

**PALO PINTO COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

# PALO PINTO COUNTY, TEXAS

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*FINANCIAL SECTION*



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### Independent Auditor's Report

To The Honorable County Judge and County Commissioners  
Palo Pinto County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Pinto County, Texas (County), as of and for the year ended September 30, 2009, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 opinion.

As more fully described in Note 14 to the financial statements, the County has not recorded the receivables from judicial assessments at September 30, 2009 in the accompanying financial statements. In our opinion, these receivables should be recorded as an asset to conform to accounting principles generally accepted in the United States of America. The effects on the financial statements of not including the receivables are not reasonably determinable.

In our opinion, except for the effects of not including an asset for the net judicial assessment receivables, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Pinto County, Texas as of September 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, the budgetary comparison schedule, the schedules on the Texas County and District Retirement System and Palo Pinto County Retiree Health Care Plan, identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise Palo Pinto County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Edgin, Parkman, Fleming & Fleming, PC*

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas  
April 23, 2010



**MIKE A. SMIDDY**  
**COUNTY JUDGE**  
**PALO PINTO COUNTY**



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## **Management's Discussion and Analysis**

As management of Palo Pinto County, we offer readers of the Palo Pinto County's financial statements this narrative overview of the financial activities of Palo Pinto County for the fiscal year ended September 30, 2009.

### **Financial Highlights**

The assets of Palo Pinto County exceeded its liabilities at the close of the fiscal year by \$16,888,263 (*net assets*). Of this amount, \$7,472,115 (*unrestricted net assets*) may be used to meet the County's ongoing obligations.

As of the close of the fiscal year, the Palo Pinto County's governmental funds reported combined ending fund balances of \$8,443,043. Of this total amount, \$7,545,430 (89.4 percent) is *available for spending* at the County's discretion (*unreserved fund balance*).

At the end of the fiscal year, unreserved fund balance for the general fund is \$6,619,992 or 55.7 percent of total general fund expenditures.

The County's total long-term debt decreased \$138,215 (13.2 percent) during the fiscal year. The decrease is due to Tax Note and Capital Lease maturities and the recognizing of a liability for other post-employment benefit obligations.

### **Overview of Financial Statements**

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

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

The *Statement of Net Assets* presents information on all of Palo Pinto County's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the County's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the year. All changes in net assets are reported as soon as the event causing the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements are presented on pages 9-10 of this report.

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

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial focus is on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Palo Pinto County maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining funds* elsewhere in this report.

Palo Pinto County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund.

The basic governmental financial statements can be found on pages 11-15 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The combined fiduciary fund *Statement of Fiduciary Assets and Liabilities* can be found on page 16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the audited financial statements.

The notes can be found on pages 17-32 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Palo Pinto County, assets exceeded liabilities by \$16,888,263 at September 30, 2009.

The largest portion of the County's net assets (54.8 percent) reflects its investment in capital assets (eg., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Palo Pinto County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Assets**

	<i>Government Activities</i>	
	<u>2009</u>	<u>2008</u>
<i>Current and Other Assets</i>	\$ 9,261,618	\$ 9,407,470
<i>Capital Assets</i>	<u>9,250,224</u>	<u>9,229,094</u>
<b>Total Assets</b>	<u><u>\$ 18,511,842</u></u>	<u><u>\$ 18,636,564</u></u>
<i>Current Liabilities</i>	\$ 713,033	\$ 851,254
<i>Long-Term Liabilities</i>	<u>910,546</u>	<u>647,894</u>
<b>Total Liabilities</b>	<u><u>\$ 1,623,579</u></u>	<u><u>\$ 1,499,148</u></u>
<b>Net Assets:</b>		
<i>Capital Assets Net of Related Debt</i>	\$ 8,796,261	\$ 8,289,918
<i>Restricted</i>	619,887	891,735
<i>Unrestricted</i>	<u>7,472,115</u>	<u>7,955,763</u>
<b>Total Net Assets</b>	<u><u>\$ 16,888,263</u></u>	<u><u>\$ 17,137,416</u></u>

Restricted net assets represent resources that are subject to external restrictions. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, Palo Pinto County is able to report positive balances in net assets, for the government as a whole, as well as for its separate governmental activities.



## Changes in Net Assets

	<i>Government Activities</i>	
	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
<i>Charges for Services</i>	\$ 3,196,040	\$ 3,581,907
<i>Operating Grants and Contributions</i>	257,256	248,617
<i>Capital Grants and Contributions</i>		59,408
<b>General Revenues:</b>		
<i>Property Taxes</i>	6,844,781	6,393,933
<i>Other Taxes</i>	1,802,490	1,984,196
<i>Other</i>	<u>261,612</u>	<u>547,254</u>
<b>Total Revenues</b>	<u><u>\$ 12,362,179</u></u>	<u><u>\$ 12,815,315</u></u>
<b>Expenses:</b>		
<i>General Government</i>	\$ 3,738,428	\$ 3,206,567
<i>Administration of Justice</i>	1,777,045	1,804,409
<i>Public Safety</i>	2,512,721	2,106,646
<i>Corrections and Rehabilitation</i>	2,029,925	1,937,592
<i>Health and Human Services</i>	224,372	216,473
<i>Community and Economic Development</i>	286,231	288,432
<i>Infrastructure and Environmental Services</i>	1,854,968	2,045,379
<i>Capital Projects</i>	280,765	
<i>Debt Service: Interest and Fiscal Charges</i>	<u>19,396</u>	<u>35,698</u>
<b>Total Expenses</b>	<u><u>\$ 12,723,851</u></u>	<u><u>\$ 11,641,196</u></u>
<i>Change in Net Assets</i>	\$ (361,672)	\$ 1,174,119
<i>Prior Period Adjustment</i>	112,799	
<i>Net Assets – 10/1/08</i>	<u>17,137,136</u>	<u>15,963,297</u>
<i>Net Assets - 9/30/09</i>	<u><u>\$ 16,888,263</u></u>	<u><u>\$ 17,137,416</u></u>

### Financial Analysis of the Government's Funds

*Governmental funds.* The focus of Palo Pinto County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved

fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The general fund is the chief operating fund of Palo Pinto County. At the end of the current fiscal year, unreserved fund balance of the general fund is \$6,619,992 while total fund balance was \$6,907,448. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures. Unreserved fund balance represents 55.7 percent of total general fund expenditures, while total fund balance represents 58.1 percent of total general fund expenditures.

A portion of the general fund unreserved fund balance is internally designated annually by Commissioners Court for certain repair items. Internal designations were made to reserve \$108,212 for future improvements, replacement and maintenance of the control systems (HVAC) for the Law Enforcement Center, as well as \$6,742 reserved for copier maintenance. Both of these designations were made from unrestricted net assets.

#### Other items

The fund balance of Palo Pinto County's general fund decreased by \$344,935 during the current fiscal year. Key factors contributing to this loss are as follows:

- ◆ Sales Tax revenue decreased by \$308,832.
- ◆ Licenses Fees and Fines decreased by \$318,049.

The Capital Projects Funds have a total fund balance of \$552,426 all of which is reserved for future capital projects. This represents a decrease from 2008 of \$256,588. This decrease is primarily the result of the purchase of 2 buildings intended to address the future growth and expansion needs of the County.

The Debt Service Funds have a total fund balance of \$56,576 all of which is reserved for the payment of debt service.

Palo Pinto County's Special Revenue Funds have a combined unreserved fund balance of \$925,438 which represents an increase of \$143,886 primarily due to a prior period adjustment for accrual of hotel/motel taxes in our Hotel Occupancy Tax Fund as well as increased fund balance in the County Clerk PRF fund. Palo Pinto County is currently contracting for records preservation services.

#### **General Fund Budgetary Highlights**

The final amended budget showed an increase of \$135,175 (1 percent) over the original budget which can be briefly summarized as below:

- ◆ \$24,975 increase in Sheriff's Dept. from insurance proceeds due to a totaled deputy vehicle.
- ◆ \$8,750 increase in Sheriff's Dept. for a grant for Law Enforcement equipment.
- ◆ \$100,000 increase in Road and Bridge operations due to various donations.

It is the practice of the County to budget very conservatively; however, actual revenues were 5.5 percent lower than budgeted. Licenses, Fees and Fines were 10.7 percent lower than budgeted, sales tax revenue was 11.6 percent lower than budgeted and interest income was 66.3 percent lower than anticipated. These decreases were related to slower retail sales and the effects of an overall economic downturn. Actual operating expenditures were 11 percent lower than budgeted.

This can be attributed primarily to lower than anticipated costs in both general operations and road and bridge operations.

### **Capital Asset and Debt Administration**

*Capital assets.* Palo Pinto County's investment in capital assets for its governmental activities as of September 30, 2009 amounts to \$9,250,224 (net of depreciation). This investment in capital assets includes land, buildings and building improvements, other improvements, transportation, machinery, equipment and other assets, infrastructure and construction-in-progress.

Major capital asset events during the current fiscal year included the following:

- ◆ The purchase of 2 new buildings near the courthouse totaling \$165,136.
- ◆ The construction of a new parking lot adjoining the courthouse totaling \$58,540.
- ◆ The purchase of new security camera systems for both the courthouse and the Law Enforcement Center totaling \$85,183.
- ◆ The purchase of a number of law enforcement vehicles for \$210,835.
- ◆ The purchase of heavy equipment for road and bridge operations totaling \$76,330.
- ◆ The addition of infrastructure in the form of major road improvements.

Additional information on the County's capital assets can be found in Note 5 on pages 24-25 of this report.

*Long-term debt.* At the end of the fiscal year, the County had total long-term debt of \$910,546 outstanding. This debt is 100% backed by the full faith and credit of the County.

Additional information on the County's long-term debt can be found in Note 7 on pages 25-26 of this report.

### **Economic Factors and Next Year's Budgets**

At the end of the fiscal year the unreserved fund balance in the general fund was \$6,619,992. The County appropriated \$1,465,027 of this amount for spending in the 2009-10 fiscal year budget primarily for road and bridge operations, and to fund a \$200,000 lump sum payment to Texas County and District Retirement System for the purpose of lowering future contribution rates. It is intended that the use of available fund balance will avoid the need to raise taxes during the 2010 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Palo Pinto County's finances. Questions concerning information in this report should be addressed to the County Auditor, Palo Pinto County, P.O. Box 159, Palo Pinto, Texas 76484.

Reference: Gauthier, Stephen J. Governmental Accounting, Auditing, and Financial Reporting, Chicago: Government Finance Officers Association, 2001.

*BASIC FINANCIAL STATEMENTS*

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 2,527,113
Investments	6,034,000
Taxes receivable, net	404,639
Accounts receivable, net	45,000
Due from fiduciary	78,194
Prepaid expenses	136,274
Inventory	34,226
Bond issuance costs, net	2,172
Capital assets, net	9,250,224
Total assets	<u>18,511,842</u>
<b>Liabilities</b>	
Accounts payable	262,384
Interest payable	10,902
Accrued liabilities	261,602
Due to others	178,145
Long-term liabilities:	
Due within one year	510,812
Due in more than one year	399,734
Total liabilities	<u>1,623,579</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	8,796,261
Restricted for:	
Debt service	64,304
Education	3,157
Capital projects	552,426
Unrestricted	7,472,115
Total net assets	<u>\$ 16,888,263</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
General Government	\$ 3,738,428	\$ 1,164,416	\$ 8,614	\$ (2,565,398)
Administration of Justice	1,777,045	857,677	153,514	(765,854)
Public Safety	2,512,721	55,778	95,128	(2,361,815)
Corrections and Rehabilitation	2,029,925	250,292	-	(1,779,633)
Health and Human Services	224,372	-	-	(224,372)
Community and Economic Development	286,231	-	-	(286,231)
Infrastructure and Environmental Services	1,854,968	786,141	-	(1,068,827)
Capital Projects	280,765	81,736	-	(199,029)
Debt Service Interest and Fiscal Charges	19,396	-	-	(19,396)
Total governmental activities	<u>\$ 12,723,851</u>	<u>\$ 3,196,040</u>	<u>\$ 257,256</u>	<u>(9,270,555)</u>
General revenues:				
Property taxes				6,844,781
Sales taxes				1,644,610
Hotel/motel taxes				122,931
Mixed beverage taxes				34,949
Intergovernmental				45,979
Investment earnings				87,904
Miscellaneous				160,925
Loss on disposal of capital assets				(33,196)
Total general revenues				<u>8,908,883</u>
Change in net assets				(361,672)
Net assets - beginning				17,137,136
Prior period adjustment				112,799
Net assets - ending				<u>\$ 16,888,263</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 1,037,725	\$ 1,489,388	\$ 2,527,113
Investments	6,034,000	-	6,034,000
Receivables, net:			
Taxes	347,990	56,649	404,639
Accounts	44,822	178	45,000
Due from other funds	71,491	6,703	78,194
Prepaid expenses	136,274	-	136,274
Inventory	33,071	1,155	34,226
Total assets	<u>\$ 7,705,373</u>	<u>\$ 1,554,073</u>	<u>\$ 9,259,446</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 253,661	\$ 8,723	\$ 262,384
Accrued liabilities	259,876	1,726	261,602
Due to other funds	140,213	-	140,213
Due to others	37,631	301	37,932
Deferred revenue	106,544	7,728	114,272
Total liabilities	<u>797,925</u>	<u>18,478</u>	<u>816,403</u>
Fund balances:			
Reserved for:			
Prepaid expenses	136,274	-	136,274
Inventory	33,071	1,155	34,226
Debt service	-	56,576	56,576
Education	3,157	-	3,157
Capital projects	-	552,426	552,426
Designated for capital projects	114,954	-	114,954
Unreserved, undesignated	6,619,992	925,438	7,545,430
Total fund balances	<u>6,907,448</u>	<u>1,535,595</u>	<u>8,443,043</u>
Total liabilities and fund balances	<u>\$ 7,705,373</u>	<u>\$ 1,554,073</u>	<u>\$ 9,259,446</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

Total fund balances - governmental funds (Exhibit A-3) \$ 8,443,043

Amounts reported for *governmental activities* in the Statement of Net Assets (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 16,642,012	
Related accumulated depreciation	<u>7,391,788</u>	9,250,224

Property tax receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		114,272
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Bond issuance costs are current expenditures in the governmental funds while in the government-wide statements, these costs are capitalized and amortized over the life of the bonds. This amount represents the remaining unamortized issuance costs.		2,172
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Tax notes	235,000	
Capital leases payable	218,963	
Accrued compensated absences	192,028	
Net other post-employment benefit obligation	264,555	
Accrued interest	<u>10,902</u>	<u>(921,448)</u>

Total net assets - governmental activities (Exhibit A-1)		<u>\$ 16,888,263</u>
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The accompanying notes are an integral part of this statement.



**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 6,528,012	\$ 308,766	\$ 6,836,778
Licenses, fees and fines	2,626,198	193,429	2,819,627
Sales taxes	1,644,610	-	1,644,610
Inmate revenue	210,831	-	210,831
Interest earned	79,695	8,209	87,904
Occupancy tax	-	122,931	122,931
Federal and state grants	207,108	42,244	249,352
Commissary revenue	-	39,461	39,461
Mixed beverage tax	34,949	-	34,949
Forfeiture revenue	-	38,201	38,201
Other revenue	214,809	87,919	302,728
Total revenues	<u>11,546,212</u>	<u>841,160</u>	<u>12,387,372</u>
<b>Expenditures</b>			
29th District Court	300,815	-	300,815
Capital projects	-	341,929	341,929
Commissary	-	35,293	35,293
Commissioner's Court	41,407	-	41,407
Constable	376,483	-	376,483
County Attorney	205,066	11,365	216,431
County Auditor	212,183	-	212,183
County Clerk	302,607	62,252	364,859
County Court	240,961	-	240,961
County Extension Service	106,000	-	106,000
County Treasurer	112,080	-	112,080
Courthouse security	-	35,263	35,263
Department of Public Safety	37,287	-	37,287
District Attorney	224,096	33,715	257,811
District Clerk	216,926	3,608	220,534
Emergency Management	81,278	-	81,278
Emergency Medical & Health Services	89,982	-	89,982
Forfeiture expenditures	-	18,566	18,566
General operations	3,087,361	18,433	3,105,794
Health services	10,000	-	10,000
Tax Notes:			
Principal	-	309,977	309,977
Interest and fiscal charges	-	14,753	14,753
Hotel/motel tax	-	124,471	124,471
Inmate contract	209,293	-	209,293
Jail and detention	1,485,784	-	1,485,784
Justice of the Peace	411,007	9,247	420,254
Narcotics Unit	109,941	-	109,941
Public Works	350,525	-	350,525

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Other Governmental Funds	Total Governmental Funds
Road and Bridge:			
Precinct No. 1	296,710	-	296,710
Precinct No. 2	512,026	-	512,026
Precinct No. 3	374,071	-	374,071
Precinct No. 4	511,030	-	511,030
Sheriff	1,447,994	-	1,447,994
Tax Assessor-Collector	491,660	-	491,660
Vending Expenditures	-	4,450	4,450
Veteran's Administration	46,574	-	46,574
Total expenditures	<u>11,891,147</u>	<u>1,023,322</u>	<u>12,914,469</u>
Excess (deficiency) of revenues over (under) expenditures	(344,935)	(182,162)	(527,097)
Fund balances, beginning of year	7,194,116	1,663,225	8,857,341
Prior period adjustment	58,267	54,532	112,799
Fund balances, end of year	<u>\$ 6,907,448</u>	<u>\$ 1,535,595</u>	<u>\$ 8,443,043</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total governmental funds (Exhibit A-5)		\$	(527,097)
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two are as follows:			
Capital outlay during the year	\$	891,203	
Depreciation expense for the year		<u>836,876</u>	54,327
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.			(33,196)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.			8,003
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. The long-term debt principal paid during the year was as follows:			
Tax notes		310,000	
Capital leases		<u>90,882</u>	400,882
Bond issuance costs are reported as expenditures in the governmental funds, but are capitalized and amortized over the life of the bonds in the government-wide statements. Current year amortization of bond costs was:			(6,034)
Included in long-term debt are obligations for accrued vacation leave. The changes in this obligation are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in this long-term obligation was:			1,888
Included in long-term liabilities is the net other post-employment benefit obligation related to the County's retiree health care plan. The increase in this obligation was:			(264,555)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is as follows:			
Accrued interest at September 30, 2008		15,012	
Accrued interest at September 30, 2009		<u>10,902</u>	<u>4,110</u>
Change in net assets of governmental activities (Exhibit A-2)			<u>\$ (361,672)</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2009**

	Agency Funds
<b>Assets</b>	
Cash	\$ 1,116,656
Investments	402,410
Accounts receivable	448
Due from other funds	139,112
Total assets	<u>\$ 1,658,626</u>
<b>Liabilities</b>	
Due to other funds	\$ 77,089
Due to others	1,581,537
Total liabilities	<u>\$ 1,658,626</u>

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Palo Pinto, Texas (County) was created by the Act of Legislature on August 27, 1856, and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk, District Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years and serves at the will of the District Judge, whose court is located in Palo Pinto County. The 2000 census population for the County was 27,026 and the area covered is approximately 949 square miles. The unincorporated community of Palo Pinto is the County Seat. The County provides the following public services: Public Safety – Sheriff’s Department and Jail Detention, Tax Assessing and Collecting, Sanitation, Fire, Emergency Medical Services, Public Records, Criminal and Civil Prosecution, Road and Bridge Maintenance and General Operations.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The government’s significant accounting policies are described below:

*A. Reporting Entity*

In evaluating the County for financial reporting purposes, management has considered all potential component units. The evaluation was made by applying the criteria set forth in generally accepted accounting principles for inclusion of component units with a reporting entity. The major criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility over the unit. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no potential component units included in the reporting entity as defined by GASB 14, “The Reporting Entity”.

There are no component units which satisfy requirements for blending or discrete presentation within the County’s financial statements. Accordingly, the basic financial statements present the County only.

*B. Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

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

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

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

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

The County reports the following governmental funds:

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

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

Additionally, the County reports the following fund types:

*Agency Funds* are used to report cash and investments and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or agent capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

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

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates by management that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

*D. Assets, Liabilities, and Net Assets or Equity*

1. Deposits and Investments

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

Investments for the County are reported at fair value. The authorized investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied by October 1. 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.

3. Uncollected Taxes Receivable

The office of the Tax Assessor-Collector is under contract to eighteen (18) different taxing entities. It is the responsibility of the Tax Assessor-Collector to collect the taxes for the various taxing districts and then to remit the tax, including any penalty and interest, less a 1% fee of current taxes and 7% of delinquent taxes, to the tax district, except for the Palo Pinto County Education District, in which the Tax Assessor-Collector receives all penalties collected. The amount recorded as investment in uncollected taxes represents the total taxes receivable for the eighteen districts and the Palo Pinto County Education District.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

4. 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.

E. *Capital Assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs on fixed assets are not capitalized. Interest is charged to the Debt Service Fund for assets acquired with tax notes. For assets purchased under capital lease agreements, interest is expensed in the fund responsible for making the lease payments.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Furniture & Fixtures	7 years
Vehicles	3 - 15 years
Equipment	5 - 7 years
Heavy Equipment	8 - 30 years
Buildings and Improvements	5 - 40 years
Other Improvements	10 - 20 years
Public Domain Infrastructure	15 - 30 years

F. *Compensated Absences*

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$192,028 of accrued vacation and compensated absences at September 30, 2009 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for an unlimited accumulation of earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

G. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Issuance costs associated with long-term debt are reported as deferred charges and amortized over the term of the related debt.



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*H. Reserved/Designated Fund Balances*

Reservations of fund balance represent amounts that are not available for appropriation or are legally segregated for a specific purpose. Reservations for inventory and prepaid expenditures are examples of amounts not available for appropriation. Amounts remaining in the debt service fund or capital projects funds are examples of amounts legally segregated for a specific purpose.

Designations of fund balance represent tentative management plans that are subject to change. A designation was made for future improvements and maintenance of control systems relating primarily to HVAC systems for the law enforcement center. At September 30, 2009, \$114,954 was designated for this purpose. Annually, future amounts will be designated to cover anticipated costs. The designation is being funded from savings resulting from the termination of a maintenance contract.

**2. COMPLIANCE AND ACCOUNTABILITY**

**A. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations:

None

**B. Deficit Fund Balance or Fund Net Assets of Individual Funds**

None

**3. DEPOSITS AND INVESTMENTS**

*A. Deposits*

Deposits, except for those held in trust by the County and District Clerks, were with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2009, the carrying amount of the County's deposits was \$5,638,013 and the balance per the bank was \$5,787,680. Included in the carrying amount and bank balance are certificates of deposit (recorded as investments) totaling \$2,300,000.

The County and District Clerks hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2009 were \$334,716 and the balance per the bank was \$334,716. All deposits and investments were secured by FDIC coverage.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

*B. Investments*

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (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, and (10) common trust funds.

The County's investments at September 30, 2009 are shown below:

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Government Pools (Lone Star)	-	\$ 194,298
Certificates of Deposit	3.6	2,300,000
Money Market Mutual Fund	-	<u>3,539,702</u>
 Total		 <u>\$6,034,000</u>

*C. Analysis of Specific Deposit and Investment Risks*

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

At year end, the County was not exposed to custodial credit risk.

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

*D. Investment Accounting Policy*

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

*E. Public Funds Investment Pools*

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. 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.

**4. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2009, was \$0.312042 per \$100 valuation.

Taxes levied for the payment of principal and interest related to long-term debt was \$0.014658 per \$100 valuation for the year ended September 30, 2009. The total tax rate for Palo Pinto County for fiscal year 2009 was \$0.3267.

Allowances for uncollectible tax receivables within the General Fund and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2009, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$457,086
Allowance for uncollectible taxes	( 342,814)
Net property taxes receivable	<u>\$114,272</u>

Of the \$457,086 of property taxes receivable at September 30, 2009, the County expects to collect approximately \$80,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009 was as follows:

<b>Governmental Activities:</b>	Balance <u>10/1/08</u>	Additions	Retirements	Balance <u>9/30/09</u>
Capital assets not being depreciated:				
Land	\$ 96,820	\$ -	\$ -	\$ 96,820
Construction in progress	73,900	47,450	5,400	115,950
Total capital assets not being depreciated	<u>170,720</u>	<u>47,450</u>	<u>5,400</u>	<u>212,770</u>
Capital assets being depreciated:				
Buildings and improvements	7,940,011	223,677	10,000	8,153,688
Equipment	3,095,774	178,765	-	3,274,539
Vehicles	2,226,244	270,924	91,211	2,405,957
Infrastructure	2,424,671	170,387	-	2,595,058
Total capital assets being depreciated	<u>15,686,700</u>	<u>843,753</u>	<u>101,211</u>	<u>16,429,242</u>
Less accumulated depreciation for:				
Buildings and improvements	3,591,634	308,154	10,000	3,889,788
Equipment	1,491,234	155,898	-	1,647,132
Vehicles	1,321,607	255,133	63,415	1,513,325
Infrastructure	223,852	117,691	-	341,543
Total accumulated depreciation	<u>6,628,327</u>	<u>836,876</u>	<u>73,415</u>	<u>7,391,788</u>
Total capital assets being depreciated, net	<u>9,058,373</u>	<u>6,877</u>	<u>27,796</u>	<u>9,037,454</u>
Governmental activities capital assets, net	<u>\$ 9,229,093</u>	<u>\$ 54,327</u>	<u>\$ 33,196</u>	<u>\$ 9,250,224</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

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

Governmental Activities:	
General Government	\$178,546
Administration of Justice	7,241
Public Safety	169,225
Corrections and Rehabilitation	120,739
Health and Human Services	27,727
Community and Economic Development	12,511
Infrastructure and Environmental Services	<u>320,887</u>
Total governmental depreciation	<u>\$836,876</u>

**6. INTERFUND RECEIVABLES AND PAYABLES**

Balances due to and from other funds at September 30, 2009 was as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Payable</u>	<u>Reason</u>
General Fund	Fiduciary Funds	\$ 71,491	Short-term loan
Other Governmental Funds	General Fund	1,101	Short-term loan
Other Governmental Funds	Fiduciary Funds	5,602	Short-term loan
Fiduciary Funds	General Fund	<u>139,112</u>	Short-term loan
	Total	<u>\$217,306</u>	

All of the above amounts are expected to be repaid within one year.

**7. LONG-TERM LIABILITIES**

The County issues tax notes and capital lease obligations to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County.

General debt outstanding at September 30, 2009 is as follows:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/09</u>
<u>Governmental Activities:</u>					
Tax Note, Series 2003	\$1,450,000	3/1/2003	2/15/2010	1.70% - 3.95%	<u>\$235,000</u>

Annual debt service requirements to maturity are as follows

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	<u>\$235,000</u>	<u>\$4,641</u>	<u>\$239,641</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

Capital lease obligations at September 30, 2009 are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Date of Lease</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/09</u>
Caterpillar Soil Compactor	\$119,165	4/23/2007	11/1/2011	4.85%	\$ 73,307
Postage Machine	29,179	10/01/2005	3/1/2011	9.37%	9,494
3 Asphalt Zippers	323,667	6/01/2007	11/1/2010	3.195%	<u>136,162</u>
<b>Total Capital Leases Payable</b>					<b><u>\$218,963</u></b>

The total cost of capital assets acquired via capital lease is \$444,803. As of September 30, 2009, the County has recorded \$62,469 of depreciation expense on these items, leaving a net book value of \$382,334 as of September 30, 2009.

Capital lease obligation debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 95,813	\$11,256	\$107,069
2011	97,522	6,143	103,665
2012	<u>25,628</u>	<u>1,216</u>	<u>26,844</u>
<b>Total</b>	<b><u>\$218,963</u></b>	<b><u>\$18,615</u></b>	<b><u>\$237,578</u></b>

Changes in long-term liabilities for the year ended September 30, 2009 was as follows:

	<u>Balance 10/01/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 09/30/09</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 545,000	\$ -	\$310,000	\$235,000	\$235,000
Capital lease obligations	309,845	-	90,882	218,963	95,813
Compensated absences	193,916	178,724	180,612	192,028	180,000
Net other post-employment benefit obligation	<u>-</u>	<u>264,555</u>	<u>-</u>	<u>264,555</u>	<u>-</u>
<b>Total long-term liabilities -- governmental activities</b>	<b><u>\$1,048,761</u></b>	<b><u>\$443,279</u></b>	<b><u>\$581,494</u></b>	<b><u>\$910,546</u></b>	<b><u>\$510,813</u></b>

For the governmental activities, compensated absences and other post-employment benefit obligations are generally liquidated by the General Fund.

**8. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

**9. CONTINGENT LIABILITIES AND COMMITMENTS**

Federal and State Grants

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

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. The County cannot readily determine the outcome of the litigation at this time; consequently, no liabilities have been accrued in the financial statements relative to litigation in process at September 30, 2009.

Texas Department of Transportation Contract

On December 21, 2006, the County entered into a contract with the Texas Department of Transportation (TXDOT) for the replacement of four bridges in Palo Pinto County. The total cost of the project is estimated at \$3,640,000 with the County contributing a 10% match of \$364,000. The County's match may be made in cash or in-kind. The County's match is required to be made no more than three years from the date TXDOT lets contracts for the construction project. As of September 30, 2009, the contracts were not let.

Post-employment Benefits

*A. Health and Supplemental Insurance*

Effective October 1, 2002, the County began offering post-employment benefits, subject to appropriations, for monthly healthcare premiums for qualified retirees under 65 years of age. In addition, the County pays a portion of the cost of a Medicare supplement for retirees over 65 years of age. Effective January 1, 2006, the County's contribution amount is 35% of the supplement premium. At year end there were eleven participants receiving healthcare benefits and eight participants receiving Medicare supplemental benefits. The cost to the County for retiree healthcare benefits was \$72,317 and the cost for retiree Medicare supplemental benefits was \$3,742 and is funded on a pay-as-you-go basis.

*B. Life Insurance Benefit*

The 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 Supplemental Death Benefit Fund (SDBF). 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 post-employment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The SDBF 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 SDBF. This report may 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.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

Each participating employer contributes to the SDBF 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. The County's contributions to the SDBF, attributable to retired employees, for the years ended September 30, 2009, 2008 and 2007 were \$6,330, \$6,740 and \$6,832, respectively, which equaled the contractually required contributions each year.

**10. RETIREMENT PLAN**

*A. Plan Description*

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

*B. Funding Policy*

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.70% for the months of the accounting year in 2008, and 10.97% for the months of the accounting year in 2009.

The contribution rate payable by the employee members for calendar years 2008 and 2009 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

*C. Annual Pension Cost*

The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.3 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 20 years.

The County's annual pension cost and actual contributions for the years ended September 30, 2009, 2008 and 2007 were \$636,813, \$498,858 and \$428,572, respectively. The County did not have a Net Pension Obligation (NPO) at the end of any of those years.

*D. Funding Status and Funding Progress*

As of December 31, 2008, the most recent actuarial valuation date, the plan was 77.9 percent funded. The actuarial accrued liability for benefits was \$13,492,971 and the actuarial value of assets was \$10,510,930, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,982,041. The covered payroll (annual payroll of active employees covered by the plan) was \$5,824,287, and the ratio of the UAAL to the covered payroll was 51.2 percent.

The schedule of funding progress, presented as 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.

**11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

*A. Plan Description*

*Pre-65 Plan* – The County administers the Palo Pinto County Retiree Health Care Plan for retired employees. Any employee who meets the eligibility retirement requirements of the Texas County and District Retirement System, and who leaves the employ of the County, may elect to remain on the County's group medical until the retiree reaches age 65 or qualifies for Medicare. The County pays 100% of the total monthly premium for these employees. The retired employee may continue coverage for dependents, but must pay the entire premium for the dependent. The benefit is subject to annual appropriations by the Commissioners' Court.

*Post-65 Plan* – Retirees may purchase a Medicare supplement policy without prescription drug coverage for a reduced premium. Retirees have the option to purchase prescription drug coverage to which the County does not contribute. Spouses may receive the same plan at retiree's expense. Premiums and benefits are subject to change each year. The benefit is subject to annual appropriations by the Commissioners' Court.

*B. Normal Retirement Benefits*

Retirement benefits are a defined benefit plan under TCDRS (see note 11). Members are eligible to retire under TCDRS at age 60 or more with 8 years of vested service, at any time with a minimum of 30 years of vested service, or any age plus years of service equaling 75.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

*C. Early Retirement Benefits*

Members retiring under early retirement conditions (non-vested) are not eligible for retiree healthcare benefits.

*D. Deferred Retirement Benefits*

Members who may be vested and terminate employment, but do not apply for retirement benefits, are not eligible for retiree health care benefits.

*E. Benefits for Spouses / Children of Retired Employees*

The spouse of a retiree is eligible to continue health care benefits until Medicare eligible. Children of retirees are eligible to continue to receive health care benefits until age 25, meeting the qualifications of dependent children described in the County's healthcare plan.

*F. Disability Retirement Benefits*

If a member has 8 years or more of service and becomes disabled, the employee may be eligible for disability retirement. If a member has less than 8 years of service and the disability is work-related, the member may be eligible for disability retirement.

*G. Funding Policy and Annual OPEB Cost*

The County's annual other post-employment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County has its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB. The County's OPEB cost for the current year is as follows:

Annual Required Contribution	\$383,830
Interest on OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense) end of year	383,830
Net estimated employer contributions	<u>( 119,275)</u>
Increase (decrease) in net OPEB obligation	264,555
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	<u>\$264,555</u>

*H. Schedule of Actuarial Liabilities and Funding Status*

Actuarial Valuation Date	3/31/08
Actuarial Value of Assets	\$ -
Actuarial Accrued Liabilities	\$2,767,074
Unfunded Actuarial Accrued Liability (UAAL)	\$2,767,074
Funded Ratio	0.00%
Annual Covered Payroll	N/A
UAAL as a Percentage of Annual Covered Payroll	N/A

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

*I. Actuarial Methods and Assumptions*

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between Palo Pinto County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Investment Rate of Return	4.5%, net of expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level as a percentage of salary
Salary Growth	3.0% per annum

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the profitability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**12. DEFERRED COMPENSATION PLAN**

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans, available to all County employees on a voluntary basis, permit them to defer a portion of their salaries until future years. The County does not make any contributions to the plans.

Deferred compensation is available to employees' beneficiaries in case of death. One plan is through the National Association of Counties and its assets are administered by Nationwide Retirement Solutions, an independent third party administrator. The second plan's assets are managed by ITT Hartford, an independent administrator. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributed to those amounts, property or rights are solely the property and rights of the participants.

**13. PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2009, the County discovered errors in the accounting records related to the prior period's financial statements. A summary of the errors and the effect on beginning fund balance / net assets is as follows:

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Government-wide Totals</u>
Prepaid insurance not recorded	\$103,526	\$ -	\$103,526
Sales taxes receivable not recorded	199,988	-	199,988
Hotel/motel taxes receivable not recorded	-	55,856	55,856
Accrued payroll not recorded	<u>( 245,247)</u>	<u>( 1,324)</u>	<u>( 246,571)</u>
Increase in beginning fund balance / net assets	<u>\$ 58,267</u>	<u>\$54,532</u>	<u>\$112,799</u>

**14. JUDICIAL ASSESSMENT RECEIVABLES**

At September 30, 2009, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

## *REQUIRED SUPPLEMENTARY INFORMATION*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**PALO PINTO COUNTY, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 6,564,100	\$ 6,564,100	\$ 6,528,012	\$ (36,088)
Licenses, fees and fines	2,940,100	2,940,100	2,626,198	(313,902)
Sales taxes	1,860,000	1,860,000	1,644,610	(215,390)
Inmate revenue	193,500	193,500	210,831	17,331
Interest earned	236,200	236,200	79,695	(156,505)
Federal and state grants	205,100	214,250	207,108	(7,142)
Mixed beverage tax	30,000	30,000	34,949	4,949
Other	54,300	185,325	214,809	29,484
Total revenues	<u>12,083,300</u>	<u>12,223,475</u>	<u>11,546,212</u>	<u>(677,263)</u>
<b>Expenditures</b>				
29th District Court	324,303	324,303	300,815	23,488
Commissioners' Court	43,285	43,285	41,407	1,878
Constable	392,868	394,243	376,483	17,760
County Attorney	218,740	218,740	205,066	13,674
County Auditor	212,350	212,350	212,183	167
County Clerk	319,330	319,330	302,607	16,723
County Court	250,856	254,456	240,961	13,495
County Extension Service	114,955	114,955	106,000	8,955
County Treasurer	112,359	112,359	112,080	279
Department of Public Safety	37,603	37,603	37,287	316
District Attorney	208,118	226,830	224,096	2,734
District Clerk	218,791	218,791	216,926	1,865
Emergency Management	82,510	82,510	81,278	1,232
Emergency Medical & Health Services	98,000	98,000	89,982	8,018
General Operations	3,292,200	3,274,963	3,087,361	187,602
Health Services	10,000	10,000	10,000	-
Inmate Contract	233,719	233,719	209,293	24,426
Jail and Detention	1,573,014	1,584,014	1,485,784	98,230
Justice of the Peace	423,308	423,308	411,007	12,301
Narcotics Unit	125,079	125,079	109,941	15,138
Public Works	390,338	390,338	350,525	39,813
Road and Bridge:				
Precinct No. 1	417,438	417,438	296,710	120,728
Precinct No. 2	765,485	860,485	512,026	348,459
Precinct No. 3	559,913	559,913	374,071	185,842
Precinct No. 4	711,312	711,312	511,030	200,282
Sheriff	1,538,091	1,560,816	1,447,994	112,822
Tax Assessor-Collector	498,471	498,471	491,660	6,811
Veterans' Administration	47,655	47,655	46,574	1,081
Total expenditures	<u>13,220,091</u>	<u>13,355,266</u>	<u>11,891,147</u>	<u>1,464,119</u>
Net change in fund balances	<u>(1,136,791)</u>	<u>(1,131,791)</u>	<u>(344,935)</u>	<u>786,856</u>
Fund balances, beginning of year	7,194,116	7,194,116	7,194,116	-
Prior period adjustment	-	-	58,267	58,267
Fund balances, end of year	<u>\$ 6,057,325</u>	<u>\$ 6,062,325</u>	<u>\$ 6,907,448</u>	<u>\$ 845,123</u>

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2009**

**A. BUDGETARY INFORMATION**

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

**PALO PINTO COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS -**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	\$ 9,339,729	\$ 10,666,026	\$ 1,326,297	87.57%	\$ 4,609,910	28.77%
12/31/2007	9,779,885	11,996,013	2,216,128	81.53%	5,110,930	43.36%
12/31/2008	10,510,930	13,492,971	2,982,041	77.90%	5,824,287	51.20%



**PALO PINTO COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS -**  
**PALO PINTO COUNTY RETIREE HEALTH CARE PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/31/2008	\$ -	\$ 2,767,074	\$ 2,767,074	0.00%	N/A	N/A

Note: 3/31/08 was the first valuation of the Retiree Health Care Plan. Future valuations will be performed every third year.

*COMBINING STATEMENTS AND BUDGET COMPARISONS  
AS SUPPLEMENTARY INFORMATION*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**SEPTEMBER 30, 2009**

	10	11/12/13/14	Total
	General	Road	Governmental
	Fund	and Bridge	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash	\$ 969,209	\$ 68,516	\$ 1,037,725
Investments	4,205,950	1,828,050	6,034,000
Receivables, net:			
Taxes	332,955	15,035	347,990
Accounts	44,822	-	44,822
Due from other funds	45,275	26,216	71,491
Prepaid expenses	136,274	-	136,274
Inventory	5,130	27,941	33,071
Total assets	<u>\$ 5,739,615</u>	<u>\$ 1,965,758</u>	<u>\$ 7,705,373</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 180,283	\$ 73,378	\$ 253,661
Accrued liabilities	222,176	37,700	259,876
Due to other funds	140,213	-	140,213
Due to others	37,631	-	37,631
Deferred revenue	91,506	15,038	106,544
Total liabilities	<u>671,809</u>	<u>126,116</u>	<u>797,925</u>
Fund balances:			
Reserved for:			
Prepaid expenses	136,274	-	136,274
Inventory	5,130	27,941	33,071
Education	3,157	-	3,157
Designated for capital projects	114,954	-	114,954
Unreserved, undesignated	4,808,291	1,811,701	6,619,992
Total fund balances	<u>5,067,806</u>	<u>1,839,642</u>	<u>6,907,448</u>
Total liabilities and fund balances	<u>\$ 5,739,615</u>	<u>\$ 1,965,758</u>	<u>\$ 7,705,373</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	10 General Fund	11/12/13/14 Road and Bridge Fund	Total
<b>Revenues</b>			
Ad valorem taxes	\$ 5,454,198	\$ 1,073,814	\$ 6,528,012
Licenses, fees and fines	1,892,201	733,997	2,626,198
Sales taxes	1,644,610	-	1,644,610
Inmate revenue	210,831	-	210,831
Interest earned	68,216	11,479	79,695
Federal and state grants	207,108	-	207,108
Mixed beverage tax	34,949	-	34,949
Other revenue	109,901	104,908	214,809
<b>Total revenues</b>	<u>9,622,014</u>	<u>1,924,198</u>	<u>11,546,212</u>
<b>Expenditures</b>			
29th District Court	300,815	-	300,815
Commissioners' Court	41,407	-	41,407
Constable	376,483	-	376,483
County Attorney	205,066	-	205,066
County Auditor	212,183	-	212,183
County Clerk	302,607	-	302,607
County Court	240,961	-	240,961
County Extension Service	106,000	-	106,000
County Treasurer	112,080	-	112,080
Department of Public Safety	37,287	-	37,287
District Attorney	224,096	-	224,096
District Clerk	216,926	-	216,926
Emergency Management	81,278	-	81,278
Emergency Medical & Health Services	89,982	-	89,982
General operations	3,087,361	-	3,087,361
Health services	10,000	-	10,000
Inmate contract	209,293	-	209,293
Jail and detention	1,485,784	-	1,485,784
Justice of the Peace	411,007	-	411,007
Narcotics Unit	109,941	-	109,941
Public Works	350,525	-	350,525
Road and Bridge:			
Precinct No. 1	-	296,710	296,710
Precinct No. 2	-	512,026	512,026
Precinct No. 3	-	374,071	374,071
Precinct No. 4	-	511,030	511,030
Sheriff	1,447,994	-	1,447,994
Tax Assessor-Collector	491,660	-	491,660
Veteran's Administration	46,574	-	46,574
<b>Total expenditures</b>	<u>10,197,310</u>	<u>1,693,837</u>	<u>11,891,147</u>
Net change in fund balances	(575,296)	230,361	(344,935)
Fund balances, beginning of year	5,547,744	1,646,372	7,194,116
Prior period adjustment	95,358	(37,091)	58,267
<b>Fund balances, end of year</b>	<u>\$ 5,067,806</u>	<u>\$ 1,839,642</u>	<u>\$ 6,907,448</u>

# PALO PINTO COUNTY, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General (10)		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Ad valorem taxes	\$ 5,485,000	\$ 5,454,198	\$ (30,802)
Licenses, fees and fines	2,227,600	1,892,201	(335,399)
Sales taxes	1,860,000	1,644,610	(215,390)
Inmate revenue	193,500	210,831	17,331
Interest earned	185,000	68,216	(116,784)
Federal and state grants	214,250	207,108	(7,142)
Mixed beverage tax	30,000	34,949	4,949
Other revenue	85,325	109,901	24,576
Total revenues	<u>10,280,675</u>	<u>9,622,014</u>	<u>(658,661)</u>
<b>Expenditures</b>			
29th District Court	324,303	300,815	23,488
Commissioners' Court	43,285	41,407	1,878
Constable	394,243	376,483	17,760
County Attorney	218,740	205,066	13,674
County Auditor	212,350	212,183	167
County Clerk	319,330	302,607	16,723
County Court	254,456	240,961	13,495
County Extension Service	114,955	106,000	8,955
County Treasurer	112,359	112,080	279
Department of Public Safety	37,603	37,287	316
District Attorney	226,830	224,096	2,734
District Clerk	218,791	216,926	1,865
Emergency Management	82,510	81,278	1,232
Emergency Medical & Health Services	98,000	89,982	8,018
General operations	3,274,963	3,087,361	187,602
Health services	10,000	10,000	-
Inmate contract	233,719	209,293	24,426
Jail and detention	1,584,014	1,485,784	98,230
Justice of the Peace	423,308	411,007	12,301
Narcotics Unit	125,079	109,941	15,138
Public Works	390,338	350,525	39,813
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	1,560,816	1,447,994	112,822
Tax Assessor-Collector	498,471	491,660	6,811
Veteran's Administration	47,655	46,574	1,081
Total expenditures	<u>10,806,118</u>	<u>10,197,310</u>	<u>608,808</u>
Net change in fund balances	(525,443)	(575,296)	(49,853)
Fund balances, beginning of year	5,547,744	5,547,744	-
Prior period adjustment	-	95,358	95,358
Fund balances, end of year	<u>\$ 5,022,301</u>	<u>\$ 5,067,806</u>	<u>\$ 45,505</u>

Road and Bridge (11/12/13/14)			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,079,100	\$ 1,073,814	\$ 5,286	\$ 6,564,100	\$ 6,528,012	\$ 36,088
712,500	733,997	(21,497)	2,940,100	2,626,198	313,902
-	-	-	1,860,000	1,644,610	215,390
-	-	-	193,500	210,831	(17,331)
51,200	11,479	39,721	236,200	79,695	156,505
-	-	-	214,250	207,108	7,142
-	-	-	30,000	34,949	(4,949)
100,000	104,908	(4,908)	185,325	214,809	(29,484)
<u>1,942,800</u>	<u>1,924,198</u>	<u>18,602</u>	<u>12,223,475</u>	<u>11,546,212</u>	<u>677,263</u>
-	-	-	324,303	300,815	(23,488)
-	-	-	43,285	41,407	(1,878)
-	-	-	394,243	376,483	(17,760)
-	-	-	218,740	205,066	(13,674)
-	-	-	212,350	212,183	(167)
-	-	-	319,330	302,607	(16,723)
-	-	-	254,456	240,961	(13,495)
-	-	-	114,955	106,000	(8,955)
-	-	-	112,359	112,080	(279)
-	-	-	37,603	37,287	(316)
-	-	-	226,830	224,096	(2,734)
-	-	-	218,791	216,926	(1,865)
-	-	-	82,510	81,278	(1,232)
-	-	-	98,000	89,982	(8,018)
-	-	-	3,274,963	3,087,361	(187,602)
-	-	-	10,000	10,000	-
-	-	-	233,719	209,293	(24,426)
-	-	-	1,584,014	1,485,784	(98,230)
-	-	-	423,308	411,007	(12,301)
-	-	-	125,079	109,941	(15,138)
-	-	-	390,338	350,525	(39,813)
417,438	296,710	120,728	417,438	296,710	(120,728)
860,485	512,026	348,459	860,485	512,026	(348,459)
559,913	374,071	185,842	559,913	374,071	(185,842)
711,312	511,030	200,282	711,312	511,030	(200,282)
-	-	-	1,560,816	1,447,994	(112,822)
-	-	-	498,471	491,660	(6,811)
-	-	-	47,655	46,574	(1,081)
<u>2,549,148</u>	<u>1,693,837</u>	<u>855,311</u>	<u>13,355,266</u>	<u>11,891,147</u>	<u>(1,464,119)</u>
(606,348)	230,361	836,709	(1,131,791)	(344,935)	786,856
1,646,372	1,646,372	-	7,194,116	7,194,116	-
-	(37,091)	(37,091)	-	58,267	58,267
<u>\$ 1,040,024</u>	<u>\$ 1,839,642</u>	<u>\$ 799,618</u>	<u>\$ 6,062,325</u>	<u>\$ 6,907,448</u>	<u>\$ 845,123</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	Special Revenue Funds			
	20	25	30	32
	Commissary	County Attorney	District Attorney Fees	Tax Assessor-Collector
<b>ASSETS</b>				
Cash	\$ 25,559	\$ 89	\$ 1,469	\$ 3,609
Receivables, net:				
Taxes	-	-	-	-
Accounts	11	-	-	-
Due from other funds	-	530	-	13
Inventory	1,155	-	-	-
Total assets	<u>\$ 26,725</u>	<u>\$ 619</u>	<u>\$ 1,469</u>	<u>\$ 3,622</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to others	301	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Inventory	1,155	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved, undesignated	25,269	619	1,469	3,622
Total fund balances	<u>26,424</u>	<u>619</u>	<u>1,469</u>	<u>3,622</u>
Total liabilities and fund balances	<u>\$ 26,725</u>	<u>\$ 619</u>	<u>\$ 1,469</u>	<u>\$ 3,622</u>

Special Revenue Funds							
35 Hotel/ Motel Fund	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	50 County Clerk PRF	51 District Clerk PRF	52 Preservation of Records	54 Law Library Fund
\$ 13,867	\$ 24,558	\$ 41,340	\$ 11,210	\$ 368,282	\$ 11,661	\$ 62,499	\$ 35,595
48,921	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,385	15	193	245
-	-	-	-	-	-	-	-
<u>\$ 62,788</u>	<u>\$ 24,558</u>	<u>\$ 41,340</u>	<u>\$ 11,210</u>	<u>\$ 371,667</u>	<u>\$ 11,676</u>	<u>\$ 62,692</u>	<u>\$ 35,840</u>
\$ -	\$ 317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861
-	316	-	1,410	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>633</u>	<u>-</u>	<u>1,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>861</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
62,788	23,925	41,340	9,800	371,667	11,676	62,692	34,979
<u>62,788</u>	<u>23,925</u>	<u>41,340</u>	<u>9,800</u>	<u>371,667</u>	<u>11,676</u>	<u>62,692</u>	<u>34,979</u>
<u>\$ 62,788</u>	<u>\$ 24,558</u>	<u>\$ 41,340</u>	<u>\$ 11,210</u>	<u>\$ 371,667</u>	<u>\$ 11,676</u>	<u>\$ 62,692</u>	<u>\$ 35,840</u>



**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	Special Revenue Funds				
	55	56	57	58	73
	Courthouse Security Fund	Justice Technology Fund	Justice Court Security Fee	Employee Fund	HAVA Grant
<b>ASSETS</b>					
Cash	\$ 200,460	\$ 60,314	\$ 17,239	\$ 2,891	\$ -
Receivables, net:					
Taxes	-	-	-	-	-
Accounts	62	84	21	-	-
Due from other funds	805	556	125	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 201,327</u>	<u>\$ 60,954</u>	<u>\$ 17,385</u>	<u>\$ 2,891</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 6,807	\$ 96	\$ -	\$ 62	\$ -
Accrued liabilities	-	-	-	-	-
Due to others	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>6,807</u>	<u>96</u>	<u>-</u>	<u>62</u>	<u>-</u>
Fund balances:					
Reserved for:					
Inventory	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, undesignated	194,520	60,858	17,385	2,829	-
Total fund balances	<u>194,520</u>	<u>60,858</u>	<u>17,385</u>	<u>2,829</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 201,327</u>	<u>\$ 60,954</u>	<u>\$ 17,385</u>	<u>\$ 2,891</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects		Total Other Governmental Funds
61 2003 Series Tax Notes \$1.45 Million	62 2004 Series Tax Notes \$320,000	72 Dempsey Facility	74 Capital Improvement Fund	
\$ 43,225	\$ 12,515	\$ 198,390	\$ 354,616	\$ 1,489,388
7,728	-	-	-	56,649
-	-	-	-	178
651	185	-	-	6,703
-	-	-	-	1,155
<u>\$ 51,604</u>	<u>\$ 12,700</u>	<u>\$ 198,390</u>	<u>\$ 354,616</u>	<u>\$ 1,554,073</u>
\$ -	\$ -	\$ -	\$ 580	\$ 8,723
-	-	-	-	1,726
-	-	-	-	301
7,728	-	-	-	7,728
<u>7,728</u>	<u>-</u>	<u>-</u>	<u>580</u>	<u>18,478</u>
-	-	-	-	1,155
43,876	12,700	-	-	56,576
-	-	198,390	354,036	552,426
-	-	-	-	925,438
<u>43,876</u>	<u>12,700</u>	<u>198,390</u>	<u>354,036</u>	<u>1,535,595</u>
<u>\$ 51,604</u>	<u>\$ 12,700</u>	<u>\$ 198,390</u>	<u>\$ 354,616</u>	<u>\$ 1,554,073</u>

# PALO PINTO COUNTY, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds			
	20	25	30	32
	Commissary	County Attorney	District Attorney Fees	Tax Assessor-Collector
<b>Revenues</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	-	10,883	9	140
Interest earned	-	-	-	18
Occupancy tax	-	-	-	-
Federal and state grants	-	-	-	-
Commissary revenue	39,461	-	-	-
Forfeiture revenue	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>39,461</u>	<u>10,883</u>	<u>9</u>	<u>158</u>
<b>Expenditures</b>				
Capital projects	-	-	-	-
Commissary	35,293	-	-	-
County Attorney	-	11,365	-	-
County Clerk	-	-	-	-
Courthouse security	-	-	-	-
District Attorney	-	-	-	-
District Clerk	-	-	-	-
Forfeiture expenditures	-	-	-	-
General operations	-	-	-	-
Tax Notes:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Hotel/motel tax	-	-	-	-
Justice of the Peace	-	-	-	-
Vending expenditures	-	-	-	-
Total expenditures	<u>35,293</u>	<u>11,365</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,168	(482)	9	158
Fund balances, beginning of year	22,256	1,101	1,460	3,464
Prior period adjustment	-	-	-	-
Fund balances, end of year	<u>\$ 26,424</u>	<u>\$ 619</u>	<u>\$ 1,469</u>	<u>\$ 3,622</u>

Special Revenue Funds							
35 Hotel/ Motel Fund	42 District Attorney Forfeited	45 Sheriff Forfeited	48 District Attorney State	50 County Clerk PRF	51 District Clerk PRF	52 Preservation of Records	54 Law Library Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	98,854	2,442	12,652	17,550
232	131	237	-	1,759	69	285	151
122,931	-	-	-	-	-	-	-
-	-	-	33,630	-	-	-	-
-	-	-	-	-	-	-	-
-	33,738	4,463	-	-	-	-	-
-	-	1,582	-	-	-	-	-
<u>123,163</u>	<u>33,869</u>	<u>6,282</u>	<u>33,630</u>	<u>100,613</u>	<u>2,511</u>	<u>12,937</u>	<u>17,701</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	62,252	-	-	-
-	-	-	-	-	-	-	-
-	-	-	33,715	-	-	-	-
-	-	-	-	-	3,608	-	-
-	14,246	4,320	-	-	-	-	-
-	-	-	-	-	-	-	9,819
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
124,471	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>124,471</u>	<u>14,246</u>	<u>4,320</u>	<u>33,715</u>	<u>62,252</u>	<u>3,608</u>	<u>-</u>	<u>9,819</u>
(1,308)	19,623	1,962	(85)	38,361	(1,097)	12,937	7,882
8,240	4,302	39,378	11,209	333,306	12,773	49,755	27,097
55,856	-	-	(1,324)	-	-	-	-
<u>\$ 62,788</u>	<u>\$ 23,925</u>	<u>\$ 41,340</u>	<u>\$ 9,800</u>	<u>\$ 371,667</u>	<u>\$ 11,676</u>	<u>\$ 62,692</u>	<u>\$ 34,979</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Special Revenue Funds				
	55 Courtthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee	58 Employee Fund	73 HAVA Grant
<b>Revenues</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	28,275	18,318	4,306	-	-
Interest earned	982	270	79	11	-
Occupancy tax	-	-	-	-	-
Federal and state grants	-	-	-	-	8,614
Commissary revenue	-	-	-	-	-
Forfeiture revenue	-	-	-	-	-
Other revenue	-	-	-	4,601	-
<b>Total revenues</b>	<u>29,257</u>	<u>18,588</u>	<u>4,385</u>	<u>4,612</u>	<u>8,614</u>
<b>Expenditures</b>					
Capital projects	-	-	-	-	-
Commissary	-	-	-	-	-
County Attorney	-	-	-	-	-
County Clerk	-	-	-	-	-
Courthouse security	35,263	-	-	-	-
District Attorney	-	-	-	-	-
District Clerk	-	-	-	-	-
Forfeiture expenditures	-	-	-	-	-
General operations	-	-	-	-	8,614
Tax Notes:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-
Justice of the Peace	-	9,247	-	-	-
Vending expenditures	-	-	-	4,450	-
	<u>35,263</u>	<u>9,247</u>	<u>-</u>	<u>4,450</u>	<u>8,614</u>
Net change in fund balances	(6,006)	9,341	4,385	162	-
Fund balances, beginning of year	200,526	51,517	13,000	2,667	-
Prior period adjustment	-	-	-	-	-
Fund balances, end of year	<u>\$ 194,520</u>	<u>\$ 60,858</u>	<u>\$ 17,385</u>	<u>\$ 2,829</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects		Total Other Governmental Funds
61 2003 Series Tax Notes \$1.45 Million	62 2004 Series Tax Notes \$320,000	72 Dempsey Facility	74 Capital Improvement Fund	
\$ 244,232	\$ 64,534	\$ -	\$ -	\$ 308,766
-	-	-	-	193,429
274	106	939	2,666	8,209
-	-	-	-	122,931
-	-	-	-	42,244
-	-	-	-	39,461
-	-	-	-	38,201
-	-	70,000	11,736	87,919
<u>244,506</u>	<u>64,640</u>	<u>70,939</u>	<u>14,402</u>	<u>841,160</u>
-	-	211	341,718	341,929
-	-	-	-	35,293
-	-	-	-	11,365
-	-	-	-	62,252
-	-	-	-	35,263
-	-	-	-	33,715
-	-	-	-	3,608
-	-	-	-	18,566
-	-	-	-	18,433
229,977	80,000	-	-	309,977
13,365	1,388	-	-	14,753
-	-	-	-	124,471
-	-	-	-	9,247
-	-	-	-	4,450
<u>243,342</u>	<u>81,388</u>	<u>211</u>	<u>341,718</u>	<u>1,023,322</u>
1,164	(16,748)	70,728	(327,316)	(182,162)
42,712	29,448	127,662	681,352	1,663,225
-	-	-	-	54,532
<u>\$ 43,876</u>	<u>\$ 12,700</u>	<u>\$ 198,390</u>	<u>\$ 354,036</u>	<u>\$ 1,535,595</u>

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES -**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2009**

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	87 County Treasurer (Special)
<b>Assets</b>					
Cash	\$ 47,014	\$ 2,062	\$ 172,231	\$ 337,920	\$ 6,571
Investments	-	-	-	-	-
Accounts receivable	-	-	-	448	-
Due from other funds	-	-	-	-	139,112
Total assets	<u>\$ 47,014</u>	<u>\$ 2,062</u>	<u>\$ 172,231</u>	<u>\$ 338,368</u>	<u>\$ 145,683</u>
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 2,062	\$ 20,657	\$ 34,281	\$ 1,295
Due to others	47,014	-	151,574	304,087	144,388
Total liabilities	<u>\$ 47,014</u>	<u>\$ 2,062</u>	<u>\$ 172,231</u>	<u>\$ 338,368</u>	<u>\$ 145,683</u>

93	94	95	96	97	98	110	
County Clerk	County Attorney	District Clerk	District Attorney	Public Works	Inmate Trust	Deferred Compensation	Total
\$ 222,640	\$ 5,477	\$ 309,665	\$ 5,627	\$ 3,355	\$ 4,094	\$ -	\$ 1,116,656
-	-	145,200	-	-	-	257,210	402,410
-	-	-	-	-	-	-	448
-	-	-	-	-	-	-	139,112
<u>\$ 222,640</u>	<u>\$ 5,477</u>	<u>\$ 454,865</u>	<u>\$ 5,627</u>	<u>\$ 3,355</u>	<u>\$ 4,094</u>	<u>\$ 257,210</u>	<u>\$ 1,658,626</u>
\$ 14,351	\$ 532	\$ 911	\$ -	\$ 3,000	\$ -	\$ -	\$ 77,089
208,289	4,945	453,954	5,627	355	4,094	257,210	1,581,537
<u>\$ 222,640</u>	<u>\$ 5,477</u>	<u>\$ 454,865</u>	<u>\$ 5,627</u>	<u>\$ 3,355</u>	<u>\$ 4,094</u>	<u>\$ 257,210</u>	<u>\$ 1,658,626</u>



**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - COMMISSARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Revenues**

Commissary revenue	\$ 22,031
Phone card revenue	16,589
Over-the-counter revenue	675
Other income	166
Total revenues	<u>39,461</u>

**Expenditures**

Commissary:	
Operations and management	1,200
Phone card expense	11,805
Over-the-counter supplies	849
Indigent supplies	7,399
Cable TV	479
Miscellaneous expense	10,148
Capital expense	3,413
Total expenditures	<u>35,293</u>

Excess (deficiency) of revenues over expenditures 4,168

Fund balance, beginning of year 22,256

Fund balance, end of year \$ 26,424