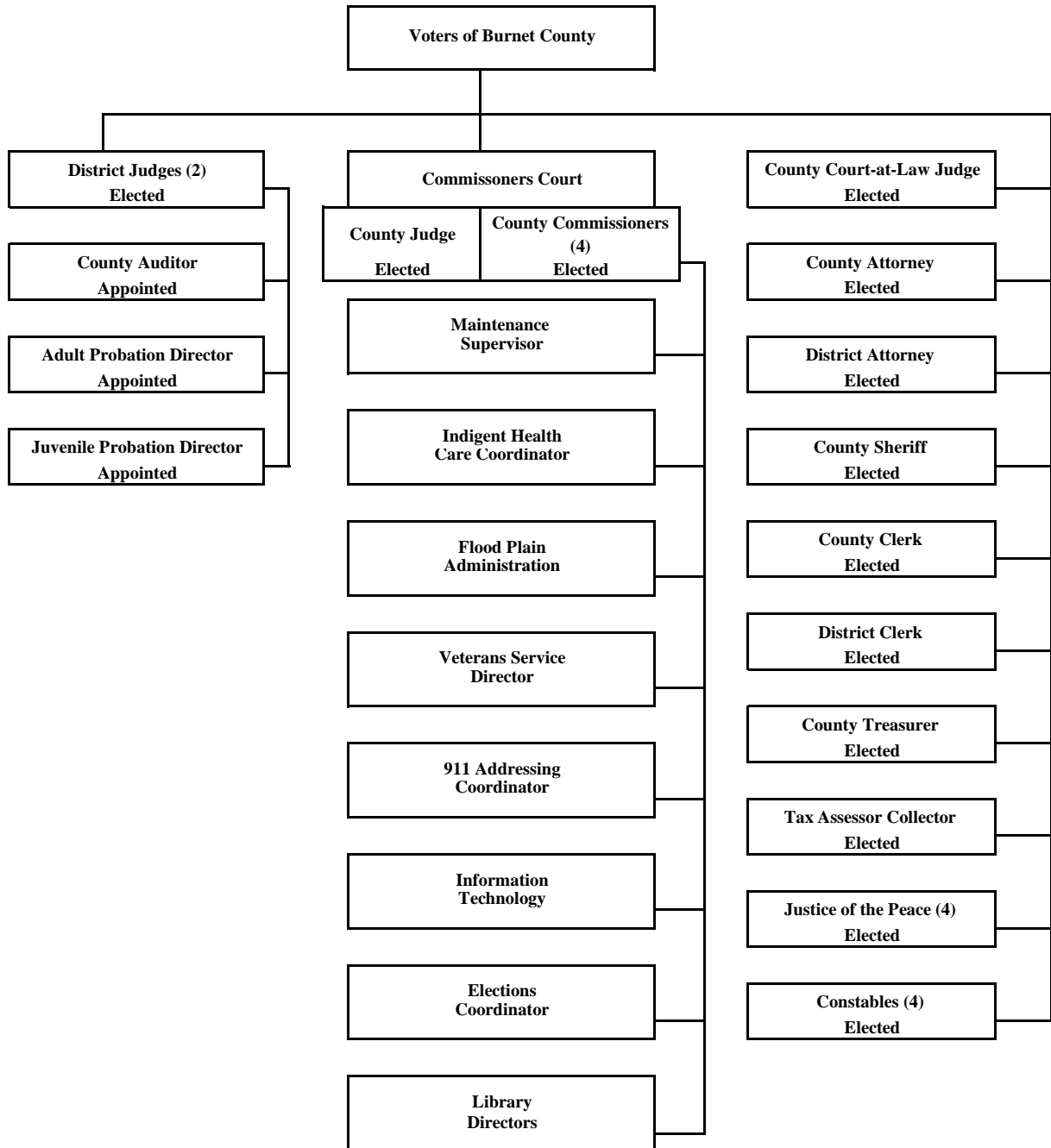
Donna Klaeger

OTHER OFFICIALS

William Savage	County Court-at-Law Judge
Eduardo Arredondo	County Attorney
Janet Parker	County Clerk
Casie Walker	District Clerk
Karen Lester	County Auditor
Karrie Crownover	County Treasurer
Sheri Frazier	Tax Assessor-Collector
W.T. Smith	County Sheriff
Calvin Boyd	Justice of Peace, Precinct 1
Lisa Whitehead	Justice of Peace, Precinct 2
Peggy Simon	Justice of Peace, Precinct 3
Edward Cutchin	Justice of Peace, Precinct 4
Mike Harnisch	Constable, Precinct 1
Charles Caraway	Constable, Precinct 2
Robert Ballard	Constable, Precinct 3
Chris Jett	Constable, Precinct 4

# BURNET COUNTY ORGANIZATIONAL CHART

SEPTEMBER 2012





## THE COUNTY OF BURNET

BURNET, TEXAS 78611

March 29, 2013

To the Honorable District Judges, County Judge, County Commissioners and the Citizens of the County of Burnet:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the County of Burnet for the year ended September 30, 2012. This report is prepared by the County Auditor's office which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). To demonstrate further public accountability, the independent accounting firm of Neffendorf, Knopp, Doss & Company, P.C., Independent Certified Public Accountants, whose report is included herein, has audited the County's financial statements. The independent auditors' report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the auditor's report.

### **PROFILE OF BURNET COUNTY**

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the County that constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Burnet County).

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the County and District Court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare,

aiding conservation and maintaining County roads and bridges. The costs associated with these services are presented within the financial statements in detail and summary form.

The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Government Accounting and Financial Reporting Standards, since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Burnet County Government is administered under a Commissioners' Court system. The five-member Court is comprised of the County Judge and four Commissioners. The Commissioners are elected by precinct and the County Judge is elected at large. The County Judge is the presiding officer of the County Commissioners' Court. The Court is responsible for setting the County's annual tax rate, approving the tax roll and supervising all expenditures of County money. The Court is also responsible for issuing bonds to finance capital improvements. The County Judge is elected to a four-year term. Commissioners are elected to four-year staggered terms with two Commissioners elected every two years.

### **Internal Controls**

The County's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. A fulltime staff internal auditor has been assigned to perform these internal reviews, greatly enhancing the internal control process.

### **Budgetary Controls**

The annual budget serves as the foundation for the County's planning and control. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners' Court. Activities of the General Fund, Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within each fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

The budgetary basis of accounting required by Local Government Code differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the County's budget is developed according to the statutorily required fund structure that differs extensively from the fund structure used in financial statements.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Community Profile**

Burnet County, located in the Texas Hill Country, is 55 miles west of Austin and 100 miles north of San Antonio. The County covers 996 square miles with the Colorado River serving as the western boundary. The Llano River merges with the Colorado River in the southern portion of the County. A network of flood control dams has been built along this watershed creating a chain of five lakes in the county. The lakes coupled along with the excellent whitetail deer hunting and beautiful landscape make Burnet County one of the “hot spots” for tourism in the State of Texas.

The County, traversed by U.S. Highways 29, 71, 183 and 281, has a limited economy based on stone processing, tourism and agriculture. Activities that attract tourists to Burnet include hunting, fishing, water sports, Longhorn Caverns and Inks Lake State Park.

The duties and specific responsibilities of county government are unlike those of other entities, be they school, or special districts, however the differentiations are complimentary and not conflicting nor repetitive. Therefore, the role of the County and how its public servants are bringing those services to the citizens is our focus.

The primary components of the County’s services are public administration, criminal justice, facilities and infrastructure and public health and safety. Intertwined and commingled among these are the same guiding criteria as stated in our Mission Statement, as given below that apply to all of our service endeavors.

#### *Mission Statement*

*The mission of Burnet County is to maintain overall efficient and financial management of county resources and provide services desired by the people of Burnet County and mandated by state and federal law. We are here to serve.*

The County’s budget has maintained consistent service levels with a steady tax rate without taking on large amounts of bonded debt, all being accomplished in the face of an ever erratic economy, increasing operational expenses and diminishing available revenues.

The criminal justice requirements for County government account for more than one-half of all expenditures, excluding debt service. Included in this category are law enforcement, jail, prosecution and judiciary. Numerous policy, procedures and projects, implemented and planned, will hopefully hold the expenditures relatively constant or possibly reduce the costs for these services with increased efficiencies.

The value of the public’s tangible assets, excluding cash, such as land, buildings, equipment and vehicles exceeds \$32 million. The County continues to upgrade and maintain all these assets, with additional capital improvements to County facilities including the County jail, facility and equipment upgrades in the Road and Bridge and County radio communications towers and systems.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

The economy in the County remained somewhat steady in 2012. The construction industry continues to provide many jobs in the Central Texas area. Burnet has estimated its population to be 42,750 at September 2010. This represents a 25% increase in population since the 2000 census. The growth can be attributed to factors such as a large influx of retirement age citizens and the County's close proximity to the City of Austin. Numerous small businesses and some nationally recognized chains have opened in direct response to the growth of the county.

The cities of Burnet and Marble Falls continue to make aggressive efforts to attract job-producing industries into the County. On the horizon a new 60-bed full hospital located in the south end of the county. Construction has begun on the hospital and is expected to have the project completed by August 2014. The long anticipated TXDOT project of widening of the Hwy 281 bridge in Marble Falls began construction late in 2010, with three plus years completion date, and expects to bring new jobs to the area along with increased usage of hotels, restaurants and other businesses in the area.

Increasing growth creates challenges such as demand for increased services. Property values for FY 2011-2012 reflected an increase for the twentieth year in a row. The certified tax roll shows a slight increase of \$100,272,849 in value over the 2010-2011 roll. The County relies heavily on ad valorem taxes for its operating resources. Unfortunately tax revenues generated from new construction were negligible over the last year due to stagnant economic conditions. The Burnet and Marble Falls school districts are also realizing some growing pains due to the slight rise in school enrollments.

There are two pressing issues that will have a financial impact on the County and its citizens:

- 1) Legislative activities to cap or restrict Ad Valorem taxes and appraisals.
- 2) Program and facility expansions to keep up with growth and demand on services.

The last three sessions of the Texas Legislature has been primarily focused on legislation that would limit local governments' ability to increase its Ad Valorem taxes as well as limiting the appraisal values on homesteads. Texas Counties rely primarily on Ad Valorem taxes as its major funding source for operational expenses. Local governments have been successful so far in battling the potential budget buster bills from passing; however, this next session promises to have a more united front and may get the necessary support to enact such legislation. If this type of legislation was to pass, counties across the state will be forced to reduce, if not eliminate, programs that are non-mandated (i.e. libraries, fire departments, EMS) in order to balance the budget.

## **Long-Term Financial Planning**

The County has previously authorized the issuance of Certificates of Obligation, Limited Tax Notes, and General Obligation Bonds. Proceeds from issues have been used for building renovation projects, right-of-way projects, technology equipment, and phone system upgrades. Burnet County will complete its debt obligations in FY 2016. Prior to that time, the County will look to determine a strategic plan to address major needs in infrastructure and technology areas.

The County also works with its financial advisor to monitor the conditions of the tax-exempt credit market and issue refunding debt to defease outstanding obligations, when it can lower its cost of money.

At September 30, 2012, Burnet County had three (3) debt issues outstanding. The outstanding principal balance of the issues is \$4,790,000 and interest of \$209,751, for a grand total outstanding debt of \$4,999,751 in certificates of obligation, refunding bonds and tax notes. According to the Constitution of the State of Texas, Burnet County's outstanding bonded debt is limited to an amount not exceeding 25% of the assessed taxable value of real property in the County.

The County has issued debt obligations, and in the process submitted financial information to various rating agencies. Based on the submission of that information, the Burnet County Commissioners' Court has determined that the County maintain adequate reserves for operating expense in the amount of not less than 25 percent of the operating expense in the General Fund.

### **AWARD**

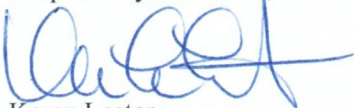
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Burnet County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGEMENTS**

The preparation of the CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the County Auditor's office and the competent services of the independent auditors. We also thank the members of the Commissioners' Court and their staff and all other County officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,



Karen Lester

County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Burnet County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



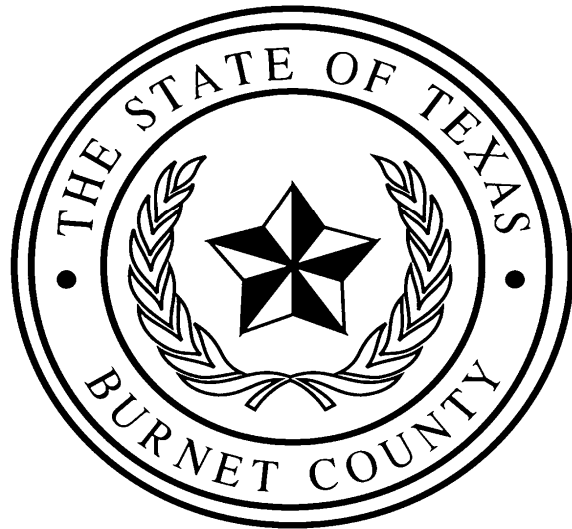
*Christopher P. Moivell*

President

*Jeffrey R. Enev*

Executive Director





## **FINANCIAL SECTION**

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

## ***Certified Public Accountants***

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

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MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Judge and Members  
of the Commissioners' Court  
Burnet County, Texas  
Burnet, TX 78611

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Road and Bridge Fund, and the Grants Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013, on our consideration of Burnet County, Texas' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for the Retirement Plan, as listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burnet County, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements of Burnet County, Texas. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for the special revenue funds, debt service fund, capital projects fund, and internal service funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have 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 them.

*Neffendorf, Knopp, Dooss & Company, P.C.*  
NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.  
Fredericksburg, Texas

March 25, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Burnet County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2012. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the County's financial statements.

### FINANCIAL HIGHLIGHTS

- Burnet County's total combined net assets were \$19.8 million at September 30, 2012. The actual increase from current year operations is \$1.9 million. Of this amount, \$7.8 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designation fiscal policies.
- During the year, the County's governmental fund expenditures were \$700 thousand less than the \$22 million generated in taxes and other revenues.
- The General Fund reported a fund balance this year of \$6.9 million. All but \$976 thousand is available for spending at the government's discretion.
- Burnet County's revenues from grant sources were \$2.0 million in FY2012, an increase of \$1.2 million or 147% more than last year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *Government-Wide Financial Statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
- The *Governmental Funds* statements tell how general government services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary Fund* statements provide information about the financial relationships in which the County acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**FIGURE A-1**  
**MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

<i>Type of Statement</i>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire Agency's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self-insurance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of Changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

### Government-Wide Statements

The Government-Wide Statements are designed to provide readers with a broad overview of Burnet County's finances, using accounting methods similar to those used by private-sector companies. The *statement of net assets* (page 1) presents information on all of Burnet County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether Burnet County's financial position is improving or deteriorating when examined in conjunction with non-financial factors. The *statement of activities* (page 2) presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of these Government-Wide Financial Statements distinguish functions of Burnet 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). Governmental activities include general government, public safety, public transportation, health and welfare, culture and recreation, conservation and debt service. These activities are financed primarily by property taxes.

Burnet County has a discretely-presented component unit (Burnet County Public Facilities Corporation). The Burnet County Public Facilities Corporation is a nonprofit corporation created under Texas Local Government Code Section 303 on November 2, 2007. During 2008 the Corporation issued revenue bonds totaling \$35,380,000 to fund the construction of a new jail. The jail was completed in 2009 and started operating in April of that year.

Further information regarding this discretely-presented component unit is included in the Summary of Significant Accounting Policies in Note 1 of the Notes to the Financial Statements.

## Fund Financial Statements

The Fund Financial Statements provide more detailed information about Burnet County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Burnet County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes. The County has three kinds of funds: governmental, proprietary and fiduciary.

- **Governmental funds** – Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. 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 government'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 *government funds* and *governmental activities*. These reconciliations can be found on pages 7 and 9 of the basic financial statements section.

The County maintains twenty individual governmental funds; however, four road and bridge funds are consolidated for report purposes, resulting in a report total of sixteen governmental funds. Information is presented separately in the governmental fund statements for the general fund and road and bridge fund (consolidated), which are considered to be major funds. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided on pages 52-54 and pages 62-68 to demonstrate compliance with this budget.

- **Proprietary funds** – Proprietary funds consist of two types of funds, enterprise and internal service funds. At this time, Burnet County has no enterprise funds. *Internal service funds* report activities that provide services and supplies for the County's other programs and activities. The two internal service funds are presented in the proprietary fund financial statements on pages 14-16.
- **Fiduciary funds** – The County is the trustee, or *fiduciary*, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in fiduciary net assets, found on page 17. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

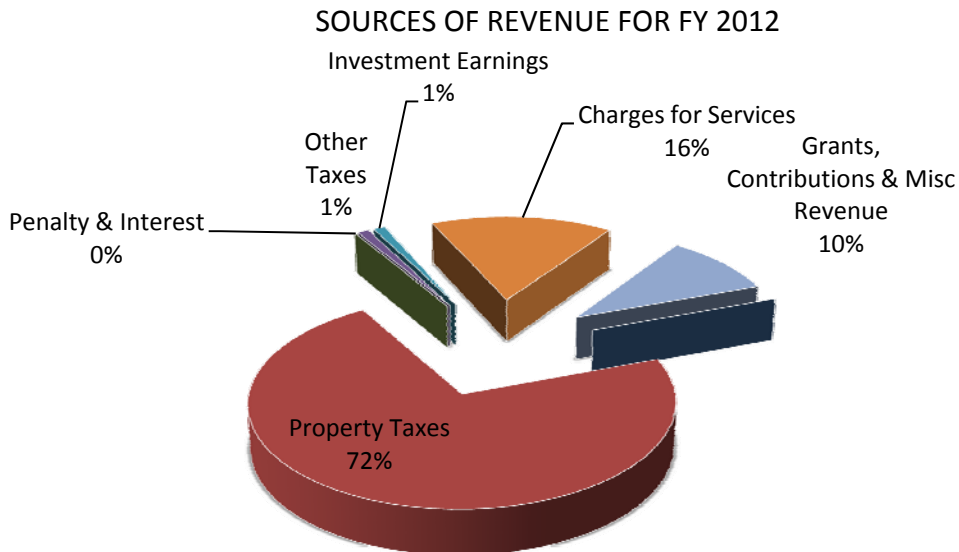
Burnet County's combined net assets were approximately \$19.8 million at September 30, 2012. By far the largest portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net assets (approximately 1 %) represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

**Table A-1  
Burnet County's Net Assets**

	Governmental Activities	
	2012	2011
Current and Other Assets	\$ 10,923,720	\$ 10,192,952
Capital Assets	15,064,411	15,294,956
Total Assets	25,988,131	25,487,908
Current Liabilities	2,588,292	2,508,830
Long Term Liabilities	3,632,379	5,030,859
Total Liabilities	6,220,671	7,539,689
Net Assets		
Invested in Capital Assets, net of related debt	10,130,715	8,991,719
Restricted	1,854,763	1,973,018
Unrestricted	7,781,982	6,938,482
<b>Total Net Assets</b>	<b>19,767,460</b>	<b>\$ 17,948,219</b>

A portion of the County's net assets \$1.8 million, represents resources that are subject to external restriction on how they may be used. The remaining balance \$7.8 million of unrestricted net assets may be used to meet the County's ongoing obligation to citizens and creditors in accordance with the County's fund designation and fiscal policies. The overall financial condition of the county remained steady from FY2011 to FY2012.

**Governmental Activities** – Total revenues for the fiscal year ended September 30th were \$22 million. Approximately 74% of the County's revenue comes from taxes, with 72% from property taxes alone. Property tax revenue increased 2.7% due to an increase in the tax base. Expenses decreased by \$5 thousand from the prior year. For the most part, this reflects a decrease in services due to efficiencies in the County. The graph below shows the sources of revenues for FY2012. Table A-2 shows the changes in Net Assets between FY2011 and FY2012.





**Table A-2 Burnet County Changes in Net Assets**

	Governmental Activities	
	2012	2011
<b>REVENUES:</b>		
Program Revenues		
Charges for Services	\$ 3,214,173	\$ 2,377,663
Grants and Contributions	2,010,403	936,982
General Revenues		
Property Taxes	16,079,528	15,657,951
Other Taxes	321,095	274,257
Investment Earnings	117,275	88,625
Other Revenue, Not Restricted	289,184	288,352
Total Revenues	<u>22,031,658</u>	<u>19,623,830</u>
<b>EXPENSES:</b>		
General Government	9,689,816	9,365,277
Public Safety	5,807,933	5,888,344
Public Transportation	2,601,488	2,834,692
Health and Welfare	609,570	722,603
Culture and Recreation	697,018	749,805
Conservation	516,942	320,590
Debt Service	163,462	209,573
Total Expenses	<u>20,086,229</u>	<u>20,090,884</u>
INCREASE IN NET ASSETS	1,945,429	(467,054)
NET ASSETS, BEGINNING	17,948,219	18,415,273
Prior Period Adjustment	(126,188)	---
NET ASSETS, ENDING	<u>\$ 19,767,460</u>	<u>\$ 17,948,219</u>

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As of the end of the fiscal year, Burnet County's governmental funds reported a *combined* fund balance of \$8.8 million, an increase of \$728 thousand or 9% in comparison with the prior year. Approximately 67% of this total amount (\$5.9 million) is *unassigned* fund balance, which is available for spending at the government's discretion. The remainder of fund balance is divided among assigned fund balance of \$235 thousand, committed fund balance of \$777 thousand, restricted fund balance of \$1.9 million, and nonspendable fund balance of \$34 thousand. The County's ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$5.9 million of the total fund balance of \$6.9 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42% of total general fund expenditures, while total fund balance represents 49% of that same amount.

The County's General Fund balance increased by \$950 thousand during the current fiscal year attributable to tightened budget policies and limited capital purchases for equipment. The Road & Bridge Fund increased by \$43 thousand mainly due to limited capital purchases. The Grants Fund balance decreased by \$59 thousand during this fiscal year, mainly attributable to increased grant spending and improving equipment of grant funded departments. The Debt Service Fund has a total fund balance of \$279 thousand, which is all restricted for the payment of debt service. This fund balance decreased by \$48 thousand which was budgeted to reduce the fund balance in order to be able to service the current debt payments.

**General Fund Budgetary Highlights** – Over the course of the year, the County made revisions to the original appropriations budget approved by the Commissioners' Court. Overall, these changes resulted in an increase from the original budget by \$836 thousand.

Following are the main components of the increase:

- To reflect department year end projections and re-appropriate funds within or between departments,
- To re-appropriate funds from other governmental units received during the year (grants),
- To re-appropriate funds to pay for commitments in the form of encumbrances established prior to September 30<sup>th</sup>, but not paid by that date.

Although the total amended budget expenditures totaled \$15.9 million, actual expenditures totaled \$14.1 million, a \$1.8 million positive variance. This is a result of all departments not expending their total appropriations. Revenues also increased from the original budget of \$15 million to a final of \$15.7 million an increase of \$716 thousand reflected from intergovernmental revenue and grants that are not budgeted until received along with a slight increase in charges for services and other revenue.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – As of September 30, 2012, the County had invested \$32 million in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$1.2 million or 1.4% over last year as you can see in Table A-3 below.

Major capital asset events affecting capital assets during the year were:

- Additional equipment purchases for the sheriff, maintenance, and road and bridge departments.
- Road and bridge improvement projects.
- Improved radio communication tower systems.

**Table A-3**  
**Burnet County's Capital Assets**

	Governmental Activities		Percent Change
	2012	2011	
Land	\$ 831,013	\$ 831,013	---
Construction In Progress	---	4,300	(100%)
Infrastructure	7,148,393	6,935,950	3.1%
Buildings & Other Improvements	14,057,704	13,936,764	.9%
Office & Miscellaneous Equipment	4,997,607	4,155,008	20.3%
Road Equipment	5,401,723	5,309,683	1.7%
Total	32,436,440	31,172,718	4.1%
Total Accumulated Depreciation	17,372,029	15,877,762	9.4%
Net Capital Assets	\$ 15,064,411	\$ 15,294,956	(1.5%)

Additional information about the County's capital assets can be found in Note 10 of this report.

**Component Unit – Capital Assets** – As of September 30, 2012, the Burnet County Public Facilities Corporation (discretely –presented component unit) had invested \$27 million in capital assets, including building, improvements, and equipment. Additional information about the Component's Unit capital assets can be found in Note 21.C of this report.

**Long Term Debt** – At the end of the fiscal year, the County had \$5.1 million of outstanding debt. Of this amount, \$326 thousand is debt backed by the full faith and credit of the government and \$4.8 million represents bonds secured solely by specified revenue sources.

**Burnet County’s Long Term Debt**

	Governmental Activities		Percent Change
	2012	2011	
Bonds Payable	\$ 4,790,000	\$ 6,140,000	(22%)
Capital Leases Payable	225,075	269,030	(16%)
<b>Total Bonds, Notes and Leases Payable</b>	<b>\$ 5,015,075</b>	<b>\$ 6,409,030</b>	<b>(22%)</b>

During the year, Burnet County’s bond and capital lease debt decreased by a total of \$1.4 million. Capital leases had a net decrease of \$44 thousand.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is close to \$1.0 billion, which is significantly higher than the County’s outstanding general obligation debt.

More detailed information about the County’s long-term liabilities can be found in Note 12 of this report.

Component Unit – Long Term Debt – At September 30, 2012, the Burnet County Public Facilities Corporation (discretely-presented component unit) had \$33,045,000 in revenue bonds outstanding.

Additional information about the Component Unit’s long term debt can be found in Note 22.D of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

- The taxable value used for the FY2013 budget preparation is estimated to be up slightly to \$100.3 million or 2.2% from FY2012.
- The tax rate established for the FY2013 budget is \$.3934, which is a 6% increase over the effective rate.
- Burnet County’s unemployment rate is currently 5.0%, which is a decrease from a rate of 6.7% one year ago. Burnet County’s rate is favorable to the state’s average unemployment rate of 7.1%.
- Inflationary trends in the region are comparable to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2013 fiscal year.

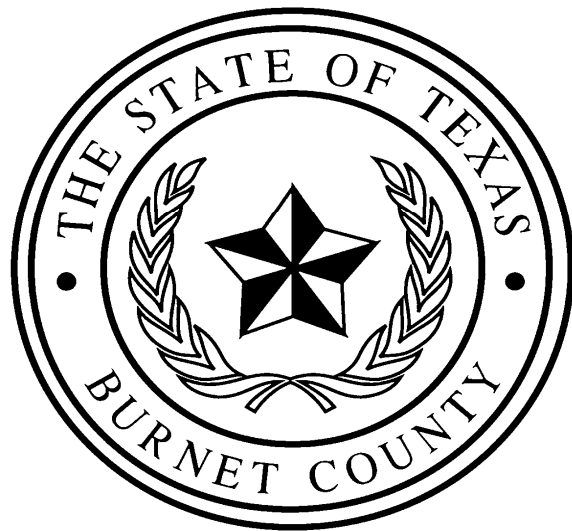
Amounts available for appropriation in the FY2013 governmental fund budgets are \$20.74 million, an increase of 7.8% over the FY2012 budget of \$19.23 million. Property taxes (benefiting from increases in assessed valuations) and licenses and permit revenue are expected to lead to this increase.

Budgeted expenditures are expected to increase approximately 6.7% to \$21.87 million.

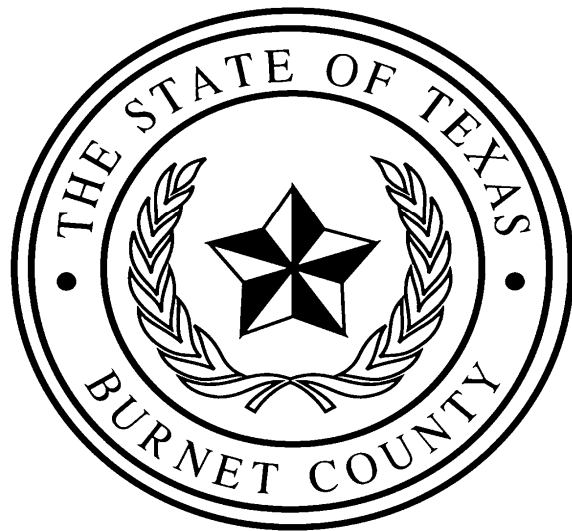
If these estimates are realized, the County’s budgetary General Fund balance is expected to remain the same.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Burnet County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of Burnet County Auditor, 220 South Pierce, Burnet, TX 78611.



## **BASIC FINANCIAL STATEMENTS**



BURNET COUNTY  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

	Primary Government	Component Unit
	Governmental	Burnet County Public
	Activities	Facilities Co
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,334,332	\$ 1,009,089
Investments - Current	213,302	3,548,727
Receivables (net of allowance for uncollectibles)	2,152,517	245,563
Due from Others	155,342	-
Inventories	782	-
Prepaid Items	33,496	-
Capitalized Debt Issuance Costs	33,949	483,658
Capital Assets:		
Land	831,013	-
Infrastructure, net	3,041,739	-
Buildings, net	6,741,558	25,940,550
Improvements other than Buildings, net	301,570	-
Machinery and Equipment, net	4,148,531	582,794
Total Assets	<u>25,988,131</u>	<u>31,810,381</u>
<b>LIABILITIES</b>		
Accounts Payable	1,032,908	477,399
Intergovernmental Payable	7,429	-
Accrued Interest Payable	17,523	425,190
Unearned Revenues	5,000	-
Noncurrent Liabilities		
Due Within One Year	1,525,432	900,000
Due in More Than One Year	3,632,379	30,426,544
Total Liabilities	<u>6,220,671</u>	<u>32,229,133</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	10,130,715	(4,803,200)
Restricted for:		
Special Revenue	850,246	-
Debt Service	279,320	3,456,512
Capital Projects	62,119	-
Records Management	337,837	-
Court Programs	255,001	-
Technology Programs	70,240	-
Unrestricted Net Assets	7,781,982	927,936
Total Net Assets	<u>\$ 19,767,460</u>	<u>\$ (418,752)</u>

The notes to the Financial Statements are an integral part of this statement.



BURNET COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 9,689,816	\$ 1,002,955	\$ 675,832	\$ 661,677
Public Safety	5,807,933	477,066	425,014	1,675
Public Transportation	2,601,488	1,682,462	33,247	-
Health and Welfare	609,570	18,660	57,292	-
Culture and Recreation	697,018	33,030	17,166	-
Conservation	516,942	-	138,500	-
Bond Interest	163,462	-	-	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 20,086,229</b>	<b>\$ 3,214,173</b>	<b>\$ 1,347,051</b>	<b>\$ 663,352</b>
<b>Component Unit:</b>				
Burnet County Public Facilities Corporation	\$ 7,510,770	\$ 7,223,045	-	-
<b>TOTAL COMPONENT UNITS:</b>	<b>\$ 7,510,770</b>	<b>\$ 7,223,045</b>	<b>\$ -</b>	<b>\$ -</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes  
Property Taxes, Levied for Debt Service  
Other Taxes  
Penalty and Interest  
Grants and Contributions Not Restricted  
Miscellaneous Revenue  
Investment Earnings  
Total General Revenues

Change in Net Assets

Net Assets--Beginning  
Prior Period Adjustment  
Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

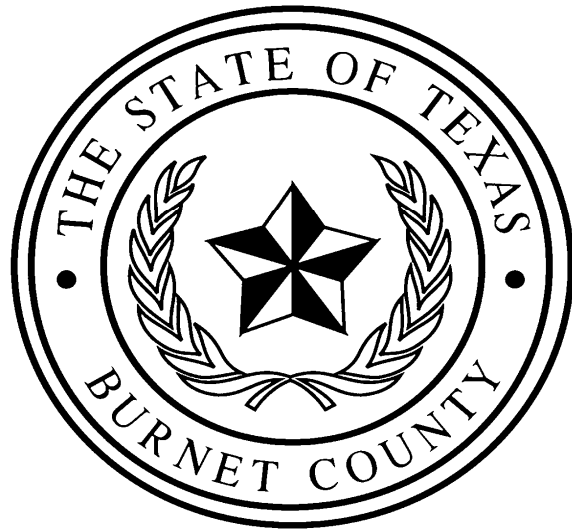
Primary Government	Component Unit
Governmental Activities	Burnet County Public Facilities Co
\$ (7,349,352)	\$ -
(4,904,178)	-
(885,779)	-
(533,618)	-
(646,822)	-
(378,442)	-
(163,462)	-
<u>(14,861,653)</u>	<u>-</u>
-	(287,725)
<u>-</u>	<u>(287,725)</u>
14,487,576	-
1,376,387	-
321,095	-
215,565	-
150,636	-
138,548	20,300
117,275	96,060
<u>16,807,082</u>	<u>116,360</u>
1,945,429	(171,365)
17,948,219	(247,387)
(126,188)	-
<u>\$ 19,767,460</u>	<u>\$ (418,752)</u>

BURNET COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

	General Fund	Road and Bridge Fund	Grants Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,430,393	\$ 905,547	\$ -
Investments - Current	147,101	15,364	-
Taxes Receivable	832,762	88,976	-
Allowance for Uncollectible Taxes (credit)	(249,829)	(26,693)	-
Receivables (Net)	148,917	59,701	-
Intergovernmental Receivables	321,952	17,666	559,472
Due from Other Funds	481,105	1,718	-
Due from Others	113,106	-	-
Inventories	782	-	-
Prepaid Items	29,269	337	2,237
<b>Total Assets</b>	<b>\$ 8,255,558</b>	<b>\$ 1,062,616</b>	<b>\$ 561,709</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 449,982	\$ 180,120	\$ 59,765
Accrued Payroll Payable	257,603	16,393	9,952
Intergovernmental Payable	7,429	-	-
Due to Other Funds	27,591	2,926	447,665
Due to Others	1,257	-	10,416
Accrued Interest Payable	-	-	-
Deferred Revenues	587,933	62,283	-
<b>Total Liabilities</b>	<b>1,331,795</b>	<b>261,722</b>	<b>527,798</b>
<b>Fund Balances:</b>			
Non-Spendable	30,051	337	2,237
Restricted	663,078	788,441	31,674
Committed	60,775	-	-
Assigned	222,430	12,116	-
Unassigned	5,947,429	-	-
<b>Total Fund Balances</b>	<b>6,923,763</b>	<b>800,894</b>	<b>33,911</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,255,558</b>	<b>\$ 1,062,616</b>	<b>\$ 561,709</b>

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 996,688	\$ 8,332,628
50,837	213,302
81,652	1,003,390
(20,413)	(296,935)
66,247	274,865
-	899,090
-	482,823
42,236	155,342
-	782
1,653	33,496
<u>\$ 1,218,900</u>	<u>\$ 11,098,783</u>
\$ 37,045	\$ 726,912
8,671	292,619
-	7,429
4,641	482,823
-	11,673
17,523	17,523
61,239	711,455
<u>129,119</u>	<u>2,250,434</u>
1,653	34,278
371,570	1,854,763
716,558	777,333
-	234,546
-	5,947,429
<u>1,089,781</u>	<u>8,848,349</u>
<u>\$ 1,218,900</u>	<u>\$ 11,098,783</u>



BURNET COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

<b>Total Fund Balances - Governmental Funds</b>	\$	8,848,349
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.</p>		
		-0-
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$31,172,717 and the accumulated depreciation was \$15,877,762. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.</p>		
		8,816,100
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.</p>		
		2,750,057
<p>The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,591,442)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.</p>		
		944,396
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b>19,767,460</b>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Road and Bridge Fund	Grants Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 12,869,991	\$ 1,554,801	\$ -
Other Taxes	55,225	-	-
Penalty and Interest on Taxes	176,599	20,849	-
Licenses and Permits	422,260	891,100	-
Intergovernmental Revenue and Grants	132,461	59,813	1,838,994
Charges for Services	1,409,837	-	-
Fines	428,058	-	-
Forfeits	-	-	-
Investment Earnings	93,101	12,924	-
Rents and Royalties	27,915	-	-
Contributions & Donations	19,740	-	98,305
Other Revenue	69,581	24,211	-
<b>Total Revenues</b>	<b>15,704,768</b>	<b>2,563,698</b>	<b>1,937,299</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	7,799,301	-	868,394
Public Safety	5,242,266	-	41,686
Public Transportation	-	2,180,950	-
Health and Welfare	595,595	-	-
Culture and Recreation	3,847	-	8,766
Conservation	197,417	-	298,305
Debt Service:			
Debt Principal	38,141	83,673	-
Debt Interest	1,956	2,894	-
Fiscal Agent's Fees	-	-	-
Capital Outlay:			
Capital Outlay	227,852	250,206	796,957
<b>Total Expenditures</b>	<b>14,106,375</b>	<b>2,517,723</b>	<b>2,014,108</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,598,393</b>	<b>45,975</b>	<b>(76,809)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Capital Assets	2	4,100	-
Issuance of Capital Leases	77,859	-	-
Transfers In	187,481	-	84,948
Proceeds from Insurance Settlements	-	8,191	-
Transfers Out (Use)	(789,884)	-	(63,528)
<b>Total Other Financing Sources (Uses)</b>	<b>(524,542)</b>	<b>12,291</b>	<b>21,420</b>
Net Change in Fund Balances	1,073,851	58,266	(55,389)
Fund Balance - October 1 (Beginning)	5,974,159	758,329	93,036
Prior Period Adjustment	(124,247)	(15,701)	(3,736)
Fund Balance - September 30 (Ending)	<b>\$ 6,923,763</b>	<b>\$ 800,894</b>	<b>\$ 33,911</b>

The notes to the Financial Statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	1,364,533	\$ 15,789,325
	265,870	321,095
	18,117	215,565
	-	1,313,360
	34,274	2,065,542
	42,360	1,452,197
	19,248	447,306
	4,921	4,921
	11,187	117,212
	-	27,915
	3,200	121,245
	25,834	119,626
	<u>1,789,544</u>	<u>21,995,309</u>
	407,181	9,074,876
	46,555	5,330,507
	-	2,180,950
	-	595,595
	664,521	677,134
	-	495,722
	1,350,000	1,471,814
	122,582	127,432
	950	950
	<u>81,087</u>	<u>1,356,102</u>
	<u>2,672,876</u>	<u>21,311,082</u>
	<u>(883,332)</u>	<u>684,227</u>
	-	4,102
	-	77,859
	686,926	959,355
	-	8,191
	-	(853,412)
	<u>686,926</u>	<u>196,095</u>
	(196,406)	880,322
	1,294,773	8,120,297
	(8,586)	(152,270)
\$	<u>1,089,781</u>	<u>\$ 8,848,349</u>



BURNET COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	880,322
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets.		(78,539)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase net assets.		2,750,057
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(1,591,442)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(14,969)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>1,945,429</b>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 12,659,339	\$ 12,659,339	\$ 12,869,991	\$ 210,652
Other Taxes	47,000	47,000	55,225	8,225
Penalty and Interest on Taxes	170,000	170,000	176,599	6,599
Licenses and Permits	375,000	375,000	422,260	47,260
Intergovernmental Revenue and Grants	114,000	245,483	132,461	(113,022)
Charges for Services	1,053,643	1,323,714	1,409,837	86,123
Fines	480,000	480,000	428,058	(51,942)
Investment Earnings	50,000	50,000	93,101	43,101
Rents and Royalties	24,210	24,210	27,915	3,705
Contributions & Donations	-	45,231	19,740	(25,491)
Other Revenue	40,000	309,519	69,581	(239,938)
<b>Total Revenues</b>	<b>15,013,192</b>	<b>15,729,496</b>	<b>15,704,768</b>	<b>(24,728)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	8,183,538	8,691,012	7,799,301	891,711
Public Safety	5,583,451	5,647,435	5,242,266	405,169
Health and Welfare	873,184	873,529	595,595	277,934
Culture and Recreation	5,050	24,042	3,847	20,195
Conservation	202,168	203,068	197,417	5,651
Debt Service:				
Debt Principal	45,095	45,095	38,141	6,954
Debt Interest	1,985	1,985	1,956	29
Capital Outlay:				
Capital Outlay	215,841	460,359	227,852	232,507
<b>Total Expenditures</b>	<b>15,110,312</b>	<b>15,946,525</b>	<b>14,106,375</b>	<b>1,840,150</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(97,120)</b>	<b>(217,029)</b>	<b>1,598,393</b>	<b>1,815,422</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	2,000	2,000	2	(1,998)
Issuance of Capital Leases	-	77,859	77,859	-
Transfers In	75,000	187,481	187,481	-
Transfers Out (Use)	(826,897)	(827,282)	(789,884)	37,398
<b>Total Other Financing Sources (Uses)</b>	<b>(749,897)</b>	<b>(559,942)</b>	<b>(524,542)</b>	<b>35,400</b>
<b>Net Change in Fund Balances</b>	<b>(847,017)</b>	<b>(776,971)</b>	<b>1,073,851</b>	<b>1,850,822</b>
Fund Balance - October 1 (Beginning)	5,974,159	5,974,159	5,974,159	-
Prior Period Adjustment	-	-	(124,247)	(124,247)
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 5,127,142</b>	<b>\$ 5,197,188</b>	<b>\$ 6,923,763</b>	<b>\$ 1,726,575</b>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ROAD AND BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,516,596	\$ 1,516,596	\$ 1,554,801	\$ 38,205
Penalty and Interest on Taxes	15,000	15,000	20,849	5,849
Licenses and Permits	950,000	950,000	891,100	(58,900)
Intergovernmental Revenue and Grants	45,600	45,600	59,813	14,213
Investment Earnings	6,000	6,000	12,924	6,924
Other Revenue	-	58,936	24,211	(34,725)
<b>Total Revenues</b>	<b>2,533,196</b>	<b>2,592,132</b>	<b>2,563,698</b>	<b>(28,434)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Transportation	2,490,814	2,558,554	2,180,950	377,604
Debt Service:				
Debt Principal	80,675	80,675	83,673	(2,998)
Debt Interest	3,170	3,170	2,894	276
Capital Outlay:				
Capital Outlay	34,200	79,853	250,206	(170,353)
<b>Total Expenditures</b>	<b>2,608,859</b>	<b>2,722,252</b>	<b>2,517,723</b>	<b>204,529</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(75,663)</b>	<b>(130,120)</b>	<b>45,975</b>	<b>176,095</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	3,000	7,100	4,100	(3,000)
Proceeds from Insurance Settlements	-	357	8,191	7,834
<b>Total Other Financing Sources (Uses)</b>	<b>3,000</b>	<b>7,457</b>	<b>12,291</b>	<b>4,834</b>
Change in Fund Balance	(72,663)	(122,663)	58,266	180,929
Fund Balance - October 1 (Beginning)	758,329	758,329	758,329	-
Prior Period Adjustment	-	-	(15,701)	(15,701)
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 685,666</b>	<b>\$ 635,666</b>	<b>\$ 800,894</b>	<b>\$ 165,228</b>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GRANTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 1,784,122	\$ 2,501,145	\$ 1,838,994	\$ (662,151)
Contributions & Donations	77,000	98,305	98,305	-
<b>Total Revenues</b>	<b>1,861,122</b>	<b>2,599,450</b>	<b>1,937,299</b>	<b>(662,151)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	884,324	1,396,028	868,394	527,634
Public Safety	48,532	103,128	41,686	61,442
Culture and Recreation	277,000	44,511	8,766	35,745
Conservation	-	298,305	298,305	-
Capital Outlay:				
Capital Outlay	819,205	909,166	796,957	112,209
<b>Total Expenditures</b>	<b>2,029,061</b>	<b>2,751,138</b>	<b>2,014,108</b>	<b>737,030</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(167,939)	(151,688)	(76,809)	74,879
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	106,439	90,189	84,948	(5,241)
Transfers Out (Use)	-	(63,528)	(63,528)	-
<b>Total Other Financing Sources (Uses)</b>	<b>106,439</b>	<b>26,661</b>	<b>21,420</b>	<b>(5,241)</b>
Change in Fund Balance	(61,500)	(125,027)	(55,389)	69,638
Fund Balance - October 1 (Beginning)	93,036	93,036	93,036	-
Prior Period Adjustment	-	-	(3,736)	(3,736)
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 31,536</b>	<b>\$ (31,991)</b>	<b>\$ 33,911</b>	<b>\$ 65,902</b>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012

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	Total Internal Service Funds
<hr/>	
ASSETS	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 1,704
Total Assets	<u>1,704</u>
LIABILITIES	
<b>Current Liabilities:</b>	
Accounts Payable	<u>1,704</u>
Total Liabilities	<u>1,704</u>

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Governmental Activities
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Refund of Contributions	\$ 49,824
Total Operating Revenues	49,824
OPERATING EXPENSES:	
Insurance Claims and Reimbursements	16,211
Administrative Fees	6,272
Total Operating Expenses	22,483
Operating Income	27,341
NON-OPERATING REVENUES (EXPENSES):	
Investment Earnings	63
Total Non-operating Revenue (Expenses)	63
Income Before Transfers	27,404
Transfer In	18,010
Transfers Out	(123,953)
Change in Net Assets	(78,539)
Total Net Assets - October 1 (Beginning)	78,539
Total Net Assets - September 30 (Ending)	\$ -

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from Refund of Contributions	\$ 49,824
Cash Payments for Claims & Reimbursements	(16,211)
Cash Payments for Administrative Fees	(6,272)
Net Cash Provided by Operating Activities	27,341
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers In	18,010
Transfers Out	(123,953)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(105,943)
<u>Cash Flows from Investing Activities:</u>	
Proceeds from Redemption of Investments	60,359
Net Increase(Decrease) in Cash and Cash Equivalents	(33,120)
Cash and Cash Equivalents at Beginning of the Year:	34,824
Cash and Cash Equivalents at the End of the Year:	\$ 1,704
<u>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</u>	
Operating Income:	\$ 27,341
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(14,877)
Net Cash Provided by Operating Activities	\$ 12,464
<u>Noncash Investing, Capital and Financing Activities:</u>	
Increase in Fair Value of Investments	\$ 63

The notes to the Financial Statements are an integral part of this statement.

BURNET COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2012

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	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 909,236
Other Receivable	3,147
Due from Others	700
Total Assets	<u>\$ 913,083</u>
LIABILITIES	
Due to Others	\$ 913,083
Total Liabilities	<u>\$ 913,083</u>

The accompanying notes are an integral part of this statement.



**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Burnet County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

**A. Reporting Entity**

The Commissioners' Court has governance responsibilities over all activities related to Burnet County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity", since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no separate organizations for which the County is financially accountable. There are no separate organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Burnet County's financial statements to be misleading or incomplete.

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

**Discretely Presented Component Unit**

Burnet County Public Facility Corporation

Burnet County Public Facility Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the County in 2007 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the County. The Board of Directors is appointed by and serves at the discretion of the Commissioners Court of the County. The operations of the Corporation are presented in the Government Wide Financial Statements. Separate financial statements of the Corporation may be obtained from the County Auditor's office. Additional information regarding this component unit is presented in Note 22.

**B. Government-wide and fund financial statements**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Burnet County nonfiduciary activities with most of the interfund activities removed. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental Activities* include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods and services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Fiduciary funds also utilize the accrual basis of accounting; however, the economic resources measurement focus is not applicable to agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both *measurable* and *available*. Available means collectible within the current period or expected to be collected within 60 days after year-end to be used to pay liabilities of the current period. Expenditures are generally recorded when the 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 are susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable and available until cash is received by the government. Investment earnings are recorded on the accrual basis in all funds.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the county, revenues are recognized as the expenditures or expenses recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. Fiduciary Funds, such as agency funds, have no measurement focus.

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund – The Road & Bridge Fund is a special revenue fund that accounts for and reports the financial resources received from a designated part of the annual property tax levy and auto registration fees and fines, which are used for operating and maintaining County owned roads and bridges.

Grants Fund – To account for federal, state and local monies provided for the enhancement of programs not fully funded by the County.

Additionally, the County reports the following fund types:

Governmental Funds:

Special Revenue Funds – The County uses these funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for principal and interest and related costs.

Capital Project Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Proprietary Funds:

Internal Service Funds – The County uses this fund to account for and report the County’s self-insurance unemployment claims fund and the portion of the increase in employee insurance deductible when the county changed policies to reduce premiums.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fiduciary Funds:**

*Trust and Agency Funds* – The County accounts for and reports resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. Agency funds are used to account for court costs due to the State, monies received for waste sewage facility inspections due to the Texas Department of Health, bond money received and held for others as a result of action in the County or District Courts, and to account for monies received and held in trust for other individuals or entities as a result of action in County and District Courts.

**D. Assets, liabilities, and net assets of equity**

1. *Deposits and investments*

For purposes of the statement of cash flow for proprietary and similar fund types, the County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments in the Local Government Investment Cooperative (LOGIC), the Texas Local Government Investment Pool (TexPool) and Texas CLASS are recorded at fair value for all funds.

2. *Receivables and payables*

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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 recognized bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the 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.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

4. Capital Assets

Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	20
Buildings	22
Improvements (Other than Buildings)	20
Vehicles and Road Equipment	5-10
Office Equipment	3-15
Computer Equipment	5-6

5. Fund Equity

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

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts that are constrained for specific purposes which are internally imposed by the County through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to action passed by the County Commissioners' Court. These amounts cannot be used for other purpose unless the Commissioners' Court removes or changes the constraints via the same type of action used to initially commit them.
  - *The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.*

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

- Assigned fund balance – amounts the County intends to use for a specific purpose, but which do not qualify for classification as either restricted or committed. The intent can be expressed by the county or by an official or body to which the County Commissioners delegates the authority.
  - *When it is appropriate for fund balance to be assigned, the Commissioner’s Court delegates the responsibility to assign funds to the County Auditor or his/her designee. Assignments may occur subsequent to the fiscal year-end.*
- Unassigned fund balance – amounts that are available for any purpose or the residual fund balance of the General Fund.
- Order of Spending: Where appropriate, Burnet County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but it reserves the right to deviate from this general strategy.

6. Unemployment and Health Insurance

The County has elected to be a reimbursing employer for all unemployment claims. Health insurance is provided to the County’s employees through a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Internal service funds are used by management for self-insurance costs. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.” The details of this \$0 difference are as follows:

Record current year assets	\$	1,704
Record current year liabilities		<u>(1,704)</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$	<u>-</u>

Another element of that reconciliation explains that “beginning capital assets and 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 \$8,816,100 difference are as follows:

Beginning capital assets, net	\$	15,294,955
Beginning capitalized debt issuance costs		44,615
Beginning long-term liabilities		<u>(6,523,470)</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$	<u>8,816,100</u>

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,  
continued**

Another element of that reconciliation explains that “current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments are to increase net assets” The details of this \$2,750,057 difference are as follows:

Current year debt issued	\$ (77,859)
Current year principal payments	1,471,814
Current year additions to capital assets	<u>1,356,102</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 2,750,057</u>

Another element of that reconciliation states that “various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.” The detail of this \$994,396 difference is as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (21,286)
Record prior period adjustment to capital assets	26,082
Current year debt issuance costs	(10,666)
Current year amortization of accounting loss on refunding bonds	(32,770)
Current year amortization of premium on bonds	8,356
Current year increase in compensated absences	(3,882)
Record court fees & fines receivable	272,107
Remove deferred revenues for taxes	<u>706,455</u>
Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 944,396</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Internal service funds are used by management for self-insurance costs. The net revenue of certain activities of the internal service funds is reported with governmental activities.” The details of this \$(78,539) difference are as follows:

Record interest	\$ 63
Record transfers	(105,943)
Record operating loss	<u>27,341</u>
Net adjustment to decrease <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	<u>\$ (78,539)</u>



**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,  
continued**

Another element of that reconciliation explains that “Governmental funds report capital outlays and long-term debt principal payments as expenditures, but they should be shown as increases in capital assets and reduction in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase net assets.” The detail of this \$2,750,057 difference is as follows:

Current year debt issued	\$ (77,859)
Current year principal payments	1,471,814
Current year capital outlay	1,356,102
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	\$ 2,750,057

Another element of that reconciliation states that “various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.” The detail of this \$(14,969) difference is as follows:

Remove current year disposed capital assets & related accumulation depreciation	\$ (21,286)
Current year debt issuance costs	(10,666)
Current year amortization of accounting loss on refunding bonds	(32,770)
Current year amortization of premium on bonds	8,356
Current year increase in compensated absences	(3,882)
Record decrease in court fees & fines receivable	(29,359)
Recognize unearned property taxes	74,638
Net adjustment to increase <i>net changes in fund balance-total governmental funds</i> to arrive at <i>changes in net assets-governmental activities</i>	\$ (14,969)

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

The County follows these procedures in establishing the budgetary data reflected in these basic financial statements:

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners’ Court.
2. Commissioners’ Court holds budget sessions with each department head.
3. Commissioners’ Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued**

4. Commissioners' Court formally adopts the budget in an open court meeting. Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Project Funds, and the Debt Service Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Formal budgetary integration is not employed for the proprietary funds. The County adopts an annual, informal budget as a financial plan for all proprietary funds. As no legal requirement exists, a budget to actual comparison is not presented in the financial statements.

5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation. Expenditures may not legally exceed appropriations at the departmental level for each legally adopted annual operating budget. Amendments to the 2012 budget were approved by the Commissioners' Court as provided by law. The reported budgetary data has been revised for amendments legally authorized during the year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes. Management does not amend the budget above the departmental level without approval by the Commissioners' Court. The legal level of budgetary control is at the departmental level. The budgetary comparison schedule for the General Fund that demonstrates compliance at the legal level of budgetary control is included in the Other Supplementary Information; the schedule for Road and Bridge Funds that is included with the Basic Financial Statements sufficiently demonstrates compliance.

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1<sup>st</sup> of each year.

**NOTE 4: PROPERTY TAXES**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

For 2011 tax roll, the total adjusted assessed valuation was \$3,509,386,631 and the taxes assessed amounted to \$15,822,767. The total tax rate was \$0.3724 per \$100 valuation and allocated \$0.3012 to General Fund maintenance and operations; \$0.0392 to Road & Bridge Fund maintenance and operations; and \$0.0320 to interest and sinking funds.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board which commenced operation in January, 1980.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: PROPERTY TAXES, continued**

As of October 1, 1981, the appraisal of property within the County was the responsibility of the county-wide appraisal district. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. Through a contractual arrangement with the County, the Burnet Central Appraisal District is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

Statutory maximums for the County's various tax rates and restrictions on the use of the tax proceeds are as follows:

\$ .80 \_\_\_ - Limit imposed by Texas Constitution for all purposes of General Fund, Permanent Improvement Fund, and Jury Fund, including debt service obligations issued against such funds.

\$ .15 \_\_\_ - Limit imposed by Article 6790, V.A.C.S., for road maintenance, no part of which may be used for debt service.

\$ .30 \_\_\_ - Limit imposed by Article 7048A, V.A.C.S., for farm-to-market and lateral roads and/or flood control purposes.

\$1.25 \_\_\_ - Total legal limit per \$100 of assessed valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5: DEPOSITS, SECURITIES, AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2012, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,332,628 and the bank balance was \$8,895,300.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The county's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The County had the following investments at September 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 100,326	50
TexPool	82,229	41
Texas CLASS	30,747	39
<b>TOTAL INVESTMENTS</b>	<b>\$ 213,302</b>	

Local Government Investment Cooperative (LOGIC) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fund is administered by First Southwest Asset Management, Inc. and JP Morgan Chase.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

Legal and Contractual Provisions Governing Deposits and Investments, continued

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. KPMG Peat Marwick, 111 Congress Avenue, Suite 1100, Austin, Texas 78701 performs the annual audit. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Texas CLASS was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian.

Policies Governing Deposits and Investments

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

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

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

*Other Credit Risk:* There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policies are governed by State statutes. In addition, the County has its own written investment policies. County funds are deposited in FDIC insured banks located within the County and in LOGIC, TexPool and Texas CLASS. Permissible investments include the following:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies.
3. Other obligations, the principal and interest of which are unconditionally guaranteed by the State of Texas or the United States.
4. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to the investment quality by a nationally recognized investment firm and having received a rating of not less than A or its equivalent.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

Policies Governing Deposits and Investments, continued

5. Certificates of deposit issued by state and national banks domiciled in the State of Texas that are guaranteed or insured by the FDIC or secured by other obligations that have a market value of not less than the principal amount of the certificates.

To minimize credit risk, TexPool's, LOGIC's and Texas CLASS investment policies allow the portfolio's investment managers to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, TexPool investments credit quality rating was AAAM (Standard & Poor's), LOGIC's investments credit quality rating was AAAM (Standard & Poor's), and Texas CLASS investments credit quality rating was AAAM (Standard & Poor's).

**NOTE 6: DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2012 were as follows:

	<u>Property Taxes</u>	<u>Accounts Receivable</u>	<u>Intergovern- mental Receivable</u>	<u>Due From Other Funds</u>	<u>Due From Others</u>	<u>Total Receivables</u>
Governmental Activities:						
General Fund	832,762	\$ 148,917	\$ 321,952	\$ 481,105	\$ 113,106	\$ 1,897,842
Road & Bridge Fund	88,976	59,701	17,666	1,718	-	168,061
Grants Fund	-	-	559,472	-	-	559,472
Non-major Governmental Funds	<u>81,652</u>	<u>66,247</u>	<u>-</u>	<u>-</u>	<u>42,236</u>	<u>190,135</u>
Total Governmental Activities	<u>\$ 1,003,390</u>	<u>\$ 274,865</u>	<u>\$ 899,090</u>	<u>\$ 482,823</u>	<u>\$ 155,342</u>	<u>\$ 2,815,510</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 296,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,935</u>

Payables at September 30, 2012 were as follows:

	<u>Accounts Payable</u>	<u>Payroll Expense Payable</u>	<u>Intergovern- mental Payable</u>	<u>Due to Other Funds</u>	<u>Due to Others</u>	<u>Accrued Interest Payable</u>	<u>Total</u>
Governmental Activities:							
General Fund	\$ 449,982	\$ 257,603	\$ 7,429	\$ 27,591	\$ 1,257	\$ -	\$ 743,862
Road & Bridge Fund	180,120	16,393	-	2,926	-	-	199,439
Grants Fund	59,765	9,952	-	447,665	10,416	-	527,798
Non-major Governmental Funds	<u>37,045</u>	<u>8,671</u>	<u>-</u>	<u>4,641</u>	<u>-</u>	<u>17,523</u>	<u>67,880</u>
Total Governmental Activities	<u>\$ 726,912</u>	<u>\$ 292,619</u>	<u>\$ 7,429</u>	<u>\$ 482,823</u>	<u>\$ 11,673</u>	<u>\$ 17,523</u>	<u>\$ 1,538,979</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7: COURT FINES AND FEES RECEIVABLE**

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$1,799,625 which represents amounts owed and outstanding. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$1,527,518, resulting in a net receivable of \$272,107.

**NOTE 8: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2012 consisted of the following individual fund balances:

<u>Governmental Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:	\$ 481,105	\$ 27,591
Road and Bridge Fund	1,718	2,926
Grants Fund	-	447,665
Non Major Governmental Funds	-	<u>4,641</u>
Total Governmental Funds	<u>\$ 482,823</u>	<u>\$ 482,823</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be collected in the subsequent year.

Interfund transfers during the year ended September 30, 2012 consisted of the following:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Funds	\$ 187,481	\$ 789,884
Road and Bridge Fund	-	-
Grants Fund	84,948	63,528
Non Major Governmental Funds	686,926	-
Internal Service Funds	<u>18,010</u>	<u>123,953</u>
Total Governmental Activities	<u>\$ 977,365</u>	<u>\$ 977,365</u>

The transfers from the General Fund were made to cover operating expenses of the Special Revenue Funds.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9: CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Reclassifications & Prior Period Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 831,013	\$ -	\$ -	\$ -	831,013
Construction in Progress	4,300	-	-	(4,300)	-
Total Capital Assets, Not Being Depreciated	<u>835,313</u>	<u>-</u>	<u>-</u>	<u>(4,300)</u>	<u>831,013</u>
Capital Assets, Being Depreciated					
Infrastructure	6,935,950	212,949	(4,806)	4,300	7,148,393
Buildings and Other Improvements	13,936,764	68,478	-	52,462	14,057,704
Office and Miscellaneous Equipment	4,155,008	842,599	-	-	4,997,607
Road Equipment	5,309,683	232,076	(113,655)	(26,381)	5,401,723
Total Capital Assets, Being Depreciated	<u>30,337,405</u>	<u>1,356,102</u>	<u>(118,461)</u>	<u>30,381</u>	<u>31,605,427</u>
Less Accumulated Depreciation for:					
Infrastructure	(3,880,649)	(230,811)	4,806	-	(4,106,654)
Buildings and Other Improvements	(6,466,547)	(548,029)	-	-	(7,014,576)
Office and Miscellaneous Equipment	(1,685,245)	(493,081)	-	-	(2,178,326)
Road Equipment	(3,845,321)	(319,521)	92,369	-	(4,072,473)
Total Accumulated Depreciation	<u>(15,877,762)</u>	<u>(1,591,442)</u>	<u>97,175</u>	<u>-</u>	<u>(17,372,029)</u>
Total Capital Assets Being Depreciated, Net	<u>14,459,643</u>	<u>(235,340)</u>	<u>(21,286)</u>	<u>30,381</u>	<u>14,233,398</u>
Total Capital Assets, Net	<u>\$ 15,294,956</u>	<u>\$ (235,340)</u>	<u>\$ (21,286)</u>	<u>\$ 26,081</u>	<u>\$ 15,064,411</u>

Current year depreciation expense was charged to governmental functions as follows:

General Government	\$ 643,192
Public Safety	477,426
Public Transportation	415,745
Conservation	21,220
Culture & Recreation	19,884
Health & Welfare	13,975
Total Depreciation Expense	<u>\$ 1,591,442</u>



**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10: COMMITMENTS UNDER LEASES**

Capital Leases

During September 2010, the County agreed to enter into a lease with Chase Equipment Leasing Corporation for one (1) tractor-boom axe for Precinct 2 and one (1) conveyor, one (1) tractor and one (1) broom for Precinct 4. The lease agreement meets the criteria of a capital lease. An additional \$176,910 has been recorded to the government-wide Statement of Net Assets to record the capital assets acquired. The lease commitment total is \$176,910. The capital lease agreement requires quarterly payments of \$15,171, including interest at 2.10% through August 2013.

During July 2011, the County agreed to enter into a lease with Chase Equipment Leasing Corporation for three (3) 2011 Chevy Tahoe SUV's, one (1) 2011 Chevy Silverado 2WD Pick Up Truck and two (2) 2000 Freightliner FL80 12 yd Dump Trucks. This lease agreement meets the criteria of a capital lease. An additional \$186,473 has been recorded to the government-wide Statement of Net Assets to record the capital assets acquired. The lease commitment total is \$186,473. The capital lease agreement requires quarterly payments of \$15,991, including interest at 2.10% through April 2014.

The County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for three (3) 2012 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$77,589 has been recorded to the government-wide Statement of Net Assets to record the capital assets acquired. The lease commitment total is \$77,589. The capital lease agreement requires quarterly payments of \$6,620, including interest at 1.47% through July 2015.

The assets acquired through capital leases are as follows:

Road equipment		\$	471,565
Less: accumulated depreciation			<u>(145,469)</u>
Total		\$	<u><u>326,096</u></u>

A summary of the commitments, by year, follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 131,618	\$ 2,976	\$ 134,594
2014	67,219	1,059	68,278
2015	<u>26,238</u>	<u>241</u>	<u>26,479</u>
Total	<u><u>\$ 225,075</u></u>	<u><u>\$ 4,276</u></u>	<u><u>\$ 229,351</u></u>

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

Operating Leases

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

<u>Year Ending September 30,</u>		
2013	\$	43,014
2014		36,136
2015		31,337
2016		20,677
2017		<u>10,069</u>
Total Minimum Rentals	\$	<u>141,233</u>
Rental Expenditures in Current Year	\$	<u>40,281</u>

**NOTE 11: LONG-TERM DEBT**

Bonds and Certificates of Obligation

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

On January 15, 1996, the County issued \$3,515,000 in Certificates of Obligation, Series 1996, with interest rates ranging from 4.25% to 5.75%, maturing in 2011. The proceeds from the sale of the Certificates were used for expansion of Burnet County jail facilities.

On February 1, 2001, the County issued \$7,000,000 in Certificates of Obligation, Series 2001, with interest rates ranging from 4.25% to 5.75%, maturing in 2016. The proceeds from the sale of the Certificates were used to build a new courthouse annex in Burnet, Texas, a new courthouse annex in Marble Falls, Texas, and for the renovation of the existing courthouse in Burnet, Texas. Both courthouse annexes were completed in May 2002. The renovation of the existing courthouse began in June 2002 and was completed in May 2003.

On November 1, 2006, the County issued \$235,000 in Tax Notes, Series 2006, with interest rates ranging from 3.58% to 3.80%, maturing in 2014. The proceeds from the sale of the Tax Notes were used for the construction of a Records Storage and Elections Building.

On September 1, 2007, the County issued \$755,000 in Tax Notes, Series 2007, with interest rates ranging from 3.75% to 3.95%, maturing in 2013. The proceeds from the sale of the Tax Notes were used for the renovations to the Annex on the Square project.

On February 1, 2010, the County issued \$1,195,000 in Tax Notes, Series 2010, with interest rates ranging from 2.00% to 3.00%, maturing in 2015. The proceeds from the sale of the Tax Notes were used for purchasing new software for the courts system, new telephone system and road upgrade projects in the precincts.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

Long Term Debt-Advance Refunding

During 2010, the County advance refunded two of the County's obligations with the issue of Burnet County, Texas Limited Tax Refunding Bonds - Series 2010 (\$5,075,000). The bonds were called and were redeemed on March 25, 2010 by purchasing \$4,742,750 in U.S. State and Local Government securities and by depositing \$398,871 into an escrow account. The various bonds have been defeased and removed as a liability of the County. The Series 2010 bonds mature on February 1, in each of the years 2011 through 2016, bearing interest at 2.00% - 2.50%. The refunding bonds resulted in a gross debt service savings of \$257,231 and the net present value savings of \$241,034. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/2012
Burnet County, Texas		
Certificates of Obligation – Series 1996	\$ 395,000	\$ -
Burnet County, Texas		
Certificates of Obligation – Series 2001	4,550,000	3,730,000
Total Amount Refunded	\$ 4,945,000	\$ 3,730,000

The following table summarizes the annual debt service requirements at September 30, 2012 to maturity:

Year Ending September 30,	Principal	Interest	Total Requirements
2013	\$ 1,390,000	\$ 95,072	\$ 1,485,072
2014	1,215,000	64,691	1,279,691
2015	1,210,000	37,800	1,247,800
2016	975,000	12,188	987,188
Total	\$ 4,790,000	\$ 209,751	\$ 4,999,751

Long-term debt activity for the year ended September 30, 2012 was as follows:

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, Loans and Leases Payable:					
General Obligation Bonds	\$ 6,140,000	\$ -	\$ 1,350,000	\$ 4,790,000	\$ 1,390,000
Premium on Bond Issuance	36,211	-	8,356	27,855	-
Deferred Accounting Loss on Refunding Bonds	(142,004)	-	(32,770)	(109,234)	-
Capital Leases	<u>269,030</u>	<u>77,859</u>	<u>121,815</u>	<u>225,075</u>	<u>131,618</u>
Total Bonds, Loans and Leases Payable	<u>6,303,238</u>	<u>77,859</u>	<u>1,447,401</u>	<u>4,933,696</u>	<u>1,521,618</u>
Other Liabilities:					
Compensated Absences	<u>220,233</u>	<u>303,283</u>	<u>299,401</u>	<u>224,115</u>	<u>3,814</u>
Total Governmental Activities Long-term Liabilities					
	<u>\$ 6,523,471</u>	<u>\$ 381,142</u>	<u>\$ 1,746,802</u>	<u>\$ 5,157,811</u>	<u>\$ 1,525,432</u>

**NOTE 12: DEFERRED REVENUE**

Unearned and unavailable revenue at year-end as reported on the Balance Sheet of the funds statements consisted of the following:

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue - unavailable	\$ 582,933	\$ 62,283	\$ 61,239	\$ 705,455
Intergovernmental Revenue - unearned	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
	<u>\$ 587,933</u>	<u>\$ 62,283</u>	<u>\$ 61,239</u>	<u>\$ 711,455</u>

Adjustments required for government-wide Statement of Net Assets decreased unearned revenue by \$705,455.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13: FUND BALANCE**

As of September 30, 2012, governmental fund balance is composed of the following:

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Grants Fund</u>	<u>Other Non- Major Funds</u>	<u>Total</u>
<b>Fund Balances:</b>					
<b>Non-spendable:</b>					
Inventories	\$ 782	\$ -	\$ -	\$ -	\$ 782
Prepaid Items	29,269	337	2,237	1,653	33,496
Total Non-spendable	<u>30,051</u>	<u>337</u>	<u>2,237</u>	<u>1,653</u>	<u>34,278</u>
<b>Restricted for:</b>					
Records Management	337,837	-	-	-	337,837
Court Programs	255,001	-	-	17,712	272,713
Technology Programs	70,240	-	-	-	70,240
Property Purchasing & Improvements	-	-	-	12,419	12,419
Road and Bridge Maintenance & Construction	-	788,441	-	-	788,441
Federal and State Grants	-	-	31,674	-	31,674
Retirement of Long Term Debt	-	-	-	279,320	279,320
Capital Asset Acquisition	-	-	-	62,119	62,119
Total Restricted	<u>663,078</u>	<u>788,441</u>	<u>31,674</u>	<u>371,570</u>	<u>1,854,763</u>
<b>Committed to:</b>					
Property Purchasing & Improvements	54,924	-	-	-	54,924
Court Programs	5,851	-	-	-	5,851
Economic Development	-	-	-	440,814	440,814
Special Operations Unit	-	-	-	196,312	196,312
Library System	-	-	-	79,432	79,432
Total Committed	<u>60,775</u>	<u>-</u>	<u>-</u>	<u>716,558</u>	<u>777,333</u>
<b>Assigned to:</b>					
Property Purchasing & Improvements	222,430	-	-	-	222,430
Road and Bridge Maintenance & Construction	-	12,116	-	-	12,116
Total Assigned	<u>222,430</u>	<u>12,116</u>	<u>-</u>	<u>-</u>	<u>234,546</u>
<b>Unassigned:</b>	<u>5,947,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,947,429</u>
<b>Total Fund Balances</b>	<u>\$ 6,923,763</u>	<u>\$ 800,894</u>	<u>\$ 33,911</u>	<u>\$ 1,089,781</u>	<u>\$ 8,848,349</u>

**NOTE 14: HEALTH INSURANCE AND WORKERS' COMPENSATION**

Health Insurance

During the year ended September 30, 2012 employees of Burnet County were covered by a health insurance plan (the Plan). The County paid premiums of \$598 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14: HEALTH INSURANCE AND WORKERS' COMPENSATION, continued**

Workers' Compensation

The County is a member of the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Fund is sponsored by the Texas Association of Counties and was originally established on March 28, 1974 by the entry into interlocal participation agreements by member political subdivisions of the State of Texas. The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Chapter 504, V.T.C.A., Labor Code, Art. 715(c), Rev. Civ. Stat. Ann., and Chapter 791, V.T.C.A., Government Code. The contribution amount for the Fund Member is based upon gross payroll, classification rates for types of positions, and experience modifier. During the year ended September 30, 2012 the County contributed a total of \$142,123 to the Fund.

**NOTE 15: RISK MANAGEMENT**

The County's risk management program includes coverage for property, general liability, auto physical damage, automobile liability, law enforcement liability, public officials' liability, crime coverage and employee dishonesty bonds. The County participates in the Texas Association of Counties Risk Management Pool. The premiums paid to the Texas Association of Counties (TAC) result in the transfer of risk to the pool.

**NOTE 16: SELF-INSURANCE**

Unemployment

Beginning with fiscal year 2011, the County has transferred all risk to the Texas Association of Counties (TAC) for unemployment insurance coverage. Before fiscal year 2011 the County had elected to be a reimbursing employer for all unemployment claims and accumulated funds quarterly based on ½ of 1.5% of the gross payroll. For the year ended September 30, 2012, a total of \$4,473 was paid in unemployment claims. Estimated unemployment claims that have been incurred but not paid, are not material at September 30th. No liability for unemployment claims has been recorded at September 30th due to the immaterial amounts involved.

Health Care Reimbursement (HRA)

The County has elected to create a Health Care Reimbursement Account to reimburse employees the cost of their health care insurance deductible when the County changed health care plans with a deductible that increased from \$250 to \$750 per employee, so that the employee would not incur any additional expense while the County's premium decreased.

**NOTE 17: COMPENSATED ABSENCES**

Accumulated unpaid annual leave, compensatory time and holiday leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Assets. At September 30th, accrued employee benefits recorded on the Statement of Net Assets were as follows: Annual leave pay - \$206,473; Holiday pay - \$17,479; Compensated time - \$163 for a total accumulated employee benefits amounted to \$224,115. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. The liability has typically been liquidated primarily in the General Fund and Road and Bridge Fund.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 18: DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The program is administered by Nationwide Retirement Solutions, Inc. The National Association of Counties (NACO) Deferred Compensation Program, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment company that administers the program. Under these trust arrangements, all amounts of compensation deferred under the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with this investment company are not included in the County's basic financial statements.

**NOTE 19: EMPLOYEES' RETIREMENT PLAN**

Plan Description:

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS issues an aggregated 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, and online at [www.tcdrs.org](http://www.tcdrs.org).

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

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

Funding Policy:

Burnet 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 Burnet County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of Burnet County is actuarially determined annually. Burnet County contributed using the actuarially determined rate of 11.19% for the months of the accounting year in 2011, and 11.61% for the months of the accounting year in 2012.

The deposit rate payable by the employee members for calendar years 2011 and 2012 is the rate of 7.0% as adopted by the governing body of Burnet County. The employee deposit rate and the employer contribution rate may be changed by the governing body of Burnet County within the options available in the TCDRS Act.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 19: EMPLOYEES' RETIREMENT PLAN, continued**

Annual Pension Cost:

For the employer's accounting year ended September 30, 2012 the annual pension cost for the TCDRS plan for its employees was \$836,353, and the actual contributions were \$836,353.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2010 and December 31, 2011, the basis for determining the contribution rates for calendar years 2011 and 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/09	12/31/10	12/31/11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value	SAF: 10-yr smoothed value; ESF: Fund value
<b>Actuarial Assumptions</b>			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

**Trend Information  
for the Retirement Plan for the Employees of Burnet County, Texas**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/08	\$ 685,579	100%	-0-
9/30/09	723,147	100%	-0-
9/30/10	748,904	100%	-0-
9/30/11	778,915	100%	-0-
9/30/12	836,353	100%	-0-

**Schedule of Funding Progress for the Retirement Plan  
For the Employees of Burnet County, Texas**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/11	\$ 20,337,523	\$ 25,953,981	\$ 5,616,458	78.36%	\$ 9,057,702	62.01%



**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

Annual Pension Cost, continued

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 20: GROUP TERM LIFE FUND**

Plan Description

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

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Burnet County contributions to the GTLF for the years ended September 30, 2012, 2011 and 2010 were \$30,610, \$28,975, and \$41,305, respectively, which equaled the contractually required contributions each year.

**NOTE 21: CONTINGENT LIABILITIES**

The County is involved in several lawsuits and other threatened litigation claims. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements.

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

**NOTE 22: COMPONENT UNIT – BURNET COUNTY PUBLIC FACILITIES CORPORATION**

On November 2, 2007 Burnet County formed the creation of Burnet County Public Facility Corporation (the "Corporation") under the Public Facility Corporation Act Chapter 303 (the "Act") of the Texas Local Government Code. The Corporation is legally separate from the County, but the County appoints all of the board members and has the ability to remove those board members at will. The Corporation provides housing for County prisoners.

**BURNET COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**22.A: Component Unit - Financing Agreements and Practical Considerations**

The Corporation was formed for the initial purpose of building and equipping a county jail (the "Facility"). The project was initially financed with the issuance of the Project Revenue Bonds Series, 2008 (the "2008 bond issue"). The bonds are secured by the mortgage on the Facility and the Facility's revenues and are not secured by the full faith and credit of the County or tax revenues. In connection with these issuances on January 14, 2008, the Corporation and/or the County entered into a number of legal agreements for the financing of the project, many of which are designed to provide additional security to the bond holders.

The Corporation entered into the Trust Indenture with U.S. Bank National Association (the "Trustee") to serve as the Trustee related to the bond issues. The Trust Indenture is primarily for the benefit of the owners of the bonds and calls for the creation of a number of funds and accounts, including the Construction Fund, Bond Fund, Reserve Fund, and Project Fund. In addition, the Trust Indenture specifies the amounts of pledged revenues to be placed into each of the funds established by the Trustee and the order of priority of the disposition of the pledged revenues.

The Corporation entered into the Lease Agreement (the "Lease") with the option to purchase with Burnet County, Texas (the "County"), whereas the Corporation constructed and equipped the Facility which is being leased to the County. The term of the agreement is effectively concurrent with the related bonds. Under the Lease the County pledges all revenues to the Trust fund established under the Trust Indenture.

The County entered into the Facility Operation and Management Agreement with Southwestern Correctional, LLC, (the "Operator") for five years, containing options for both early cancellation and renewal. The Operator's compensation is payable solely from and to the extent monies are available in the operating account, as established in the Trust account in accordance with the Trust Indenture.

The form of the legal agreements was structured to ensure compliance with the local government code and provide security for the bond holders. In substance, to the extent revenues are available they will first be used to repay the bonds, then the operator and the County will be paid. If revenue is not available, there is no legal obligation for any of the parties to be paid. In that instance, the bond holders' only security interest will be with any remaining trust funds and mortgage of the property. Neither the Corporation nor the County has any obligation in this instance.

This financing transaction is being accounted for as "substance over form" as the practical consideration in accounting for the transaction override the legal form of the agreements. The Corporation is responsible for the repayment of the debt based on the funds that are available and all available funds are recorded in the Trust. Accordingly, all monies held in the Trust accounts are considered assets of the Corporation and restrictions shown where applicable.

Similarly, all monies received by the Trust are considered revenues of the Corporation. The Corporation also records a receivable in connection with the billings to federal agencies and the local government which are unpaid. All payments made by the Trust are considered expenses of the Corporation. In addition, the Corporation accrues the amount due to the respective parties based on the accounts receivable. Neither the County nor the Corporation accounts for the lease agreement as a lease transaction.

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**22.B: Component Unit – Cash and Investments**

Burnet County Public Facilities held the following investments at September 30, 2012.

	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>FDIC Insurance</u>	<u>Securities Pledged</u>
<u>U.S. Bank, N.A.</u>				
Money Market Accounts				
First American Government Obligation Fund CID	\$ 1,009,089	\$ 1,009,089	*	*
Certificate of Deposit, Maturing 08/01/2014	3,455,338	3,455,338	\$ 250,000	-
Municipal Bonds				
Burnet County Public Facilities Corporation				
Revenue Bonds, Maturing 08/01/2024 – 8/01/2029	<u>93,389</u>	<u>93,389</u>	<u>N/A</u>	<u>N/A</u>
Total Investments	<u>\$ 4,557,816</u>	<u>\$ 4,557,816</u>		

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of September 30, 2012, Burnet County Public Facility Corporation has exposure to custodial risk because \$3,205,338 of the Certificate of Deposit was not collateralized. The Certificate of Deposit was purchased on August 11, 2009. Before this date the funds were invested in a money market account.

**22.C: Component Unit - Capital Assets**

Capital asset activity for the Burnet County Public Facilities Corporation for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit Activities:				
Capital Assets, Being Depreciated				
Buildings and Improvements	\$ 28,233,251	\$ -	\$ -	\$ 28,233,251
Furniture, Machinery & Equipment	<u>1,076,584</u>	<u>-</u>	<u>-</u>	<u>1,076,584</u>
Total Capital Assets, Being Depreciated	<u>29,309,835</u>	<u>-</u>	<u>-</u>	<u>29,309,835</u>
Less Accumulated Depreciation for:				
Buildings and Other Improvements	(1,586,870)	(705,831)	-	(2,292,701)
Furniture, Machinery & Equipment	<u>(336,965)</u>	<u>(156,824)</u>	<u>-</u>	<u>(493,789)</u>
Total Accumulated Depreciation	<u>(1,923,835)</u>	<u>(862,655)</u>	<u>-</u>	<u>(2,786,490)</u>
Total Capital Assets Being Depreciated, Net	<u>27,386,000</u>	<u>(862,655)</u>	<u>-</u>	<u>26,523,345</u>
Total Capital Assets, Net	<u>\$ 27,386,000</u>	<u>\$ (862,655)</u>	<u>\$ -</u>	<u>\$ 26,523,345</u>

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**22.D: Component Unit - Long-Term Debt**

Long-term debt activity for the Burnet County Public Facilities Corporation for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Unit Activities:					
Revenue Bonds, Series 2008	\$ 34,660,000	\$ -	\$ 1,615,000	\$ 33,045,000	\$ 900,000
Discount on Revenue Bonds, Series 2008	<u>(1,819,542)</u>	<u>-</u>	<u>(101,086)</u>	<u>(1,718,456)</u>	<u>-</u>
Total Component Unit Debt	<u>\$ 32,840,458</u>	<u>\$ -</u>	<u>\$ 1,513,914</u>	<u>\$ 31,326,544</u>	<u>\$ 900,000</u>

On January 14, 2008, the Corporation issued Project Revenue Bonds, Series 2008, in the amount of \$35,380,000. The bonds were issued to finance a project that consists of the construction, furnishing, and equipping of a multi-classification secure county jail.

Bonds currently outstanding in the aggregate principal amount of \$1,545,000 were called for redemption on August 1, 2012, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the redemption date. This partial redemption represents the sinking fund redemptions due as of August 1, 2012 and August 1, 2011 minus \$70,000 of bonds due August 1, 2012 that were purchased at a discount by the Burnet County Public Facilities Corporation in lieu of redemption and were subsequently cancelled. Burnet County Public Facilities Corporation purchased the \$70,000 of bonds for \$49,700. The gain on the discounted purchase and cancellation of debt has been included in the Statement of Activities as Miscellaneous Revenue.

Long-term debt obligations of the Corporation as of September 30, 2012 are as follows:

Fiscal Year	Principal	Interest	Total
2013	900,000	2,551,137	3,451,137
2014	970,000	2,481,925	3,451,925
2015	1,045,000	2,407,324	3,452,324
2016	1,125,000	2,326,963	3,451,963
2017	1,210,000	2,240,437	3,450,437
2018	1,305,000	2,147,375	3,452,375
2019	1,405,000	2,047,000	3,452,000
2020	1,515,000	1,938,937	3,453,937
2021	1,630,000	1,822,413	3,452,413
2022	1,755,000	1,697,038	3,452,038
2023	1,890,000	1,562,050	3,452,050
2024	2,035,000	1,416,675	3,451,675
2025	2,195,000	1,260,150	3,455,150
2026	2,365,000	1,090,038	3,455,038
2027	2,545,000	906,750	3,451,750
2028	2,745,000	709,513	3,454,513
2029	6,410,000	496,775	6,906,775
Total	<u>\$ 33,045,000</u>	<u>\$ 29,102,500</u>	<u>\$ 62,147,500</u>

**BURNET COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**22.E: Component Unit Deficit Net Asset Balance**

The Burnet County Public Facilities Corporation had a deficit net asset balance of \$418,752 at September 30, 2012. The deficit will be funded in the next year by increased operating income from inmate housing.

**NOTE 23: RELATED PARTIES**

In the ordinary course of business, the County has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the County.

**NOTE 24: PRIOR PERIOD ADJUSTMENTS**

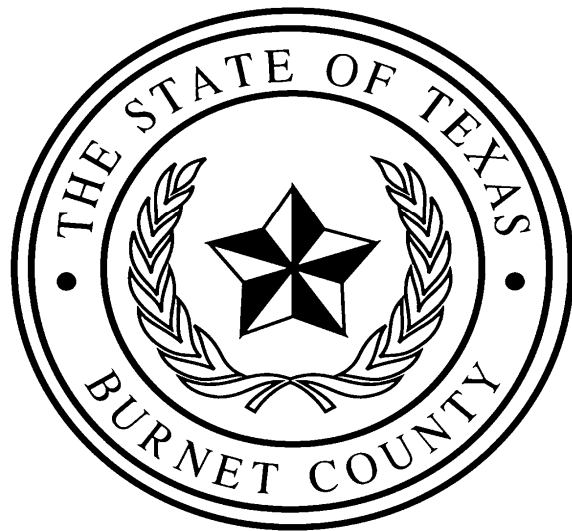
Prior period adjustments were recorded to correct the prior year payroll accrual and to correct the prior year balance of capital assets.

	Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	Government Wide Statement of Activities
<u>Prior Period Adjustment</u>		
General Fund	\$ (124,247)	
Road and Bridge Fund	(15,701)	
Grants Fund	(3,736)	
Other Funds	<u>(8,586)</u>	
To Correct Prior Year Payroll Accrual	\$ <u>(152,270)</u>	\$ (152,270)
To Correct Prior Year Balance of Capital Assets		26,082
Total Prior Period Adjustment		<u>\$ (126,188)</u>

**NOTE 25: SUBSEQUENT EVENTS**

The County has evaluated subsequent events through March 25, 2013, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

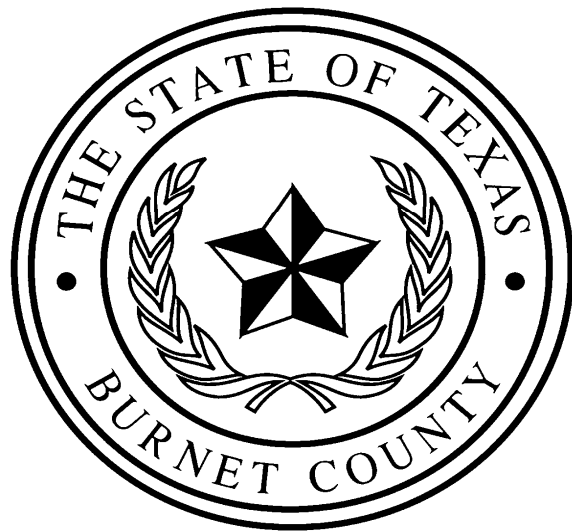


**BURNET COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2012**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/06	13,025,784	16,079,971	3,054,187	81.01%	7,866,284	38.83%
12/31/07	14,871,028	18,320,578	3,449,550	81.17%	8,364,477	41.24%
12/31/08	15,616,874	20,310,717	4,693,843	76.89%	8,919,013	52.63%
12/31/09	17,984,866	22,695,041	4,710,175	79.25%	8,987,085	52.41%
12/31/10	19,281,435	24,539,941	5,258,506	78.57%	9,168,778	57.35%
12/31/11	20,337,523	25,953,981	5,616,458	78.36%	9,057,702	62.01%





## **OTHER SUPPLEMENTARY INFORMATION**

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 12,659,339	\$ 12,659,339	\$ 12,869,991	\$ 210,652
Other Taxes	47,000	47,000	55,225	8,225
Penalty and Interest on Taxes	170,000	170,000	176,599	6,599
Licenses and Permits	375,000	375,000	422,260	47,260
Intergovernmental Revenue and Grants	114,000	245,483	132,461	(113,022)
Charges for Services	1,053,643	1,323,714	1,409,837	86,123
Fines	480,000	480,000	428,058	(51,942)
Investment Earnings	50,000	50,000	93,101	43,101
Rents and Royalties	24,210	24,210	27,915	3,705
Contributions & Donations	-	45,231	19,740	(25,491)
Other Revenue	40,000	309,519	69,581	(239,938)
Total Revenues	<u>15,013,192</u>	<u>15,729,496</u>	<u>15,704,768</u>	<u>(24,728)</u>
<b>EXPENDITURES:</b>				
Current:				
GENERAL GOVERNMENT				
General				
County Judge	168,144	168,144	164,241	3,903
Commissioners	232,712	232,712	232,800	(88)
County Records Management	60,000	60,000	2,268	57,732
County Clerk	281,134	320,291	273,789	46,502
County Clerk Records Management	105,531	92,623	92,623	-
Veterans Service Officer	6,586	22,759	10,626	12,133
County Clerk Records Archive	53,911	69,042	9,934	59,108
911 Addressing Maintenance	-	30,864	3,897	26,967
Non-Departmental	3,117,835	3,039,246	2,781,296	257,950
Courier	29,731	29,731	28,750	981
Grant Administrator	45,107	45,017	44,547	470
Total General	<u>4,100,691</u>	<u>4,110,429</u>	<u>3,644,771</u>	<u>465,658</u>
Judicial				
County Court at Law	142,623	233,542	231,132	2,410
County Court	66,056	134,367	76,066	58,301
District Court	136,215	137,715	129,242	8,473
Judicial Services	172,000	263,006	263,006	-
Public Defender	-	12,000	12,000	-
District Clerk Records Management	18,206	18,206	-	18,206
District Clerk	246,393	315,825	234,598	81,227
Justices of the Peace	411,812	498,767	418,714	80,053
3rd Administrative Judicial District	2,666	2,872	2,872	-
Magistrates/Indigent Defense	43,240	43,240	41,805	1,435
Total Judicial	<u>1,239,211</u>	<u>1,659,540</u>	<u>1,409,435</u>	<u>250,105</u>
Legal				
County Attorney	381,194	383,354	373,589	9,765
District Attorney	516,193	519,452	466,133	53,319
Total Legal	<u>897,387</u>	<u>902,806</u>	<u>839,722</u>	<u>63,084</u>
Elections				
Election Expense	<u>141,276</u>	<u>190,008</u>	<u>138,617</u>	<u>51,391</u>

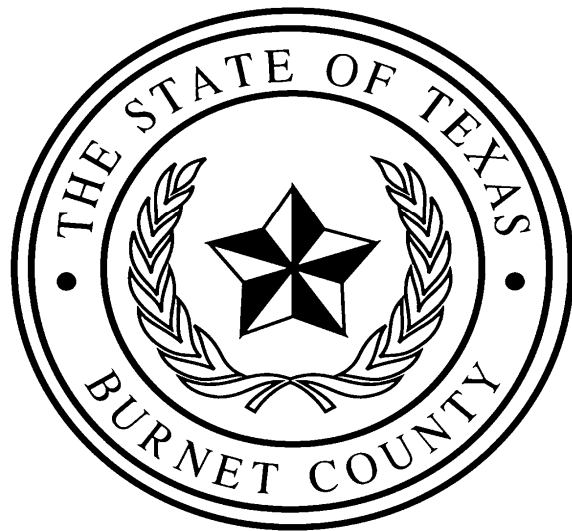
BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>Financial Administration</b>				
County Auditor	238,593	239,202	221,391	17,811
Purchasing	27,061	27,061	25,411	1,650
County Treasurer	92,879	92,879	92,934	(55)
Collections Department	55,174	55,174	51,942	3,232
Tax Assessor/Collector	243,100	243,100	240,336	2,764
Tax Appraisal District	306,000	306,892	306,892	-
Human Resources	58,047	57,702	51,802	5,900
Information Technology	305,628	325,628	314,011	11,617
Total Financial Administration	<u>1,326,482</u>	<u>1,347,638</u>	<u>1,304,719</u>	<u>42,919</u>
<b>Public Facilities</b>				
Maintenance Department	<u>478,491</u>	<u>480,591</u>	<u>462,037</u>	<u>18,554</u>
Total General Government	<u>8,183,538</u>	<u>8,691,012</u>	<u>7,799,301</u>	<u>891,711</u>
<b>PUBLIC SAFETY</b>				
Emergency Management	76,063	106,063	72,258	33,805
Emergency Medical Service	519,635	519,635	519,635	-
Area Fire Departments	256,718	256,718	256,718	-
Constables	164,634	174,111	165,354	8,757
Animal Control	59,891	59,891	53,404	6,487
County Sheriff	2,479,044	2,496,551	2,461,418	35,133
Courthouse Security	148,888	155,888	142,737	13,151
Juvenile Probation Department	197,312	197,312	120,414	76,898
Adult Probation Department	22,386	22,386	20,236	2,150
Department of Public Safety	38,090	38,090	38,111	(21)
Inmate Housing	1,620,790	1,620,790	1,391,981	228,809
Total Public Safety	<u>5,583,451</u>	<u>5,647,435</u>	<u>5,242,266</u>	<u>405,169</u>
<b>HEALTH AND WELFARE</b>				
Victims Assistance				-
Indigent Defense Grant				-
Hill Country Humane/SPCA	28,569	28,569	28,569	-
TDHS (Child Welfare)	2,993	2,993	2,993	-
Family Crisis Center	1,800	1,800	1,800	-
Childrens Advocacy Center	1,800	1,800	1,800	-
Court Appointed Special Advocate	1,800	1,800	1,800	-
Pauper Care	1,500	1,500	-	1,500
Meals on Wheels	5,400	5,400	5,400	-
Capital Area Rural Transportation	8,000	8,000	8,000	-
Care-A-Van	1,800	1,800	1,800	-
Boys and Girls Club	1,800	1,800	1,800	-
Indigent Health Care	817,722	818,067	541,633	276,434
Total Health and Welfare	<u>873,184</u>	<u>873,529</u>	<u>595,595</u>	<u>277,934</u>
<b>CULTURE AND RECREATION</b>				
County Historical Commission	450	19,442	284	19,158
County Parks	4,600	4,600	3,563	1,037
Total Culture and Recreation	<u>5,050</u>	<u>24,042</u>	<u>3,847</u>	<u>20,195</u>

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>CONSERVATION</b>				
Agricultural Extension Service	69,245	70,145	68,734	1,411
Environmental Services	104,123	104,123	99,883	4,240
Government Trappers	28,800	28,800	28,800	-
Total Conservation	<u>202,168</u>	<u>203,068</u>	<u>197,417</u>	<u>5,651</u>
<b>Debt Service:</b>				
Maintenance Department	5,960	5,960	5,614	346
County Sheriff	41,120	41,120	34,483	6,637
Total Debt Service	<u>47,080</u>	<u>47,080</u>	<u>40,097</u>	<u>6,983</u>
<b>Capital Outlay:</b>				
Nondepartmental	50,000	212,685	18,413	194,272
Information Technology	20,000	20,000	17,384	2,616
Maintenance Department	45,000	45,000	35,500	9,500
County Sheriff	100,841	182,674	156,555	26,119
Total Capital Outlay	<u>215,841</u>	<u>460,359</u>	<u>227,852</u>	<u>232,507</u>
Total Expenditures	<u>15,110,312</u>	<u>15,946,525</u>	<u>14,106,375</u>	<u>1,840,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(97,120)</u>	<u>(217,029)</u>	<u>1,598,393</u>	<u>1,815,422</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	2,000	2,000	2	(1,998)
Issuance of Capital Leases	-	77,859	77,859	-
Transfers In	75,000	187,481	187,481	-
Transfers Out (Use)	(826,897)	(827,282)	(789,884)	37,398
Total Other Financing Sources (Uses)	<u>(749,897)</u>	<u>(559,942)</u>	<u>(524,542)</u>	<u>35,400</u>
Net Change in Fund Balances	<u>(847,017)</u>	<u>(776,971)</u>	<u>1,073,851</u>	<u>1,850,822</u>
Fund Balance - October 1 (Beginning)	<u>5,974,159</u>	<u>5,974,159</u>	<u>5,974,159</u>	<u>-</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(124,247)</u>	<u>(124,247)</u>
Fund Balance - September 30 (Ending)	<u>\$ 5,127,142</u>	<u>\$ 5,197,188</u>	<u>\$ 6,923,763</u>	<u>\$ 1,726,575</u>

**NON-MAJOR GOVERNMENTAL FUNDS**



BURNET COUNTY  
NON-MAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**County Attorney Hot Check Fund**

To account for fee money retained as the result of hot check collections through the County Attorney's office. The money is to be used at the discretion of the County Attorney.

**Economic Development Fund**

To account for revenues received from the collection of a hotel occupancy tax levied upon the customers renting or leasing, or otherwise occupying any room or space furnished by any hotel in Burnet County outside the city limits of Marble Falls, Burnet and Bertram. The 5% tax was approved by Commissioners' Court on December 8, 2003 and became effective on April 1, 2004. Hotel operators are authorized to retain 1% of the hotel occupancy tax collected as reimbursement for the costs of collecting the tax. Revenues to the County are to be used to fund projects related to economic development in the County.

**Law Library Fund**

To account for all the financial resources in the law library. The law library is available to the general public. Primary users are the District Judge, District Attorney, County Court-at-Law Judge, County Judge, County Attorney, prosecuting attorneys and defense attorneys.

**Special Operations Unit Fund**

To account for revenues and expenditures along with matching grant funds from participating entities in the area. The purpose of the program is to investigate, disrupt, and dismantle the manufacturing and or trafficking of methamphetamine in the area.

**Library Fund**

To account for all financial resources for the public library system, including the revenues and expenditures of grant funds from the Texas State Library and Archives Commission. This grant provided funds for the Burnet County Library System to purchase audio/visual materials. The Herman Brown Library in Burnet, Marble Falls Library, Oakalla Library and Bertram Library operate from this fund.

**OTHER FUNDS**

**Debt Service Fund**

The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for principal and interest and related costs.

**Capital Projects Fund**

The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.



BURNET COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

	County Attorney Hot Check Fund	Economic Development Fund	Law Library Fund	Special Operations Unit Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,478	\$ 342,640	\$ -	\$ 185,314
Investments - Current	-	18,250	-	12,476
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	1,900	61,235	-	-
Due from Others	-	34,849	7,387	-
Prepaid Items	-	-	-	1,653
Total Assets	<u>\$ 18,378</u>	<u>\$ 456,974</u>	<u>\$ 7,387</u>	<u>\$ 199,443</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 666	\$ 15,430	\$ 2,746	\$ 1,478
Accrued Payroll Payable	-	730	-	-
Due to Other Funds	-	-	4,641	-
Accrued Interest Payable	-	-	-	-
Deferred Revenues	-	-	-	-
Total Liabilities	<u>666</u>	<u>16,160</u>	<u>7,387</u>	<u>1,478</u>
Fund Balances:				
Nonspendable Fund Balance:				
Non-Spendable	-	-	-	1,653
Restricted Fund Balance:				
Restricted	17,712	-	-	-
Committed Fund Balance:				
Committed	-	440,814	-	196,312
Total Fund Balances	<u>17,712</u>	<u>440,814</u>	<u>-</u>	<u>197,965</u>
Total Liabilities and Fund Balances	<u>\$ 18,378</u>	<u>\$ 456,974</u>	<u>\$ 7,387</u>	<u>\$ 199,443</u>

Library Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 106,073	\$ 650,505	\$ 284,365	\$ 61,818	\$ 996,688
-	30,726	11,770	8,341	50,837
-	-	81,652	-	81,652
-	-	(20,413)	-	(20,413)
892	64,027	2,220	-	66,247
-	42,236	-	-	42,236
-	1,653	-	-	1,653
<u>\$ 106,965</u>	<u>\$ 789,147</u>	<u>\$ 359,594</u>	<u>\$ 70,159</u>	<u>\$ 1,218,900</u>
\$ 7,173	\$ 27,493	\$ 1,512	\$ 8,040	\$ 37,045
7,941	8,671	-	-	8,671
-	4,641	-	-	4,641
-	-	17,523	-	17,523
-	-	61,239	-	61,239
<u>15,114</u>	<u>40,805</u>	<u>80,274</u>	<u>8,040</u>	<u>129,119</u>
-	1,653	-	-	1,653
12,419	30,131	279,320	62,119	371,570
79,432	716,558	-	-	716,558
<u>91,851</u>	<u>748,342</u>	<u>279,320</u>	<u>62,119</u>	<u>1,089,781</u>
<u>\$ 106,965</u>	<u>\$ 789,147</u>	<u>\$ 359,594</u>	<u>\$ 70,159</u>	<u>\$ 1,218,900</u>

BURNET COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	County Attorney Hot Check Fund	Economic Development Fund	Law Library Fund	Special Operations Unit Fund
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	265,870	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	25,000
Charges for Services	-	-	28,578	-
Fines	-	-	-	-
Forfeits	-	-	-	4,921
Investment Earnings	-	4,366	-	1,929
Contributions & Donations	-	-	-	-
Other Revenue	25,834	-	-	-
Total Revenues	<u>25,834</u>	<u>270,236</u>	<u>28,578</u>	<u>31,850</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	15,068	363,150	28,963	-
Public Safety	-	-	-	46,555
Culture and Recreation	-	-	-	-
Debt Service:				
Debt Principal	-	-	-	-
Debt Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>15,068</u>	<u>363,150</u>	<u>28,963</u>	<u>46,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,766</u>	<u>(92,914)</u>	<u>(385)</u>	<u>(14,705)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	385	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>385</u>	<u>-</u>
Net Change in Fund Balance	10,766	(92,914)	-	(14,705)
Fund Balance - October 1 (Beginning)	6,946	534,436	-	212,670
Prior Period Adjustment	-	(708)	-	-
Fund Balance - September 30 (Ending)	<u>\$ 17,712</u>	<u>\$ 440,814</u>	<u>\$ -</u>	<u>\$ 197,965</u>

Library Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,364,533	\$ -	\$ 1,364,533
-	265,870	-	-	265,870
-	-	18,117	-	18,117
8,400	33,400	874	-	34,274
13,782	42,360	-	-	42,360
19,248	19,248	-	-	19,248
-	4,921	-	-	4,921
-	6,295	3,626	1,266	11,187
3,200	3,200	-	-	3,200
-	25,834	-	-	25,834
<u>44,630</u>	<u>401,128</u>	<u>1,387,150</u>	<u>1,266</u>	<u>1,789,544</u>
-	407,181	-	-	407,181
-	46,555	-	-	46,555
664,521	664,521	-	-	664,521
-	-	1,350,000	-	1,350,000
-	-	122,582	-	122,582
-	-	950	-	950
-	-	-	81,087	81,087
<u>664,521</u>	<u>1,118,257</u>	<u>1,473,532</u>	<u>81,087</u>	<u>2,672,876</u>
<u>(619,891)</u>	<u>(717,129)</u>	<u>(86,382)</u>	<u>(79,821)</u>	<u>(883,332)</u>
<u>648,061</u>	<u>648,446</u>	<u>38,480</u>	-	<u>686,926</u>
<u>648,061</u>	<u>648,446</u>	<u>38,480</u>	-	<u>686,926</u>
28,170	(68,683)	(47,902)	(79,821)	(196,406)
71,559	825,611	327,222	141,940	1,294,773
(7,878)	(8,586)	-	-	(8,586)
<u>\$ 91,851</u>	<u>\$ 748,342</u>	<u>\$ 279,320</u>	<u>\$ 62,119</u>	<u>\$ 1,089,781</u>

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - COUNTY ATTORNEY CHECK COLLECTION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Other Revenue	\$ 22,000	\$ 22,000	\$ 25,834	\$ 3,834
Total Revenues	22,000	22,000	25,834	3,834
EXPENDITURES:				
Current:				
General Government	22,000	22,000	15,068	6,932
Total Expenditures	22,000	22,000	15,068	6,932
Change in Fund Balance	-	-	10,766	10,766
Fund Balance - October 1 (Beginning)	6,946	6,946	6,946	-
Fund Balance - September 30 (Ending)	\$ 6,946	\$ 6,946	\$ 17,712	\$ 10,766

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Other Taxes	\$ 150,000	\$ 167,247	\$ 265,870	\$ 98,623
Investment Earnings	2,000	2,000	4,366	2,366
Total Revenues	<u>152,000</u>	<u>169,247</u>	<u>270,236</u>	<u>100,989</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	345,881	363,128	363,150	(22)
Total Expenditures	<u>345,881</u>	<u>363,128</u>	<u>363,150</u>	<u>(22)</u>
Change in Fund Balance	(193,881)	(193,881)	(92,914)	100,967
Fund Balance - October 1 (Beginning)	534,436	534,436	534,436	-
Prior Period Adjustment	-	-	(708)	(708)
Fund Balance - September 30 (Ending)	<u>\$ 340,555</u>	<u>\$ 340,555</u>	<u>\$ 440,814</u>	<u>\$ 100,259</u>

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LAW LIBRARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Charges for Services	\$ 24,500	\$ 28,578	\$ 28,578	\$ -
Total Revenues	24,500	28,578	28,578	-
<b>EXPENDITURES:</b>				
Current:				
General Government	24,500	28,963	28,963	-
Total Expenditures	24,500	28,963	28,963	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(385)	(385)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	385	385	-
Total Other Financing Sources (Uses)	-	385	385	-
Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL OPERATIONS UNIT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 30,000	\$ 30,000	\$ 25,000	\$ (5,000)
Forfeits	-	-	4,921	4,921
Investment Earnings	200	200	1,929	1,729
<b>Total Revenues</b>	<b>30,200</b>	<b>30,200</b>	<b>31,850</b>	<b>1,650</b>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	93,030	94,530	46,555	47,975
<b>Total Expenditures</b>	<b>93,030</b>	<b>94,530</b>	<b>46,555</b>	<b>47,975</b>
Change in Fund Balance	(62,830)	(64,330)	(14,705)	49,625
Fund Balance - October 1 (Beginning)	212,670	212,670	212,670	-
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 149,840</b>	<b>\$ 148,340</b>	<b>\$ 197,965</b>	<b>\$ 49,625</b>



BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LIBRARY SYSTEM FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ 19,637	\$ 8,400	\$ (11,237)
Charges for Services	-	22,728	13,782	(8,946)
Fines	-	38,750	19,248	(19,502)
Contributions & Donations	-	3,311	3,200	(111)
Total Revenues	-	84,426	44,630	(39,796)
<b>EXPENDITURES:</b>				
Current:				
Culture and Recreation	659,897	743,057	664,521	78,536
Total Expenditures	659,897	743,057	664,521	78,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	(659,897)	(658,631)	(619,891)	38,740
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	659,897	659,897	648,061	(11,836)
Total Other Financing Sources (Uses)	659,897	659,897	648,061	(11,836)
Change in Fund Balance	-	1,266	28,170	26,904
Fund Balance - October 1 (Beginning)	71,559	71,559	71,559	-
Prior Period Adjustment	-	-	(7,878)	(7,878)
Fund Balance - September 30 (Ending)	\$ 71,559	\$ 72,825	\$ 91,851	\$ 19,026

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,388,434	\$ 1,388,434	\$ 1,364,533	\$ (23,901)
Penalty and Interest on Taxes	20,000	20,000	18,117	(1,883)
Intergovernmental Revenue and Grants	-	-	874	874
Investment Earnings	3,500	3,500	3,626	126
Other Revenue	38,480	38,480	-	(38,480)
<b>Total Revenues</b>	<b>1,450,414</b>	<b>1,450,414</b>	<b>1,387,150</b>	<b>(63,264)</b>
<b>EXPENDITURES:</b>				
Current:				
Debt Service:				
Debt Principal	1,350,000	1,350,000	1,350,000	-
Debt Interest	128,027	128,027	122,582	5,445
Fiscal Agent's Fees	4,000	4,000	950	3,050
<b>Total Expenditures</b>	<b>1,482,027</b>	<b>1,482,027</b>	<b>1,473,532</b>	<b>8,495</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,613)	(31,613)	(86,382)	(54,769)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	38,480	38,480
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>38,480</b>	<b>38,480</b>
Change in Fund Balance	(31,613)	(31,613)	(47,902)	(16,289)
Fund Balance - October 1 (Beginning)	327,222	327,222	327,222	-
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 295,609</b>	<b>\$ 295,609</b>	<b>\$ 279,320</b>	<b>\$ (16,289)</b>

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Investment Earnings	\$ -	\$ -	\$ 1,266	\$ 1,266
Other Revenue	-	81,087	-	(81,087)
Total Revenues	-	81,087	1,266	(79,821)
<b>EXPENDITURES:</b>				
Current:				
Capital Outlay:				
Capital Outlay	-	81,087	81,087	-
Total Expenditures	-	81,087	81,087	-
Change in Fund Balance	-	-	(79,821)	(79,821)
Fund Balance - October 1 (Beginning)	141,940	141,940	141,940	-
Fund Balance - September 30 (Ending)	\$ 141,940	\$ 141,940	\$ 62,119	\$ (79,821)

## **AGENCY FUNDS**

BURNET COUNTY  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>COURT COSTS AND FEES FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 182,935	\$ 456,938	\$ 547,043	\$ 92,830
Other Receivables	-	2,481	-	2,481
Due from Others	-	700	-	700
Total Assets	<u>\$ 182,935</u>	<u>\$ 460,119</u>	<u>\$ 547,043</u>	<u>\$ 96,011</u>
Liabilities:				
Due to Others	<u>\$ 182,935</u>	<u>\$ 460,119</u>	<u>\$ 547,043</u>	<u>\$ 96,011</u>
<b>WASTEWATER PERMIT FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 190	\$ 1,260	\$ 1,190	\$ 260
Liabilities:				
Due to Others	<u>\$ 190</u>	<u>\$ 1,260</u>	<u>\$ 1,190</u>	<u>\$ 260</u>
<b>EMPLOYEE GREAT FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 14,085	\$ 4,605	\$ 5,451	\$ 13,239
Other Receivables	-	166	-	166
Total Assets	<u>\$ 14,085</u>	<u>\$ 4,771</u>	<u>\$ 5,451</u>	<u>\$ 13,405</u>
Liabilities:				
Due to Others	<u>\$ 14,085</u>	<u>\$ 4,771</u>	<u>\$ 5,451</u>	<u>\$ 13,405</u>
<b>TREASURER'S CASH BONDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 501	\$ 32,020	\$ 28,446	\$ 4,075
Other Receivables	-	500	-	500
Total Assets	<u>\$ 501</u>	<u>\$ 32,520</u>	<u>\$ 28,446</u>	<u>\$ 4,575</u>
Liabilities:				
Due to Others	<u>\$ 501</u>	<u>\$ 32,520</u>	<u>\$ 28,446</u>	<u>\$ 4,575</u>
<b>COUNTY CLERK'S TRUSTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 31,504	\$ 179,294	\$ 58,172	\$ 152,626
Liabilities:				
Due to Others	<u>\$ 31,504</u>	<u>\$ 179,294</u>	<u>\$ 58,172</u>	<u>\$ 152,626</u>
<b>COUNTY CLERK'S REGISTRY</b>				
Assets:				
Cash and Cash Equivalents	\$ 53,862	\$ 173,782	\$ 170,728	\$ 56,916
Liabilities:				
Due to Others	<u>\$ 53,862</u>	<u>\$ 173,782</u>	<u>\$ 170,728</u>	<u>\$ 56,916</u>

BURNET COUNTY  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>DISTRICT CLERK'S REGISTRY</b>				
Assets:				
Cash and Cash Equivalents	\$ 560,477	\$ 167,962	\$ 523,655	\$ 204,784
Liabilities:				
Due to Others	\$ 560,477	\$ 167,962	\$ 523,655	\$ 204,784
<b>DISTRICT CLERK'S TRUSTS</b>				
Assets:				
Cash and Cash Equivalents	\$ 178,273	\$ 23,300	\$ 6,731	\$ 194,842
Liabilities:				
Due to Others	\$ 178,273	\$ 23,300	\$ 6,731	\$ 194,842
<b>COUNTY ATTORNEY HOT CHECKS</b>				
Assets:				
Cash and Cash Equivalents	\$ 70,784	\$ 298,667	\$ 328,928	\$ 40,523
Liabilities:				
Due to Others	\$ 70,784	\$ 298,667	\$ 328,928	\$ 40,523
<b>TAX A/C SALES TAX AND STATE FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 454,933	\$ 25,187,728	\$ 25,641,446	\$ 1,215
Liabilities:				
Due to Others	\$ 454,933	\$ 25,187,728	\$ 25,641,446	\$ 1,215
<b>SWC - JAIL COMMISSARY</b>				
Assets:				
Cash and Cash Equivalents	\$ 73,507	\$ 3,472	\$ 653	\$ 76,326
Liabilities:				
Due to Others	\$ 73,507	\$ 3,472	\$ 653	\$ 76,326
<b>SWC - INMATE TRUST</b>				
Assets:				
Cash and Cash Equivalents	\$ 52,796	\$ 541,418	\$ 533,564	\$ 60,650
Liabilities:				
Due to Others	\$ 52,796	\$ 541,418	\$ 533,564	\$ 60,650
<b>SWC - POLK STREET COMMISSARY</b>				
Assets:				
Cash and Cash Equivalents	\$ 7,408	\$ 104,377	\$ 106,183	\$ 5,602
Liabilities:				
Due to Others	\$ 7,408	\$ 104,377	\$ 106,183	\$ 5,602

BURNET COUNTY  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
<b>SWC - JAIL COMMISSARY FSB</b>				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 49,466	\$ 44,118	\$ 5,348
Liabilities:				
Due to Others	\$ -	\$ 49,466	\$ 44,118	\$ 5,348
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,681,255	\$ 27,224,289	\$ 27,996,308	\$ 909,236
Other Receivables	-	3,147	-	3,147
Due From Others	-	700	-	700
Total Assets	<u>\$ 1,681,255</u>	<u>\$ 27,228,136</u>	<u>\$ 27,996,308</u>	<u>\$ 913,083</u>
Liabilities:				
Due to Others	<u>\$ 1,681,255</u>	<u>\$ 27,228,136</u>	<u>\$ 27,996,308</u>	<u>\$ 913,083</u>

## **INTERNAL SERVICE FUNDS**



## **INTERNAL SERVICE FUNDS**

### **Health Reimbursement Fund (HRA)**

This fund is to reimburse employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year so as to reduce the County's premium. The funds are transferred from the general fund per the budget.

### **Unemployment Insurance Fund**

This fund is for accumulating quarterly unemployment funds from the general and road and bridge funds. Also, to pay unemployment claims against the county.

BURNET COUNTY  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2012

	HRA Fund	Unemployment Fund	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 1,704	\$ -	\$ 1,704
Total Assets	1,704	-	1,704
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	1,704	-	1,704
Total Liabilities	1,704	-	1,704

BURNET COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	HRA Fund	Unemployment Fund	Total Internal Service Funds
OPERATING REVENUES:			
Refund of Contributions	\$ -	\$ 49,824	\$ 49,824
Total Operating Revenues	<u>-</u>	<u>49,824</u>	<u>49,824</u>
OPERATING EXPENSES:			
Insurance Claims and Reimbursements	11,738	4,473	16,211
Administrative Fees	6,272	-	6,272
Total Operating Expenses	<u>18,010</u>	<u>4,473</u>	<u>22,483</u>
Operating Income (Loss)	<u>(18,010)</u>	<u>45,351</u>	<u>27,341</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment Earnings	-	63	63
Total Non-operating Revenue (Expenses)	<u>-</u>	<u>63</u>	<u>63</u>
Income (Loss) Before Transfers	<u>(18,010)</u>	<u>45,414</u>	<u>27,404</u>
Transfer In	18,010	-	18,010
Transfers Out	-	(123,953)	(123,953)
Change in Net Assets	<u>-</u>	<u>(78,539)</u>	<u>(78,539)</u>
Total Net Assets - October 1 (Beginning)	<u>-</u>	<u>78,539</u>	<u>78,539</u>
Total Net Assets - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BURNET COUNTY  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

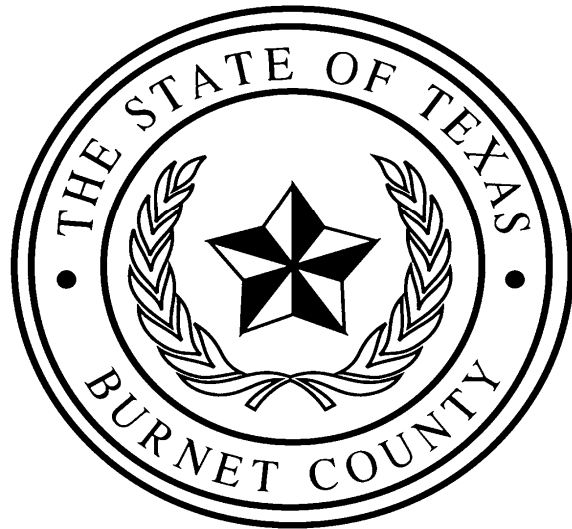
	HRA Fund	Unemployment Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Receipts from Refund of Contributions	\$ -	\$ 49,824	\$ 49,824
Cash Payments for Claims & Reimbursements	(11,738)	(4,473)	(16,211)
Cash Payments for Administrative Fees	(6,272)	-	(6,272)
Net Cash Provided by (Used for) Operating Activities	<u>(18,010)</u>	<u>45,351</u>	<u>27,341</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers In	18,010	-	18,010
Transfers Out	-	(123,953)	(123,953)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>18,010</u>	<u>(123,953)</u>	<u>(105,943)</u>
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Redemption of Investments	-	60,359	60,359
Net Increase(Decrease) in Cash and Cash Equivalents	(13,368)	(19,752)	(33,120)
Cash and Cash Equivalents at Beginning of the Year:	15,072	19,752	34,824
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,704</u>	<u>\$ -</u>	<u>\$ 1,704</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss):	\$ (18,010)	\$ 45,351	\$ 27,341
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accounts Payable	(13,368)	(1,509)	(14,877)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (31,378)</u>	<u>\$ 43,842</u>	<u>\$ 12,464</u>
<u>Noncash Investing, Capital and Financing Activities:</u>			
Increase in Fair Value of Investments	-	63	63

BURNET COUNTY  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
BUDGET AND ACTUAL - HRA  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
OPERATING EXPENSES:				
Insurance Claims and Reimbursements	\$ 50,000	\$ 50,000	\$ 11,738	\$ 38,262
Administrative Fees	7,000	7,000	6,272	728
Total Operating Expenses	<u>57,000</u>	<u>57,000</u>	<u>18,010</u>	<u>38,990</u>
Income (Loss) Before Transfers	(57,000)	(57,000)	(18,010)	38,990
Transfer In	<u>57,000</u>	<u>57,000</u>	<u>18,010</u>	<u>(38,990)</u>
Change in Net Assets	-	-	-	-
Net Assets - October 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BURNET COUNTY  
SCHEDULE REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
BUDGET AND ACTUAL - FIDUCIARY (UNEMPLOYMENT)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
OPERATING REVENUES:				
Refund of Contributions	\$ -	\$ 49,824	\$ 49,824	\$ -
Total Operating Revenues	-	49,824	49,824	-
OPERATING EXPENSES:				
Insurance Claims and Reimbursements	-	49,887	4,473	45,414
Total Operating Expenses	-	49,887	4,473	45,414
Operating Income (Loss)	-	(63)	45,351	45,414
NON-OPERATING REVENUES (EXPENSES):				
Investment Earnings	-	63	63	-
Total Non-operating Revenue (Expenses)	-	63	63	-
Income (Loss) Before Transfers	-	-	45,414	45,414
Transfers Out	(75,000)	(123,953)	(123,953)	-
Change in Net Assets	(75,000)	(123,953)	(78,539)	45,414
Net Assets - October 1 (Beginning)	78,539	78,539	78,539	-
Net Assets - September 30 (Ending)	\$ 3,539	\$ (45,414)	\$ -	\$ 45,414



## **STATISTICAL SECTION**



**County of Burnet, Texas**  
**Statistical Section**  
**For the Year Ended September 30, 2012**

This part of the County of Burnet comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b><u>Contents</u></b>	<b>Page Number(s)</b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	<b>83-86</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.	<b>87-90</b>
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	<b>91-94</b>
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	<b>95-97</b>
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report related to the services the County provides and the activities it performs.	<b>98-102</b>

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2004; tables presenting government-wide information include information beginning in that year.

**BURNET COUNTY, TEXAS**

**Net Assets by Component  
Last Ten Fiscal Years <sup>1</sup>  
(Accrual Basis of Accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt		\$ 2,695,587	\$ 3,219,987	\$ 4,215,861	\$ 4,626,445	\$ 5,201,806	\$ 6,589,622	\$ 8,131,053	\$ 8,991,719	\$ 10,130,715
Restricted		1,864,297	2,301,630	1,639,434	2,738,586	2,832,962	2,238,176	2,363,974	1,973,018	1,854,763
Unrestricted		3,986,681	5,367,103	7,346,699	8,149,829	8,959,953	7,950,786	7,920,246	6,983,482	7,781,982
Total governmental activities net assets	\$ -	\$ 8,546,565	\$ 10,888,720	\$ 13,201,994	\$ 15,514,860	\$ 16,994,721	\$ 16,778,584	\$ 18,415,273	\$ 17,948,219	\$ 19,767,460

Extracted from the Statement of Net Assets

<sup>1</sup> Ten years of information is not available; the County did not restate 2003 in the first year of implementation of GASB 34.

**BURNET COUNTY, TEXAS**

**Change in Net Assets  
Last Ten Fiscal Years <sup>1</sup>**

(Accrual Basis of Accounting)

	Fiscal Year																	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012								
<b>EXPENSES</b>																		
Governmental activities:																		
General government	\$	6,586,906	\$	5,897,132	\$	6,643,893	\$	7,282,552	\$	8,230,791	\$	8,971,896	\$	9,365,277	\$	9,689,816		
Public safety		2,875,257		4,038,134		4,797,097		5,281,014		5,962,184		5,621,349		5,888,344		5,807,933		
Public transportation		1,694,923		1,621,191		1,590,459		1,829,628		2,187,038		2,662,518		2,834,692		2,601,488		
Health and welfare		605,108		680,149		496,832		403,277		453,438		590,292		722,603		609,570		
Culture and recreation		418,233		489,326		521,388		529,403		898,391		726,592		749,805		697,018		
Conservation		129,417		139,280		156,752		165,398		204,980		234,281		320,590		516,942		
Debt Service		454,022		474,761		403,342		385,817		339,283		229,834		209,573		163,462		
Total governmental activities expenses	-	12,763,866		13,339,973		14,609,763		15,877,089		17,489,486		18,276,105		19,036,762		20,086,229		
<b>PROGRAM REVENUES</b>																		
Governmental activities:																		
Charges for services:																		
General government		2,042,545		1,792,328		2,087,809		2,214,552		1,462,022		1,378,505		1,387,549		1,002,955		
Public safety		261,524		267,641		438,195		492,756		627,385		517,605		545,543		477,066		
Public transportation		1,036,202		1,028,117		1,012,693		1,013,350		1,281,895		1,209,877		1,214,181		1,682,462		
Health and welfare		300		476		574		991		5,410		5,325		5,707		18,660		
Culture and recreation				29,159		26,781		26,904		25,333		29,510		37,161		33,030		
Conservation				-		-		-		-		-		-		-		
Grants and contributions		830,757		1,303,663		1,083,204		1,644,681		1,632,874		1,256,815		1,295,608		936,982		
Total governmental activities program revenues	-	4,171,328		4,421,384		4,649,256		5,393,234		5,034,919		4,397,637		4,485,749		3,214,173		
<b>Net (Expenses)/Revenues</b>	\$	(8,592,538)	\$	(8,918,589)	\$	(9,960,507)	\$	(10,483,855)	\$	(12,454,567)	\$	(13,878,468)	\$	(14,551,013)	\$	(16,872,056)		
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>																		
Governmental activities:																		
Taxes:																		
Property taxes	\$	9,211,624	\$	10,150,113	\$	10,966,266	\$	11,551,408	\$	12,757,191	\$	13,997,242	\$	14,993,248	\$	15,437,428	\$	15,863,963
Other taxes		101,068		159,951		231,072		235,596		285,486		322,626		307,643		321,095		
Penalty and interest		200,390		198,171		200,827		211,823		193,647		203,547		228,340		215,565		
Other revenue not restricted to specific programs		-		250,829		457,425		266,375		323,053		176,058		674,037		267,911		
Investment earnings		74,682		198,702		418,191		531,519		375,051		114,249		88,625		138,548		
Gain on sale of capital assets		100		342,224		-		-		-		-		-		-		
Total general revenues	-	9,587,864		11,299,990		12,273,781		12,796,721		13,934,428		14,743,722		16,187,702		16,807,082		
<b>Change in Net Assets</b>	\$	995,326	\$	2,381,401	\$	2,313,274	\$	2,312,866	\$	1,479,861	\$	865,254	\$	1,636,689	\$	(467,054)	\$	(64,974)

Extracted from the Statement of Activities

<sup>1</sup> Ten years of information is not available; the County did not restate 2003 in the first year of implementation of GASB 34.

**BURNET COUNTY, TEXAS**

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Non-Spendable									\$ 41,059	\$ 30,051
Restricted									670,331	663,078
Committed									55,096	60,775
Assigned									222,430	222,430
Unassigned									4,985,243	5,947,429
Reserved	\$ 395,565	\$ 384,341	\$ 854,556	\$ 961,121	\$ 1,348,097	\$ 1,391,486	\$ 790,175	\$ 1,014,527		
Unreserved	1,657,105	2,324,259	3,174,120	4,073,726	4,276,231	4,147,886	4,271,139	4,479,886		
Total general fund	\$ 2,052,670	\$ 2,708,600	\$ 4,028,676	\$ 5,034,847	\$ 5,624,328	\$ 5,539,372	\$ 5,061,314	\$ 5,494,413	\$ 5,974,159	\$ 6,923,763
All other governmental funds										
Non-Spendable									\$ 1,740	\$ 4,227
Restricted									1,302,687	1,191,685
Committed									805,775	716,558
Assigned									35,936	12,116
Reserved	\$ 321	\$ -	\$ -	\$ 100,358	\$ 277,334	\$ 1,441,476	\$ 1,448,001	\$ 1,387,932		
Unreserved, reported in :										
Special revenue funds	670,825	830,735	878,568	898,679	1,233,196	1,991,172	1,818,982	1,657,549		
Debt service fund	86,973	135,850	41,369	253,946	533,585	-	-	-		
Capital projects fund	162,281	513,371	527,137	322,009	579,570	-	-	-		
Total all other governmental funds	\$ 920,400	\$ 1,479,956	\$ 1,447,074	\$ 1,576,992	\$ 2,623,685	\$ 3,432,648	\$ 3,266,983	\$ 3,045,481	\$ 2,146,138	\$ 1,924,586
Total funds	\$ 2,973,070	\$ 4,188,556	\$ 5,475,750	\$ 6,611,839	\$ 8,248,013	\$ 8,972,020	\$ 8,328,297	\$ 8,539,894	\$ 8,120,297	\$ 8,848,349

Extracted from Balance Sheet--Governmental Funds  
Includes General, Special Revenue, Debt Service and Capital Projects Funds

# BURNET COUNTY, TEXAS

## Change in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes	\$ 8,387,024	\$ 9,597,668	\$ 10,496,091	\$ 11,393,677	\$ 11,982,828	\$ 13,224,103	\$ 14,393,941	\$ 15,419,894	\$ 15,884,591	\$ 16,325,985
Licenses and permits	1,203,140	1,259,549	1,248,904	1,277,759	1,301,006	1,336,018	1,258,994	1,256,519	1,281,249	1,313,360
Intergovernmental and grants	670,087	727,515	1,251,111	1,141,000	1,483,954	1,697,423	1,313,874	1,590,685	1,006,961	2,065,542
Charges for services	774,370	846,300	920,722	1,358,805	1,344,839	1,278,154	1,250,918	1,163,697	1,500,364	1,452,197
Fines	482,833	567,505	597,141	722,036	863,407	648,396	550,529	568,511	474,726	447,306
Investment earnings	338,774	76,884	191,867	405,962	515,845	359,671	109,861	53,334	88,362	117,212
Other revenue	-	370,304	220,591	213,905	234,406	276,963	154,627	299,209	224,943	273,707
Total Revenues	11,856,228	13,445,725	14,926,427	16,513,144	17,726,285	18,820,728	19,032,744	20,351,849	20,461,196	21,995,309
<b>EXPENDITURES</b>										
General government	5,870,934	6,384,112	5,586,687	6,264,895	6,863,915	7,423,279	7,739,771	8,445,073	8,681,370	9,074,876
Public safety	2,499,653	2,635,420	3,685,555	4,415,939	4,883,153	4,634,605	5,207,457	4,933,582	5,444,752	5,330,907
Health and welfare	753,695	604,108	679,480	495,832	403,277	469,197	637,731	576,317	708,628	595,895
Culture and recreation	446,749	412,045	474,805	509,545	516,321	602,880	674,122	708,917	731,305	677,134
Conservation	118,050	118,149	126,917	139,914	150,158	197,398	184,432	212,469	298,263	495,722
Public transportation	1,500,621	1,504,305	1,339,647	1,315,618	1,616,588	2,387,969	2,767,690	2,291,767	2,253,269	2,180,950
Construction	1,390,684	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	505,000	535,000	856,747	918,848	1,096,362	1,158,359	1,235,035	1,286,288	1,394,370	1,471,814
Interest	477,295	461,105	448,005	398,383	385,817	378,042	334,563	277,355	174,493	128,382
Capital outlay	-	536,887	1,459,232	1,107,796	1,741,300	992,682	1,123,387	2,878,861	1,491,123	1,356,102
Total Expenditures	13,562,681	13,191,131	14,657,075	15,566,770	17,659,891	18,244,411	19,904,188	21,610,629	21,177,573	21,311,082
Excess of revenues over (under) expenditures	(1,706,453)	254,594	269,352	946,374	66,394	576,317	(871,444)	(1,258,780)	(716,377)	684,227
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	2,132,654	2,242,400	843,771	848,202	754,907	1,095,660	1,254,976	2,624,501	919,292	959,355
Transfers out	(2,132,654)	(2,242,400)	(843,771)	(848,202)	(754,907)	(1,095,660)	(1,254,976)	(2,337,925)	(831,042)	(853,412)
Proceeds from debt issued & capital leases	107,715	954,308	305,638	178,375	1,564,931	136,348	220,162	1,367,246	186,473	77,859
Proceeds from insurance settlements	-	-	-	-	-	-	-	-	12,143	8,191
Other Resources - contribution	-	-	250,829	-	-	-	-	-	-	-
Proceeds from Sale of capital assets	3,693	100	500,620	11,340	4,849	11,342	7,559	116,490	9,913	4,102
Total other financing sources (uses)	111,408	954,408	1,057,087	189,715	1,569,780	147,690	227,721	1,770,312	296,779	196,095
Net change in fund balances	\$ (1,595,045)	\$ 1,209,002	\$ 1,326,439	\$ 1,136,089	\$ 1,636,174	\$ 724,007	\$ (643,723)	\$ 511,532	\$ (419,598)	\$ 880,322
Debt services as a percentage of noncapital expenditures	7.81%	8.54%	10.97%	10.02%	10.27%	9.78%	9.12%	9.11%	8.66%	8.72%

Extracted from Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds  
Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

**BURNET COUNTY, TEXAS**

**General Government Revenue By Source  
(General, Special Revenue, Debt Service and Capital Projects)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-Governmental</b>	<b>State/Federal Grants</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Miscellaneous</b>	<b>Totals</b>
2012	\$ 16,325,985	\$ 1,313,360	\$ 128,243	\$ 1,937,299	\$ 1,452,197	\$ 452,227	\$ 385,998	\$ 21,995,309
2011	\$ 15,884,591	\$ 1,452,197	\$ (489,676)	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 20,072,488
2010	\$ 15,419,894	\$ 1,256,519	\$ 295,078	\$ 1,295,608	\$ 1,163,697	\$ 568,511	\$ 352,543	\$ 20,351,850
2009	14,393,941	1,258,994	245,753	1,068,121	1,250,918	550,529	264,488	19,032,744
2008	8,387,024	1,203,140	(237,583)	1,180,758	693,006	442,728	410,681	12,079,754
2007	11,982,828	1,301,006	290,217	1,193,737	1,344,839	863,407	750,251	17,726,285
2006	11,393,677	1,277,759	354,331	786,669	1,358,805	722,036	619,867	16,513,144
2005	10,496,091	1,248,904	389,080	862,031	920,722	597,141	412,458	14,926,427
2004	9,597,668	1,259,549	314,908	412,607	846,300	567,505	447,188	13,445,725
2003	8,387,024	1,203,140	313,561	356,526	774,370	482,833	338,774	11,856,228

**Source:** Extracted from Statement of Revenues, Expenditures, and changes in Fund Balance - Governmental Funds. Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

**BURNET COUNTY, TEXAS**

**Assessed Value and Estimated Actual Value of Taxable Property <sup>1</sup>**  
 Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property		All Other	Less: Total Exemptions	Total Assessed Value	Total Direct General Tax Rate <sup>2</sup>	Total Estimated Adjusted Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2012	2,707,663,070	408,441,825	1,546,799,151	308,748,799	4,662,904,046	0.33320	3,504,632,927	0.75160
2011	2,662,340,790	403,281,579	1,497,008,828	261,182,451	4,562,631,197	0.33030	3,484,737,786	0.76376
2010	2,615,424,333	393,594,834	1,444,904,219	239,631,639	4,453,923,386	0.32670	3,468,961,578	0.77886
2009	2,380,145,662	351,169,223	1,378,020,542	205,521,502	4,109,335,427	0.32770	3,250,104,295	0.79091
2008	4,341,278,980	341,058,166	264,663,943	1,518,539,624	4,945,020,887	0.37790	3,426,481,263	0.69292
2007	3,682,742,539	299,186,692	184,392,267	1,102,849,753	4,164,360,967	0.38070	3,061,511,214	0.73517
2006	3,492,692,417	267,657,996	178,885,992	1,175,308,410	3,939,236,405	0.40020	2,763,927,995	0.70164
2005	2,950,165,169	240,414,935	169,155,760	844,391,532	3,359,735,864	0.40370	2,515,344,332	0.74867
2004	2,825,407,302	220,674,218	133,525,831	856,647,973	3,179,607,351	0.39610	2,322,959,378	0.73058
2003	2,720,620,273	185,622,519	110,750,560	848,869,700	3,016,993,352	0.38270	2,168,123,652	0.71864

Source: Burnet Central Appraisal District

<sup>1</sup> Property value amounts were reclassified for this schedule for clarity. FY 2009 is not comparable to previous years.

<sup>2</sup> Beginning in Fiscal Year 2009 the total direct tax rate does not include the Burnet County Special Tax Rate.

**BURNET COUNTY, TEXAS**

**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(unaudited)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Direct Rates</b>										
Burnet County General Rates	0.3655	0.3781	0.3857	0.3752	0.3553	0.3478	0.3277	0.3267	0.3303	0.3517
Burnet Co. Special Road & Bridge Rate	0.0172	0.0180	0.0180	0.0250	0.0254	0.0301	0.0350	0.0360	0.0389	0.0417
<b>Total direct tax rate</b>	<b>0.3827</b>	<b>0.3961</b>	<b>0.4037</b>	<b>0.4002</b>	<b>0.3807</b>	<b>0.3779</b>	<b>0.3627</b>	<b>0.3627</b>	<b>0.3692</b>	<b>0.3934</b>
<b>Overlapping debt:</b>										
<b>City Rates</b>										
City of Burnet	0.4979	0.4979	0.5200	0.5098	0.6393	0.5819	0.5574	0.5852	0.6265	0.6265
City of Bertram	0.3792	0.4109	0.4109	0.4419	0.4784	0.4856	0.4565	0.4565	0.4565	0.4810
City of Marble Falls	0.3825	0.4200	0.4170	0.4200	0.3950	0.4850	0.6300	0.6134	0.6435	0.6483
City of Granite Shoals	0.1482	0.2412	0.4412	0.4057	0.4091	0.4000	0.4311	0.4300	0.4480	0.4600
City of Cottonwood Shores	0.3807	0.3735	0.3744	0.4349	0.4399	0.4997	0.4638	0.4999	0.5000	0.5000
City of Meadowlakes	0.0640	0.0677	0.0677	0.0670	0.0673	0.2990	0.2990	0.2990	0.2990	0.3159
City of Highland Haven	0.0878	0.0878	0.0878	0.0878	0.0775	0.0747	0.0724	0.0680	0.0718	0.0944
City of Horseshoe Bay	-	-	-	-	0.5000	0.4000	0.3500	0.3300	0.2500	0.2500
<b>School District Rates</b>										
Burnet C. I. S. D.	1.5817	1.6790	1.7500	1.7400	1.5978	1.2750	1.2500	1.2500	1.2650	1.2625
Marble Falls I. S. D.	1.6422	1.6420	1.6550	1.6400	1.4716	1.2350	1.2550	1.2850	1.2900	1.2800
<b>Special District Rates</b>										
Burnet ESD #1	-	0.0420	0.0350	0.0334	0.0295	0.0295	0.0295	0.0280	0.0280	0.0220
Burnet ESD #2	-	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000
Burnet ESD #3	-	-	-	-	-	-	-	-	-	0.0875
Burnet ESD #4	-	-	-	-	-	-	0.0780	0.0810	0.0826	0.0750
Burnet ESD #5	-	-	-	-	-	-	-	0.1000	0.1000	0.0998
Burnet ESD #6	-	-	-	-	-	-	-	-	-	0.0861
Burnet ESD #7	-	-	-	-	-	-	-	0.1000	0.0960	0.0975
Burnet ESD #8	-	-	-	-	-	-	-	-	0.1000	0.1000
Kingsland M.U.D.	-	-	-	-	-	-	0.2500	0.2400	0.2250	0.2200
Meadowlakes M. U. D.	0.2300	0.2300	0.2300	0.2300	0.2300	-	-	-	-	-
Central Texas Groundwater	-	-	-	-	0.0165	0.0151	0.0137	0.0131	0.0108	0.0099
Lake LBJ M. U. D.	0.1550	0.2500	0.2500	-	-	-	-	-	-	-
<b>Total Direct and Overlapping Rates</b>	<b>5.9319</b>	<b>6.3381</b>	<b>6.6427</b>	<b>6.4107</b>	<b>6.7326</b>	<b>6.1584</b>	<b>6.5991</b>	<b>6.8418</b>	<b>6.9619</b>	<b>7.2098</b>

Source: Burnet Central Appraisal District  
Note: ESD #3 is new for fiscal year 2012



**BURNET COUNTY, TEXAS**

**Property Tax Levies and Collections**  
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 15,828,135	\$ 15,487,022	97.84%	\$ 298,931	\$ 15,785,953	99.73%
2011	\$ 15,425,858	\$ 15,092,330	97.84%	\$ 297,481	\$ 15,389,811	99.77%
2010	\$ 14,943,142	\$ 14,565,642	97.47%	\$ -	\$ 14,565,642	97.47%
2009	13,949,024	13,600,505	97.50%	172,959	13,773,464	98.74%
2008	11,783,091	11,531,728	97.87%	180,285	11,712,013	99.40%
2007	11,548,946	11,276,310	97.64%	208,447	11,484,757	99.44%
2006	10,987,901	10,698,641	97.37%	160,066	10,858,707	98.82%
2005	10,145,876	9,873,117	97.17%	204,700	10,077,817	99.33%
2004	9,291,276	9,024,956	98.17%	232,753	9,257,709	99.64%
2003	8,263,804	8,001,010	96.82%	214,083	8,215,093	99.41%

Source: Burnet Central Appraisal District

**BURNET COUNTY, TEXAS**

**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income <sup>1,2</sup>	Net Bonded Debt Per Capita
	General Obligation Bonds	Capital Leases	Less Debt Service Reserved Balance	Total Primary Government		
2012	\$ 4,790,000	\$ 225,075	\$ 279,320	\$ 4,735,755	0.45%	\$ 109.83
2011	\$ 6,140,000	\$ 269,030	\$ 327,222	\$ 6,081,808	0.58%	\$ 142.26
2010	\$ 7,420,000	\$ 196,927	\$ 520,063	\$ 7,096,864	0.48%	\$ 166.01
2009	7,070,000	334,154	750,619	6,653,535	0.61%	145.73
2008	8,000,000	416,178	776,269	7,639,909	0.55%	174.87
2007	8,820,000	618,189	533,585	8,904,604	0.71%	207.59
2006	8,585,000	384,620	255,946	8,713,674	0.79%	199.78
2005	9,305,000	400,134	41,369	9,663,765	0.93%	271.29
2004	9,970,000	259,487	135,850	10,093,637	0.85%	287.84
2003	9,785,000	222,019	86,973	9,920,046	1.02%	284.01

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>2</sup> Ratio of Total Primary Government Debt to Total County Personal Income.

**BURNET COUNTY, TEXAS**

**Direct and Overlapping Governmental Activities Debt  
As of September 30, 2012  
(unaudited)**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Burnet County	\$ 4,933,696	100.00%	\$ 4,933,696
Total direct debt	<u>4,933,696</u>		<u>4,933,696</u>
<b>Overlapping debt:</b>			
City of Meadowlakes	4,065,000	100.00%	4,065,000
City of Burnet	8,230,862	100.00%	8,230,862
City of Bertram	1,748,490	100.00%	1,748,490
City of Horseshoe Bay	6,335,000	11.46%	725,991
City of Marble Falls	36,765,000	100.00%	36,765,000
Burnet C. I. S. D.	34,110,000	74.79%	25,510,869
Lampasas I. S. D.	44,280,000	6.87%	3,042,036
Marble Falls I. S. D.	79,708,177	87.27%	69,561,326
City of Granite Shoals	11,271,751	100.00%	11,271,751
City of Cottonwood Shores	<u>567,798</u>	100.00%	<u>567,798</u>
Total overlapping debt	<u>227,082,078</u>		<u>161,489,123</u>
Total direct and overlapping debt	<u>\$ 232,015,774</u>		<u>\$ 166,422,819</u>

Source: Outstanding Debt as of September 30, 2012

<sup>1</sup> The percentage of debt applicable to Burnet County is based on the percentage of the entity that lies within Burnet County.

**BURNET COUNTY, TEXAS**

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years  
(unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of	
				Estimated Actual Taxable Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2012	\$ 4,790,000	279,320	\$ 4,510,680	0.1287%	\$ 104.61
2011	\$ 4,790,000	327,222	\$ 4,462,778	0.1286%	\$ 104.39
2010	\$ 4,790,000	520,063	\$ 4,269,937	0.1246%	\$ 99.88
2009	6,140,000	750,619	5,389,381	0.1760%	118.04
2008	7,420,000	776,269	6,643,731	0.2404%	152.07
2007	7,070,000	533,585	6,536,415	0.2599%	152.38
2006	8,585,000	255,946	8,329,054	0.3013%	190.96
2005	9,305,000	41,369	9,263,631	0.3684%	271.29
2004	9,970,000	135,850	9,829,034	0.4188%	287.84
2003	9,785,000	86,973	9,698,027	0.4490%	284.01

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

**BURNET COUNTY, TEXAS**

**Legal Debt Margin Information**

Last Ten Fiscal Years  
(unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 754,248,338	\$ 794,901,838	\$ 839,983,966	\$ 984,809,101	\$ 1,041,580,375	\$ 1,236,255,222	\$ 1,062,185,912	\$ 927,148,304	\$ 936,480,059	\$ 953,345,432
Total net debt applicable to limit	9,698,027	9,829,034	9,263,631	8,329,054	8,286,415	7,223,731	6,319,381	6,899,937	5,812,778	4,510,680
Legal debt margin	\$ 744,550,311	\$ 785,072,804	\$ 830,670,335	\$ 976,480,047	\$ 1,033,293,960	\$ 1,229,031,491	\$ 1,055,866,531	\$ 920,248,367	\$ 930,667,281	\$ 948,834,752
Total net debt applicable to the limit as percentage of debt limit	1.29%	1.24%	1.10%	0.85%	0.80%	0.58%	0.59%	0.74%	0.62%	0.47%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Value <sup>1</sup>	\$ 3,504,632,927
Add back: exempt real property <sup>1</sup>	308,748,799
Total assessed value	\$ 3,813,381,726
Debt Limit (25% of total assessed value)	953,345,432
Debt applicable to limit:	
General obligation bonds <sup>2</sup>	4,790,000
Less: Amount set aside for repayment of general obligation debt <sup>3</sup>	279,320
Total net debt applicable to limit	4,510,680
Legal debt margin	\$ 948,834,752

Sources:

<sup>1</sup>Burnet Central Appraisal District

<sup>2</sup>Note 10 of the Financial Statements

**BURNET COUNTY**

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2003</b>			<b>2012</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>
Pedernales Electric Co-Op, Inc.	\$ 23,960,910	1	1.15%	\$ 18,494,535	1	0.42%
Capitol Aggregates LTD				18,450,398	2	0.41%
ATMI Materials LTD	15,484,422	3		14,902,685	3	0.33%
LCRA Transmission Services Corp.	6,412,828	9		12,976,975	4	0.29%
J.M. Huber Corp			0.00%	10,007,405	5	0.22%
Wal-Mart Stores, Inc	7,250,607	7	0.35%	9,384,112	6	0.21%
GTE Southwest	18,332,545	2	0.88%	9,012,182	7	0.20%
Wal-Mart Stores, East LP	7,889,399	4		8,717,124	8	0.20%
Lhoist North America				7,258,156	9	0.16%
Cold Spring Granite Co.				7,244,771	10	0.16%
Johnson-Sewell Family Partnership	7,451,202	5	0.36%			
Seminole Pipeline	7,302,295	6	0.35%			
Marble Falls Partners, LLC	6,842,903	8	0.33%			
Home Depot USA, Inc	4,661,258	10	0.22%			
<b>Total</b>	<b>\$ 105,588,369</b>		<b>3.65%</b>	<b>\$ 116,448,343</b>		<b>3.80%</b>

Source: Burnet Central Appraisal District

## BURNET COUNTY

### Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per capita Personal Income (3)	Median Age (4)	Education Level in		Burnet County Unemployment Rate (7)
					Years of Formal Schooling (5)	Public School Enrollment (6)	
2012	43,117	\$ 1,078,399,287	25,011	43.2	13.8	7,520	5.0%
2011	42,750	\$ 1,052,761,500	24,626	43.5	13.2	7,582	6.7%
2010	42,750	\$ 1,048,700,250	24,531	41.5	12.6	7,316	6.4%
2009	45,658	1,093,737,390	23,955	41.3	12.6	7,296	5.7%
2008	43,689	1,009,565,412	23,108	41.0	12.6	7,328	4.1%
2007	42,896	1,102,132,704	25,269	40.2	12.6	7,363	3.6%
2006	43,616	1,102,132,704	25,269	41.2	12.6	8,677	3.9%
2005	43,109	1,034,400,455	23,995	41.2	12.6	8,103	3.7%
2004	42,490	1,183,516,460	27,854	40.9	12.6	7,947	3.4%
2003	41,677	976,908,880	23,440	40.4	12.6	7,486	3.3%

(1) (2) (3) (5) US Census Bureau

(4) U.S. Census Bureau, 2006-2008 American Community Survey

(6) Texas Education Agency Website ( Grades K-12)

(7) <http://www.bls.gov/la/laucitycur14.txt>

**BURNET COUNTY**

**Principal Employers  
Current and Five Years Ago**

Employer	2008			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Marble Falls ISD	573	1	2.48%	621	1	2.82%
Wal-Mart Stores, Inc.	440	2	1.90%	373	2	1.69%
Seton Highland Lakes	311	3	1.35%	311	3	1.41%
HEB Grocery	160	7	0.69%	289	4	1.31%
Burnet ISD	285	4	1.23%	285	5	1.30%
Burnet County	211	5	0.91%	190	6	0.86%
City of Marble Falls	132	8	0.57%	124	7	0.56%
Texas Dept. of Criminal Justice	120	9	0.52%	120	8	0.55%
City of Burnet	120	10	0.52%	120	9	0.55%
Johnson Sewell	-		0.00%	116	10	0.50%
Cold Spring Granite	180	6	0.78%			
<b>Total</b>	<b>2,532</b>		<b>10.59%</b>	<b>2,313</b>		<b>10.22%</b>

\*Note-Information is not available for periods prior to FY 2006.

Sources: Area Chambers of Commerce

Number of employed from the Texas Labor Market Info--Burnet County Website--



**BURNET COUNTY, TEXAS**

**Full-time Equivalent County Government Employees by Function**

Last Ten Fiscal Years

<u>Function/ Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>
General government	56	54	57	61	63	68	66	65	65	65
Elected Officials	20	20	20	20	20	20	20	20	20	20
Public Safety	66	66	70	68	84	81	55	58	58	58
Conservation/Environmental	4	4	5	4	4	3	5	4	4	4
Health and Welfare	1	1	1	1	1	2	1	1	1	1
Community Service	1	1	1	1	1	1	1	1	1	1
Library	17	15	17	17	10	11	11	14	13	13
Road and Bridge	<u>22</u>	<u>22</u>	<u>22</u>	<u>23</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total	<u>187</u>	<u>183</u>	<u>193</u>	<u>195</u>	<u>208</u>	<u>211</u>	<u>185</u>	<u>190</u>	<u>189</u>	<u>189</u>

\*Note--FY 2010 equivalent employees has been changed to include part-time positions allocated by hours worked

Source: Burnet County Human Resources Department

**BURNET COUNTY, TEXAS**

**Operating Indicators by Function**

Last Ten Fiscal Years <sup>1</sup>

(unaudited)

<b>Function/ Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Government</b>							
County Finance							
Accounts Payable checks issued	5,502	4,376	5,052	4,506	4,516	5,880	4,554
Payroll checks and advices issued	6,786	5,902	7,048	5,720	7,070	7,016	7,287
Deposit warrants issued	152,642	2,799	4,283	3,448	3,871	5,014	4,985
Tax Office							
Auto titles issued	11,165	11,590	10,347	9,887	10,049	10,121	10,489
Auto registrations	46,926	49,144	50,007	50,724	50,681	50,746	51,390
<b>Administration of justice</b>							
District court level							
Civil cases filed	1,120	582	504	758	605	521	437
Civil case dispositions	1,158	541	684	675	575	558	400
Criminal cases filed	333	348	382	400	257	916	966
Criminal case dispositions	300	365	376	452	282	387	426
Juvenile cases filed	39	45	87	64	60	41	57
Juvenile cases disposed	41	41	84	78	59	11	35
County court level							
Civil cases filed	345	572	480	612	432	423	199
Civil case dispositions	1,783	523	552	530	444	307	186
Criminal cases filed	1,783	1,812	1,492	1,070	835	950	1,041
Criminal case dispositions	1,337	1,597	2,022	1,262	989	1,100	976
Justice of the Peace court level							
Civil cases filed	287	150	449	566	337	518	322
Civil case dispositions	120	82	293	530	281	362	324
Criminal cases filed	6,477	200	4,950	902	4,940	4,451	4,171
Criminal case dispositions	143	116	4,892	1,262	4,487	4,214	4,354
<b>Public Safety</b>							
Jail Facilities							
Total prisoner days	88	91	79	110	112	90	87
Cost per prisoner day	28.25	29.61	46.26	40.00	40.00	32.13	37.76
Law Enforcement							
Arrests	1,136	2,703	2,707	2,907	2,375	944	1,026
Citations filed	750	900	703	1,106	577	485	402
<b>Culture and recreation</b>							
County Library							
Materials circulated	262,231	274,594	260,960	285,143	292,100	298,714	271,946
Patrons	161,760	18,810	10,320	14,677	12,625	12,773	13,562
<b>Transportation</b>							
Road and Bridge							
Miles of new roadways	2.60	2.00	2.20	0.51	-	-	-
Miles of road surface-Major Improvements	45.40	14.40	23.00	0.25	-	-	-

<sup>1</sup> Information is not available for periods prior to FY2006.

**BURNET COUNTY, TEXAS**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years<sup>1</sup>**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Government							
Administrative Vehicles	3	7	14	14	16	16	16
Public Safety							
Sheriff patrol units	44	48	49	53	48	48	48
Law Enforcement units	11	20	20	12	16	16	18
Transportation							
Road and Bridge Vehicles	20	23	25	28	32	32	28
Road and Bridge Equipment	121	124	127	91	96	96	96
County roads (miles)	485	487	489	490	490	490	490
Culture and recreation							
County Parks	3	3	3	2	2	2	2
County Libraries	4	4	4	4	4	4	4

<sup>1</sup> Information is not available for periods prior to FY2006.

**BURNET COUNTY, TEXAS**

**SCHEDULE OF INSURANCE IN FORCE**

**September 30, 2012  
(unaudited)**

Type of Coverage and Name of Company	Policy Number	Policy From	Policy To	Details of Coverage	Liability Limits	Annual Premium
AUTOMOBILE LIABILITY (TAC Risk Management Pool)	AL 0270 2008 05 01	05/01/2012	5/1/2013	Auto Liability Bodily Injury  Property Damage Uninsured Motorist - Bodily Injury  Property Damage Personal Injury Prot	\$ 1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence  20,000 / Person 40,000 / Occurrence 15,000 / Occurrence 3,559 / Person	\$ 24,651
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2008 05 01	05/01/2012	5/1/2013	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 6,922
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2008 05 01	05/01/2012	5/1/2013	General Liability Bodily Injury  Property Damage Medical Expense Employee Benefits Personal & Advertising Injury	1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence 1,000 / Person 100,000 / Claim 100,000 / Person 300,000 / Offense/Aggr	\$ 10,976
BUILDINGS/PROPERTY (TAC Risk Management Pool)	PR 0270 2008 05 01	7/1/2012	7/1/2013	Basic Coverage: Buildings Contents Flood Earth Movement Valuable Papers Electronic Data Equip Mobile Equipment Equipment Breakdown Terrorism	1,000 / Deductible 18,093,664 / Limit 1,979,255 / Limit 2,500,000 / Limit 5,000,000 / Limit 220,000 / Limit 516,048 / Limit 1,787,736 / Limit 15,594,880 / Limit 5,000,000 / Limit	\$ 41,442
CRIME (TAC Risk Management Pool)	CR 0270 2008 05 01	05/01/2012	5/1/2013	Crime Coverage	1,000 / Deductible 20,000 / Occurrence	\$ 242
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2008 05 01	05/01/2012	5/1/2013	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate 1,000,000 / CCE&O 1,000,000 / DCE&O	\$ 40,856
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2008 03 28	4/1/2012	4/1/2013	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 24,809
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	SPS900305	7/1/2012	7/1/2013	Volunteer Ins. Service	2,500 / Each 25,000 / Med. Ind.	\$ 1,201
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY (TAC/Administrator- County Re-Insurance LTD. Re-Insurance Co.)	270	1/1/2012	12/31/2012	Workers' Compensation and Employers' Liability	1991 Texas Worker's Compensation Act 750,000 / Employee	\$ 93,533
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/1/2011	9/30/2012	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 30,290

**BURNET COUNTY, TEXAS**

**SCHEDULE OF SALARIES, SUPPLEMENTS AND SURETY  
BONDS OF PRINCIPAL OFFICIALS**

**For the Year Ended September 30, 2012  
(unaudited)**

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Donna Klaeger	County Judge	\$ 84,986	\$ 5,000
Bill Neve	Commissioner, Precinct 1	58,178	3,000
Russell Graeter	Commissioner, Precinct 2	58,178	3,000
Ronny Hibler	Commissioner, Precinct 3	58,178	3,000
Joe Don Dockery	Commissioner, Precinct 4	58,178	3,000
William Savage	County Court-at-Law Judge	58,178	5,000
Eduardo Arredondo	County Attorney	100,215	5,000
Janet Parker	County Clerk	55,973	92,000
Casie Wills	District Clerk	55,973	75,000
Karen Lester	County Auditor	58,000	5,000
Karrie Crownover	County Treasurer	55,973	95,000
Sheri Frazier	Tax Assessor-Collector	57,471	100,000
W. T. Smith	County Sheriff	68,453	10,000
Calvin Boyd	J.P., Precinct 1	49,629	5,000
Lisa Whitehead	J.P., Precinct 2	49,629	5,000
Peggy Simon	J.P., Precinct 3	49,629	5,000
Edward Cutchin	J.P., Precinct 4	49,629	5,000
Mike Harnisch	Constable, Precinct 1	35,319	10,000
Charles Caraway	Constable, Precinct 2	35,319	1,500
Robert Ballard	Constable, Precinct 3	35,319	1,500
Chris Jett	Constable, Precinct 4	35,319	1,500

**REPORTS ON INTERNAL CONTROL,  
COMPLIANCE AND FEDERAL AWARDS**

**NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.**  
**Certified Public Accountants**

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CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Judge and Members  
of the Commissioners' Court of  
Burnet County, Texas  
Burnet , TX 78611

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 25, 2013. 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.

Internal Control Over Financial Reporting

Management of Burnet County, Texas is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of Burnet County, Texas in a separate letter dated March 25, 2013.

This report is intended solely for the information and use of the Commissioners' Court, the county management, federal and state awarding agencies, pass-through entities and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

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

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

March 25, 2013



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

**Certified Public Accountants**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

To the Honorable Judge and Members  
of the Commissioners' Court of  
Burnet County, Texas  
Burnet, TX 78611

Compliance

We have audited the compliance of Burnet County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Burnet County, Texas' major federal or state programs for the year ended September 30, 2012. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Burnet County, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2012.

## Internal Control Over Compliance

Management of Burnet County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Commissioners' Court, the county management, federal and state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

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

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.  
Fredericksburg, Texas  
March 25, 2013

BURNET COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

**I. Summary of the Auditor's Results:**

- a. An unqualified opinion was issued on the financial statements of the County of Burnet, Texas.
- b. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- c. The audit did not disclose any material noncompliance.
- d. There were no significant deficiencies or material weaknesses in internal control over major programs.
- e. An unqualified opinion was issued on compliance for major programs.
- f. The audit did not disclose any findings required to be reported under Section 510(a).
- g. The major programs tested were:

**FEDERAL MAJOR PROGRAMS TESTED**

Grantor Agency	Pass –through Grantor	Program or Cluster	CFDA # Project #
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2009 STATE HOMELAND SECURITY	97.073 2009-SS-T9-0064
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2010 STATE HOMELAND SECURITY	97.073 2010-SS-T0-0008
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2011 STATE HOMELAND SECURITY	97.073 2011-SS-00019
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2011 HOMELAND SECURITY CCP	97.073 CCP 11-SR 48053-02
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2012 HOMELAND SECURITY CCP	97.073 CCP 11-SR 48053-03

**STATE MAJOR PROGRAMS TESTED**

Grantor Agency	Pass –through Grantor	Program or Cluster	CFDA # Project #
DIRECT PROGRAM	TEXAS INDIGENT DEFENSE COMMISSION	TEXAS INDIGENT DEFENSE COMMISSION – PUBLIC DEFENDER OFFICE	N/A 212-12-D01
DIRECT PROGRAM	AUTOMOBILE BURGLARY & THEFT PREVENTION AUTHORITY	2012 HEART OF TEXAS AUTO THEFT TASK FORCE	N/A SA-T01-100071-12

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The County of Burnet, Texas did not qualify as a low risk auditee.

**II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

- None -

**III. Findings and Questioned Costs for Federal and State Awards**

- None -

BURNET COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

- NONE -

BURNET COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>FEDERAL AWARDS</b>			
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<u>Direct Programs</u>			
Criminal Alien Assistance Program	16.606	2011-H3253-TX-AP	\$ 12,045
Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	1,675
Total Direct Programs			<u>13,720</u>
<u>Passed Through Texas Criminal Justice Division</u>			
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY	16.738	DJ-10-A10-17385-08	58,011
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY	16.738	DJ-09-A10-17385-09	3,792
Warrant/Bond Division Enhanced Project	16.738	DJ-09-A10-24408-01	36,337
Warrant/Bond Division Enhanced Project	16.738	DJ-09-A10-24408-02	2,083
Total Passed Through Texas Criminal Justice Division			<u>100,223</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b><u>113,942</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<u>Passed Through Texas Division of Emergency Management</u>			
State Homeland Security Grant Program CCP 2011	97.073	CCP 11-SR 48053-02	1
State Homeland Security Grant Program CCP 2012	97.073	CCP 11-SR-48053-03	3,924
State Homeland Security Grant Program SHSP 2009	97.073	2009-SS-T9-0064	50,333
State Homeland Security Grant Program LEAP 2009	97.073	2009-SS-T9-0064	167,218
State Homeland Security Grant Program LETPA 2010	97.073	2010-SS-T0-0008	176,180
State Homeland Security Grant Program SHSP 2011	97.073	2011-SS-00019	212,283
State Homeland Security Grant Program LETPA 2011	97.073	2011-SS-00019	51,737
Total Passed Through Texas Division of Emergency Management			<u>661,677</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b><u>661,677</u></b>
<b><u>U.S. GENERAL SERVICES ADMINISTRATION</u></b>			
<u>Passed Through Texas Facilities Commission</u>			
Donation of Federal Surplus Personal Property	39.003	10650	388
Total Passed Through Texas Facilities Commission			<u>388</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>776,007</u></b>

BURNET COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>STATE AWARDS</b>			
<b><u>DIRECT PROGRAMS</u></b>			
<u>Texas Indigent Defense Commission</u>			
Indigent Defense Formula		212-11-027	57,292
Texas Indigent Defense Commission - Public Defender Office		212-12-D01	339,791
Total Texas Indigent Defense Commission			397,083
<u>Texas Veterans Commission Fund for Veterans' Assistance</u>			
Texas Veterans Commission - Vet rides		FVA_10_0006	1,829
Texas Veterans Commission - Vet rides FY2012		FVA_12_0064	75,130
Total Texas Veterans Commission Fund for Veterans' Assistance			76,960
<u>Office of the Governor, Criminal Justice Division</u>			
Criminal Justice Division - Criminal History Reporting Compliance		SF-A10-23121-01	3,475
Criminal Justice Division - County Essentials Volunteer Fire Department		CE-12-A10-25389-01	37,214
Total Office of the Governor, Criminal Justice Division			40,689
<u>Automobile Burglary &amp; Theft Prevention Authority</u>			
Heart of Texas Auto Theft Task Force/FY 2012		SA-T01-10071-12	291,694
Heart of Texas Auto Theft Task Force/FY 2012		SA-T01-10071-13	20,642
Total Automobile Burglary & Theft Prevention Authority			312,335
<u>Texas Water Development Board</u>			
Texas Water Development Board - Regional Water Planning		1004831072	138,500
Total Texas Water Development Board			138,500
<u>Secretary of State Elections Division</u>			
Chapter 19		N/A	6,370
Total Secretary of State Elections Division			6,370
<b>TOTAL DIRECT PROGRAMS</b>			<b>971,938</b>

BURNET COUNTY, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>STATE AWARDS CONTINUED</b>			
<b><u>CAPITAL AREA PLANNING COUNCIL OF GOVERNMENTS</u></b>			
<u>Passed Through Texas Commission on State Emergency Communications</u>			
Capital Area Planning Council of Governments 911 PSAP FY 2012			1,000
Capital Area Planning Council of Governments 911 Database FY 2013			5,549
Capital Area Planning Council of Governments 911 Database FY 2012			69,605
Total Pass Through Capital Area Planning Council of Governments			<u>76,154</u>
<u>Passed Through Texas Commission on Environmental Quality</u>			
Capital Area Planning Council of Governments HHW FY 2012		10-12-G06	8,766
Total Pass Through Texas Commission on Environmental Quality			<u>8,766</u>
<b>TOTAL CAPITAL AREA PLANNING COUNCIL ON GOVERNMENTS</b>			<b><u>84,920</u></b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b><u>\$ 1,056,858</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<b><u>\$ 1,832,865</u></b>



BURNET COUNTY, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2012

1. For all Federal and State programs, the County uses the fund types specified by the Governmental Accounting Standards Board. The General Fund is the chief operating fund of the government and is used to account for all financial resources not accounted for in some other fund. Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments. Capital Project funds are a governmental fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and exclusive of resources held in trust for individuals, private organizations, or other governments. Generally, federal and state financial assistance is accounted for in the General Fund, Special Revenue Funds, or Capital Project Funds.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal and State grant funds were accounted for either in the General Fund, Capital Projects Fund, or in a Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal and state project period extended 30 days beyond the federal and state project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

