

PALO PINTO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

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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, 2010, 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 13 to the financial statements, the County has not recorded the receivables from judicial assessments at September 30, 2010 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, 2010, 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
February 7, 2011



DAVID C. NICKLAS
COUNTY JUDGE
PALO PINTO COUNTY, TEXAS



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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, 2010.

Financial Highlights

The assets of Palo Pinto County exceeded its liabilities at the close of the fiscal year by \$15,791,546 (*net assets*). Of this amount, \$6,090,964 (*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 \$7,276,160. Of this total amount, \$6,351,008 (87.3 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 \$5,475,529 or 43.6 percent of total general fund expenditures.

The County's total long-term debt decreased \$79,574 (8.7 percent) during the fiscal year. The decrease is due to Tax Note and Capital Lease maturities with no additional obligations being issued.

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-three 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-two 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 \$15,791,546 at September 30, 2010.

The largest portion of the County's net assets (58.3 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>	
	2010	2009
<i>Current and Other Assets</i>	\$ 7,906,204	\$ 9,261,618
<i>Capital Assets</i>	9,210,223	9,250,224
Total Assets	\$ 17,116,427	\$ 18,511,842
 <i>Current Liabilities</i>	 \$ 493,909	 \$ 713,033
<i>Long-Term Liabilities</i>	830,972	910,546
Total Liabilities	\$ 1,324,881	\$ 1,623,579
 Net Assets:		
<i>Capital Assets Net of Related Debt</i>	\$ 9,090,413	\$ 8,796,261
<i>Restricted</i>	610,169	619,887
<i>Unrestricted</i>	6,090,964	7,472,115
Total Net Assets	\$ 15,791,546	\$ 16,888,263

Restricted net assets represents 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>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
<i>Charges for Services</i>	\$ 2,791,108	\$ 3,196,040
<i>Operating Grants and Contributions</i>	307,183	257,256
<i>Capital Grants and Contributions</i>		
General Revenues:		
<i>Property Taxes</i>	7,197,029	6,844,781
<i>Other Taxes</i>	1,638,884	1,802,490
<i>Other</i>	<u>165,460</u>	<u>261,612</u>
Total Revenues	<u><u>\$ 12,099,664</u></u>	<u><u>\$ 12,362,179</u></u>
Expenses:		
<i>General Government</i>	\$ 4,161,561	\$ 3,738,428
<i>Administration of Justice</i>	1,758,267	1,777,045
<i>Public Safety</i>	2,644,705	2,512,721
<i>Corrections and Rehabilitation</i>	2,105,279	2,029,925
<i>Health and Human Services</i>	224,634	224,372
<i>Community and Economic Development</i>	263,955	286,231
<i>Infrastructure and Environmental Services</i>	2,001,079	1,854,968
<i>Capital Projects</i>	34,388	280,765
<i>Debt Service: Interest and Fiscal Charges</i>	<u>5,550</u>	<u>19,396</u>
Total Expenses	<u><u>\$ 13,199,418</u></u>	<u><u>\$ 12,723,851</u></u>
 <i>Change in Net Assets</i>	 \$ (1,099,754)	 \$ (361,672)
<i>Prior Period Adjustment</i>	3,037	112,799
<i>Net Assets - 10/1/09</i>	<u>16,888,263</u>	<u>17,137,136</u>
 <i>Net Assets - 9/30/10</i>	 <u><u>\$ 15,791,546</u></u>	 <u><u>\$ 16,888,263</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 \$5,475,529 while the total fund balance reached \$5,791,547. 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 43.6 percent of total general fund expenditures, while total fund balance represents 46.2 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 \$103,362 for future improvements, replacement and maintenance of the control systems (HVAC) for the Law Enforcement Center, as well as \$15,900 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 \$1,115,901 during the current fiscal year. Key factors contributing to this loss are as follows:

- ◆ Sales Tax revenue decreased by \$171,579.
- ◆ Contract Inmate Revenue decreased by \$154,631.
- ◆ Licenses Fees and Fines decreased by \$141,095.
- ◆ 29th Judicial District Court expenditures increased by \$133,808 due to 3 capital murder trials taking place in the current fiscal year.
- ◆ Road & Bridge expenditures increased by \$459,369.

The Capital Projects Funds have a total fund balance of \$567,698 all of which is reserved for future capital projects. This represents an increase over 2009 of \$15,272. It is the intent of the County to use these funds for future growth and expansion needs of the County.

The Debt Service Funds have a total fund balance of \$40,671. These funds will be transferred into the General Fund in fiscal year 2011 to fund capital lease expenditures due to the fact that all debt issuances were 100% liquidated in fiscal year 2010.

Palo Pinto County's Special Revenue Funds have a combined unreserved fund balance of \$875,479 which represents a decrease of \$49,959 primarily due to increased expenditures in the County Clerk PRF fund for records preservation services.

General Fund Budgetary Highlights

The final amended budget showed an increase of \$91,344 (.7 percent) over the original budget which can be attributed to an increase in the 29th Judicial District Court expenditures to fund three capital murder trials which were tried in the 2010 fiscal year.

It is the practice of the County to budget very conservatively; however, actual revenues were 4.3 percent lower than budgeted. Licenses, Fees and Fines were 8.3 percent lower than budgeted, sales tax revenue was 13.4 percent lower than budgeted and interest income was 76.8 percent lower than budgeted. These decreases were related to slower retail sales and the effects of an overall economic downturn. Actual operating expenditures were 6.7 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, 2010 amounts to \$9,210,223 (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 a number of law enforcement vehicles for \$90,513.
- ◆ The purchase of several vehicles, heavy equipment and an emulsion storage tank for road and bridge operations totaling \$147,352.
- ◆ 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 \$830,972 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 \$5,475,529. The County appropriated \$683,389 of this amount for spending in the 2010-11 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 lessen the need to raise taxes during the 2011 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, 2010

	Governmental Activities
Assets	
Cash	\$ 1,648,771
Investments	5,441,402
Taxes receivable, net	431,809
Accounts receivable, net	100,732
Due from fiduciary	87,769
Prepaid expenses	149,022
Inventory	46,699
Capital assets, net	9,210,223
Total assets	<u>17,116,427</u>
Liabilities	
Accounts payable	356,071
Interest payable	5,547
Accrued liabilities	75,907
Due to fiduciary	44,564
Due to others	11,319
Unearned revenues	501
Long-term liabilities:	
Due within one year	274,208
Due in more than one year	556,764
Total liabilities	<u>1,324,881</u>
Net Assets	
Invested in capital assets, net of related debt	9,090,413
Restricted for:	
Debt service	40,671
Education	1,800
Capital projects	567,698
Unrestricted	6,090,964
Total net assets	<u>\$ 15,791,546</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Assets
				Governmental
				Activities
Governmental Activities:				
General Government	\$ 4,161,561	\$ 1,121,794	\$ 11,969	\$ (3,027,798)
Administration of Justice	1,758,267	739,837	154,651	(863,779)
Public Safety	2,644,705	47,204	140,563	(2,456,938)
Corrections and Rehabilitation	2,105,279	79,795	-	(2,025,484)
Health and Human Services	224,634	-	-	(224,634)
Community and Economic Development	263,955	-	-	(263,955)
Infrastructure and Environmental Services	2,001,079	768,090	-	(1,232,989)
Capital Projects	34,388	34,388	-	-
Debt Service Interest and Fiscal Charges	5,550	-	-	(5,550)
Total governmental activities	<u>\$ 13,199,418</u>	<u>\$ 2,791,108</u>	<u>\$ 307,183</u>	<u>(10,101,127)</u>
General revenues:				
Property taxes, levied for general purposes				6,981,359
Property taxes, levied for debt service				215,670
Sales taxes				1,473,031
Hotel/motel taxes				123,812
Mixed beverage taxes				42,041
Investment earnings				49,798
Miscellaneous				117,596
Loss on disposal of capital assets				(1,934)
Total general revenues				<u>9,001,373</u>
Change in net assets				(1,099,754)
Net assets - beginning				16,888,263
Prior period adjustment				3,037
Net assets - ending				<u>\$ 15,791,546</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 209,687	\$ 1,439,084	\$ 1,648,771
Investments	5,441,402	-	5,441,402
Receivables, net:			
Taxes	382,637	49,172	431,809
Accounts	97,813	2,919	100,732
Due from other funds	83,145	4,990	88,135
Prepaid expenses	149,022	-	149,022
Inventory	45,934	765	46,699
Total assets	<u>\$ 6,409,640</u>	<u>\$ 1,496,930</u>	<u>\$ 7,906,570</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 344,161	\$ 11,910	\$ 356,071
Accrued liabilities	75,603	304	75,907
Due to other funds	44,930	-	44,930
Due to others	11,216	103	11,319
Deferred revenue	142,183	-	142,183
Total liabilities	<u>618,093</u>	<u>12,317</u>	<u>630,410</u>
Fund balances:			
Reserved for:			
Prepaid expenses	149,022	-	149,022
Inventory	45,934	765	46,699
Debt service	-	40,671	40,671
Education	1,800	-	1,800
Capital projects	-	567,698	567,698
Designated for capital projects	119,262	-	119,262
Unreserved, undesignated	5,475,529	875,479	6,351,008
Total fund balances	<u>5,791,547</u>	<u>1,484,613</u>	<u>7,276,160</u>
Total liabilities and fund balances	<u>\$ 6,409,640</u>	<u>\$ 1,496,930</u>	<u>\$ 7,906,570</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, 2010

Total fund balances - governmental funds (Exhibit A-3) \$ 7,276,160

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	\$ 17,126,550	
Related accumulated depreciation	<u>7,916,327</u>	9,210,223

Property tax receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	141,682
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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:

Capital leases payable	119,810	
Accrued compensated absences	192,984	
Net other post-employment benefit obligation	518,178	
Accrued interest	<u>5,547</u>	<u>(836,519)</u>

Total net assets - governmental activities (Exhibit A-1)	<u>\$ 15,791,546</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, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 6,946,221	\$ 223,398	\$ 7,169,619
Licenses, fees and fines	2,485,103	183,609	2,668,712
Sales taxes	1,473,031	-	1,473,031
Inmate revenue	56,200	-	56,200
Interest earned	41,994	7,804	49,798
Occupancy tax	-	123,812	123,812
Federal and state grants	160,800	46,420	207,220
Commissary revenue	-	23,595	23,595
Mixed beverage tax	42,041	-	42,041
Forfeiture revenue	-	4,016	4,016
Other revenue	227,976	50,864	278,840
Total revenues	11,433,366	663,518	12,096,884
Expenditures			
29th District Court	434,623	-	434,623
Capital projects	-	34,388	34,388
Commissary	-	28,267	28,267
Commissioner's Court	42,807	-	42,807
Constable	331,364	-	331,364
County Attorney	209,576	8,799	218,375
County Auditor	213,652	-	213,652
County Clerk	305,871	165,853	471,724
County Court	152,480	-	152,480
County Extension Service	88,210	-	88,210
County Treasurer	109,651	-	109,651
Courthouse security	-	16,757	16,757
Department of Public Safety	38,783	-	38,783
District Attorney	229,408	35,049	264,457
District Clerk	180,702	703	181,405
Emergency Management	74,905	-	74,905
Emergency Medical & Health Services	97,906	-	97,906
Forfeiture expenditures	-	18,026	18,026
General operations	3,157,559	42,509	3,200,068
Health services	10,000	-	10,000
Tax Notes:			
Principal	-	235,000	235,000
Interest and fiscal charges	-	4,538	4,538
Hotel/motel tax	-	122,683	122,683
Information Technology	100,804	-	100,804
Inmate contract	186,051	-	186,051
Jail and detention	1,474,250	-	1,474,250
Justice of the Peace	416,081	-	416,081
Narcotics Unit	106,185	-	106,185
Public Works	314,140	-	314,140

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, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Road and Bridge:			
Precinct No. 1	302,858	-	302,858
Precinct No. 2	698,318	-	698,318
Precinct No. 3	531,125	-	531,125
Precinct No. 4	620,905	-	620,905
Sheriff	1,575,187	-	1,575,187
Tax Assessor-Collector	497,323	1,292	498,615
Vending Expenditures	-	3,673	3,673
Veteran's Administration	48,543	-	48,543
Total expenditures	<u>12,549,267</u>	<u>717,537</u>	<u>13,266,804</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and uses	<u>(1,115,901)</u>	<u>(54,019)</u>	<u>(1,169,920)</u>
Other sources and uses:			
Transfers in	-	12,710	12,710
Transfers out	<u>-</u>	<u>(12,710)</u>	<u>(12,710)</u>
Total other sources and uses:	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,115,901)	(54,019)	(1,169,920)
Fund balances, beginning of year	6,907,448	1,535,595	8,443,043
Prior period adjustment	-	3,037	3,037
Fund balances, end of year	<u>\$ 5,791,547</u>	<u>\$ 1,484,613</u>	<u>\$ 7,276,160</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, 2010

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (1,169,920)

Amounts reported for *governmental activities* 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	\$ 830,213	
Depreciation expense for the year	<u>845,584</u>	(15,371)

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. (24,630)

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 increased by this amount this year. 27,410

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	235,000	
Capital leases	<u>99,153</u>	334,153

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: (2,172)

Included in long-term debt are obligations for accrued vacation leave and the net other post-employment benefit obligation. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was: (254,579)

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, 2009	10,902	
Accrued interest at September 30, 2010	<u>5,547</u>	<u>5,355</u>

Change in net assets of governmental activities (Exhibit A-2) \$ (1,099,754)

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2010

	Agency Funds
Assets	
Cash	\$ 1,423,359
Investments	358,425
Accounts receivable	119
Due from other funds	44,564
Total assets	<u>\$ 1,826,467</u>
Liabilities	
Due to other funds	\$ 87,769
Due to others	1,738,698
Total liabilities	<u>\$ 1,826,467</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2010

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, 2010

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, 2010

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 \$192,984 of accrued vacation and compensated absences at September 30, 2010 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, 2010

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, 2010, \$119,262 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 held 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, 2010, the carrying amount of the County's deposits was \$5,149,289 and the balance per the bank was \$4,944,992. Included in the carrying amount and bank balance are certificates of deposit (recorded as investments) totaling \$3,300,000.

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, 2010 were \$1,781,784 and the balance per the bank was \$1,781,784. All deposits and investments were secured by FDIC coverage.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

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, 2010 are shown below:

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Government Pools (Lone Star)	-	\$ 194,420
Certificates of Deposit	9.6	3,300,000
Money Market Mutual Fund	-	<u>1,946,982</u>
Total		<u>\$5,441,402</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, 2010

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, 2010

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, 2010, was \$0.284591 per \$100 valuation.

Taxes levied for the payment of principal and interest related to long-term debt was \$0.008980 per \$100 valuation for the year ended September 30, 2010. The total tax rate for Palo Pinto County for fiscal year 2010 was \$0.293571.

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, 2010, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$440,129
Allowance for uncollectible taxes	(298,447)
Net property taxes receivable	<u>\$141,682</u>

Of the \$440,129 of property taxes receivable at September 30, 2010, the County expects to collect approximately \$130,000 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, 2010 was as follows:

Governmental Activities:	Balance 10/1/09	Additions	Retirements	Balance 9/30/10
Capital assets not being depreciated:				
Land	\$ 96,820	\$ 8,000	\$ -	\$ 104,820
Construction in progress	<u>115,950</u>	<u>158,735</u>	<u>60,307</u>	<u>214,378</u>
Total capital assets not being depreciated	<u>212,770</u>	<u>166,735</u>	<u>60,307</u>	<u>319,198</u>
Capital assets being depreciated:				
Buildings and improvements	8,153,688	23,195	-	8,176,883
Equipment	3,274,539	168,638	72,865	3,370,312
Vehicles	2,405,957	134,293	272,810	2,267,440
Infrastructure	<u>2,595,058</u>	<u>397,659</u>	<u>-</u>	<u>2,992,717</u>
Total capital assets being depreciated	<u>16,429,242</u>	<u>723,785</u>	<u>345,675</u>	<u>16,807,352</u>
Less accumulated depreciation for:				
Buildings and improvements	3,889,788	311,528	-	4,201,316
Equipment	1,647,132	160,849	59,162	1,748,819
Vehicles	1,513,325	246,286	261,883	1,497,728
Infrastructure	<u>341,543</u>	<u>126,921</u>	<u>-</u>	<u>468,464</u>
Total accumulated depreciation	<u>7,391,788</u>	<u>845,584</u>	<u>321,045</u>	<u>7,916,327</u>
Total capital assets being depreciated, net	<u>9,037,454</u>	<u>(121,799)</u>	<u>24,630</u>	<u>8,891,025</u>
Governmental activities capital assets, net	<u>\$ 9,250,224</u>	<u>\$ 44,936</u>	<u>\$ 84,937</u>	<u>\$ 9,210,223</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

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

Governmental Activities:	
General Government	\$181,674
Administration of Justice	6,816
Public Safety	170,872
Corrections and Rehabilitation	122,221
Health and Human Services	19,420
Community and Economic Development	12,758
Infrastructure and Environmental Services	<u>331,823</u>
Total governmental depreciation	<u>\$845,584</u>

6. INTERFUND BALANCES

Balances due to and from other funds at September 30, 2010 was as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Fiduciary Funds	\$ 83,145	Short-term loan
Other Governmental Funds	Fiduciary Funds	4,990	Short-term loan
Fiduciary Funds	General Fund	<u>44,930</u>	Short-term loan
	Total	<u>\$133,065</u>	

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

Balances transferred to and from other funds during the year ended September 30, 2010 consisted of the following:

<u>Transfer Out Fund</u>	<u>Transfer in Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds	Other Governmental Funds	<u>\$12,710</u>	Close out I & S Fund

7. LONG-TERM OBLIGATIONS

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.

Capital lease obligations at September 30, 2010 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 9/30/10</u>
Caterpillar Soil Compactor	\$119,165	4/23/2007	11/1/2011	4.85%	\$ 50,019
3 Asphalt Zippers	323,667	6/01/2007	11/1/2010	3.195%	<u>69,791</u>
Total Capital Leases Payable					<u>\$119,810</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

The total cost of capital assets acquired via capital lease is \$415,546. As of September 30, 2010, the County has recorded \$85,473 of depreciation expense on these items, leaving a net book value of \$330,073 as of September 30, 2010.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 94,208	\$6,052	\$100,260
2012	<u>25,602</u>	<u>1,242</u>	<u>26,844</u>
Total	<u>\$119,810</u>	<u>\$7,294</u>	<u>\$127,104</u>

Changes in long-term liabilities for the year ended September 30, 2010 was as follows:

	<u>Balance</u> <u>10/01/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/10</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation debt	\$235,000	\$ -	\$235,000	\$ -	\$ -
Capital lease obligations	218,963	-	99,153	119,810	94,208
Compensated absences	192,028	180,855	179,899	192,984	180,000
Net other post-employment benefit obligation	<u>264,555</u>	<u>396,220</u>	<u>142,597</u>	<u>518,178</u>	<u>-</u>
Total long-term liabilities – governmental activities	<u>\$910,546</u>	<u>\$577,075</u>	<u>\$656,649</u>	<u>\$830,972</u>	<u>\$274,208</u>

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.

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.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

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, 2010.

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, 2010, two bridges were in process and the other two had not been let.

Time Warrants

On September 17, 2010, the County authorized the issuance of time warrants totaling \$350,000 at 3.25% maturing through October 2013 to finance the road construction project (Chesnut Mountain, Precinct 4). On December 23, 2010, only \$250,000 of the warrants were issued upon completion of the project.

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 thirteen participants receiving healthcare benefits and eight participants receiving Medicare supplemental benefits. The cost to the County for retiree healthcare benefits was \$83,445 and the cost for retiree Medicare supplemental benefits was \$4,242 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 TCERS Board of Trustees. TCERS 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, 2010

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, 2010, 2009 and 2008 were \$6,438, \$6,330 and \$6,740, 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 602 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 10.97% for the months of the accounting year in 2009, and 10.70% for the months of the accounting year in 2010.

The contribution rate payable by the employee members for calendar years 2009 and 2010 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, 2010

C. Annual Pension Cost

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 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, 2009 was 20 years.

The County's annual pension cost and actual contributions for the years ended September 30, 2010, 2009 and 2008 were \$693,538, \$636,813 and \$498,858, 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, 2009, the most recent actuarial valuation date, the plan was 80.02 percent funded. The actuarial accrued liability for benefits was \$14,221,934 and the actuarial value of assets was \$11,381,089, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,840,845. The covered payroll (annual payroll of active employees covered by the plan) was \$6,211,733, and the ratio of the UAAL to the covered payroll was 45.73 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

The County administers the Palo Pinto County Retiree Health Care Plan for retired employees.

A. Plan Description

Pre-65 Plan – Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, 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 prescribed in the current health plan for retired participants who continue coverage. The retired employee may continue coverage for dependents, if he or she pays 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. Percent of premium paid by County is subject to change with the intent of leaving the dollar amount of benefit the same. The benefit is subject to annual appropriations by the Commissioners' Court.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

B. Normal Retirement Benefits

Retirement benefits are a defined benefit plan under TCDRS (see note 10). 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.

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

Currently, 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 accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB. The next valuation is scheduled for the year ended September 30, 2012. The County's OPEB cost for the year ended September 30, 2010 was as follows:

Annual Required Contribution	\$395,345
Interest on OPEB obligation	11,905
Adjustment to ARC	(11,030)
Annual OPEB cost (expense) end of year	396,220
Net estimated employer contributions	(142,597)
Increase (decrease) in net OPEB obligation	253,623
Net OPEB obligation – beginning of year	<u>264,555</u>
Net OPEB obligation – end of year	<u>\$518,178</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

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

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:

Inflation Rate	3.0% per annum
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
Amortization Period	Open 30 year period
Salary Growth	3.0% per annum
Medical Trend	10.0% in 2008 decreasing by .5% each year to 4.5% in 2019 and beyond

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.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2010

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. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2010, 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, 2010

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Ad valorem taxes	\$ 6,845,200	\$ 6,845,200	\$ 6,946,221	\$ 101,021
Licenses, fees and fines	2,710,150	2,710,150	2,485,103	(225,047)
Sales taxes	1,700,000	1,700,000	1,473,031	(226,969)
Inmate revenue	232,000	232,000	56,200	(175,800)
Interest earned	103,000	103,000	41,994	(61,006)
Federal and state grants	171,800	171,800	160,800	(11,000)
Mixed beverage tax	35,000	35,000	42,041	7,041
Other	124,250	155,594	227,976	72,382
Total revenues	<u>11,921,400</u>	<u>11,952,744</u>	<u>11,433,366</u>	<u>(519,378)</u>
Expenditures				
29th District Court	325,031	435,981	434,623	1,358
Commissioners' Court	43,559	43,559	42,807	752
Constable	346,426	346,676	331,364	15,312
County Attorney	219,917	219,917	209,576	10,341
County Auditor	213,186	214,336	213,652	684
County Clerk	321,748	321,748	305,871	15,877
County Court	162,327	162,327	152,480	9,847
County Extension Service	88,927	88,927	88,210	717
County Treasurer	113,922	113,922	109,651	4,271
Department of Public Safety	37,852	38,802	38,783	19
District Attorney	233,166	239,366	229,408	9,958
District Clerk	185,901	185,901	180,702	5,199
Emergency Management	82,814	82,814	74,905	7,909
Emergency Medical & Health Services	98,000	98,000	97,906	94
General Operations	3,331,900	3,273,346	3,157,559	115,787
Health Services	10,000	10,000	10,000	-
Information Technology	96,699	101,251	100,804	447
Inmate Contract	229,999	212,349	186,051	26,298
Jail and Detention	1,582,409	1,592,559	1,474,250	118,309
Justice of the Peace	426,889	426,889	416,081	10,808
Narcotics Unit	126,943	126,943	106,185	20,758
Public Works	358,258	358,258	314,140	44,118
Road and Bridge:				
Precinct No. 1	419,577	419,577	302,858	116,719
Precinct No. 2	871,088	871,088	698,318	172,770
Precinct No. 3	616,722	616,722	531,125	85,597
Precinct No. 4	706,450	706,450	620,905	85,545
Sheriff	1,585,088	1,618,436	1,575,187	43,249
Tax Assessor-Collector	502,490	502,490	497,323	5,167
Veterans' Administration	49,139	49,137	48,543	594
Total expenditures	<u>13,386,427</u>	<u>13,477,771</u>	<u>12,549,267</u>	<u>928,504</u>
Net change in fund balances	(1,465,027)	(1,525,027)	(1,115,901)	409,126
Fund balances, beginning of year	6,907,448	6,907,448	6,907,448	-
Fund balances, end of year	<u>\$ 5,442,421</u>	<u>\$ 5,382,421</u>	<u>\$ 5,791,547</u>	<u>\$ 409,126</u>

PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2010

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, 2010

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)
12/31/2007	\$ 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%
12/31/2009	11,381,089	14,221,934	2,840,845	80.02%	6,211,733	45.73%

PALO PINTO COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS -
PALO PINTO COUNTY RETIREE HEALTH CARE PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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, 2010

	10	11/12/13/14	
	General	Road	
	Fund	and Bridge	Total
	Fund	Fund	
ASSETS			
Cash	\$ 123,304	\$ 86,383	\$ 209,687
Investments	3,927,188	1,514,214	5,441,402
Receivables, net:			
Taxes	361,324	21,313	382,637
Accounts	82,115	15,698	97,813
Due from other funds	53,290	29,855	83,145
Prepaid expenses	149,022	-	149,022
Inventory	7,234	38,700	45,934
Total assets	<u>\$ 4,703,477</u>	<u>\$ 1,706,163</u>	<u>\$ 6,409,640</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 238,719	\$ 105,442	\$ 344,161
Accrued liabilities	64,696	10,907	75,603
Due to other funds	44,930	-	44,930
Due to others	11,216	-	11,216
Deferred revenue	120,869	21,314	142,183
Total liabilities	<u>480,430</u>	<u>137,663</u>	<u>618,093</u>
Fund balances:			
Reserved for:			
Prepaid expenses	149,022	-	149,022
Inventory	7,234	38,700	45,934
Education	1,800	-	1,800
Designated for capital projects	119,262	-	119,262
Unreserved, undesignated	3,945,729	1,529,800	5,475,529
Total fund balances	<u>4,223,047</u>	<u>1,568,500</u>	<u>5,791,547</u>
Total liabilities and fund balances	<u>\$ 4,703,477</u>	<u>\$ 1,706,163</u>	<u>\$ 6,409,640</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	10	11/12/13/14	
	General	Road	Total
	Fund	and Bridge	
	Fund	Fund	
Revenues			
Ad valorem taxes	\$ 5,816,760	\$ 1,129,461	\$ 6,946,221
Licenses, fees and fines	1,762,443	722,660	2,485,103
Sales taxes	1,473,031	-	1,473,031
Inmate revenue	56,200	-	56,200
Interest earned	38,339	3,655	41,994
Federal and state grants	160,800	-	160,800
Mixed beverage tax	42,041	-	42,041
Other revenue	201,688	26,288	227,976
Total revenues	<u>9,551,302</u>	<u>1,882,064</u>	<u>11,433,366</u>
Expenditures			
29th District Court	434,623	-	434,623
Commissioners' Court	42,807	-	42,807
Constable	331,364	-	331,364
County Attorney	209,576	-	209,576
County Auditor	213,652	-	213,652
County Clerk	305,871	-	305,871
County Court	152,480	-	152,480
County Extension Service	88,210	-	88,210
County Treasurer	109,651	-	109,651
Department of Public Safety	38,783	-	38,783
District Attorney	229,408	-	229,408
District Clerk	180,702	-	180,702
Emergency Management	74,905	-	74,905
Emergency Medical & Health Services	97,906	-	97,906
General operations	3,157,559	-	3,157,559
Health services	10,000	-	10,000
Information Technology	100,804	-	100,804
Inmate contract	186,051	-	186,051
Jail and detention	1,474,250	-	1,474,250
Justice of the Peace	416,081	-	416,081
Narcotics Unit	106,185	-	106,185
Public Works	314,140	-	314,140
Road and Bridge:			
Precinct No. 1	-	302,858	302,858
Precinct No. 2	-	698,318	698,318
Precinct No. 3	-	531,125	531,125
Precinct No. 4	-	620,905	620,905
Sheriff	1,575,187	-	1,575,187
Tax Assessor-Collector	497,323	-	497,323
Veteran's Administration	48,543	-	48,543
Total expenditures	<u>10,396,061</u>	<u>2,153,206</u>	<u>12,549,267</u>
Net change in fund balances	(844,759)	(271,142)	(1,115,901)
Fund balances, beginning of year	5,067,806	1,839,642	6,907,448
Fund balances, end of year	<u>\$ 4,223,047</u>	<u>\$ 1,568,500</u>	<u>\$ 5,791,547</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, 2010

	General (10)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 5,731,500	\$ 5,816,760	\$ 85,260
Licenses, fees and fines	2,006,650	1,762,443	(244,207)
Sales taxes	1,700,000	1,473,031	(226,969)
Inmate revenue	232,000	56,200	(175,800)
Interest earned	85,000	38,339	(46,661)
Federal and state grants	171,800	160,800	(11,000)
Mixed beverage tax	35,000	42,041	7,041
Other revenue	155,594	201,688	46,094
Total revenues	<u>10,117,544</u>	<u>9,551,302</u>	<u>(566,242)</u>
Expenditures			
29th District Court	435,981	434,623	1,358
Commissioners' Court	43,559	42,807	752
Constable	346,676	331,364	15,312
County Attorney	219,917	209,576	10,341
County Auditor	214,336	213,652	684
County Clerk	321,748	305,871	15,877
County Court	162,327	152,480	9,847
County Extension Service	88,927	88,210	717
County Treasurer	113,922	109,651	4,271
Department of Public Safety	38,802	38,783	19
District Attorney	239,366	229,408	9,958
District Clerk	185,901	180,702	5,199
Emergency Management	82,814	74,905	7,909
Emergency Medical & Health Services	98,000	97,906	94
General operations	3,273,346	3,157,559	115,787
Health services	10,000	10,000	-
Information Technology	101,251	100,804	447
Inmate contract	212,349	186,051	26,298
Jail and detention	1,592,559	1,474,250	118,309
Justice of the Peace	426,889	416,081	10,808
Narcotics Unit	126,943	106,185	20,758
Public Works	358,258	314,140	44,118
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	1,618,436	1,575,187	43,249
Tax Assessor-Collector	502,490	497,323	5,167
Veteran's Administration	49,137	48,543	594
Total expenditures	<u>10,863,934</u>	<u>10,396,061</u>	<u>467,873</u>
Net change in fund balances	(746,390)	(844,759)	(98,369)
Fund balances, beginning of year	5,067,806	5,067,806	-
Fund balances, end of year	<u>\$ 4,321,416</u>	<u>\$ 4,223,047</u>	<u>\$ (98,369)</u>

Road and Bridge (11/12/13/14)			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,113,700	\$ 1,129,461	\$ 15,761	\$ 6,845,200	\$ 6,946,221	\$ 101,021
703,500	722,660	19,160	2,710,150	2,485,103	(225,047)
-	-	-	1,700,000	1,473,031	(226,969)
-	-	-	232,000	56,200	(175,800)
18,000	3,655	(14,345)	103,000	41,994	(61,006)
-	-	-	171,800	160,800	(11,000)
-	-	-	35,000	42,041	7,041
-	26,288	26,288	155,594	227,976	72,382
<u>1,835,200</u>	<u>1,882,064</u>	<u>46,864</u>	<u>11,952,744</u>	<u>11,433,366</u>	<u>(519,378)</u>
-	-	-	435,981	434,623	1,358
-	-	-	43,559	42,807	752
-	-	-	346,676	331,364	15,312
-	-	-	219,917	209,576	10,341
-	-	-	214,336	213,652	684
-	-	-	321,748	305,871	15,877
-	-	-	162,327	152,480	9,847
-	-	-	88,927	88,210	717
-	-	-	113,922	109,651	4,271
-	-	-	38,802	38,783	19
-	-	-	239,366	229,408	9,958
-	-	-	185,901	180,702	5,199
-	-	-	82,814	74,905	7,909
-	-	-	98,000	97,906	94
-	-	-	3,273,346	3,157,559	115,787
-	-	-	10,000	10,000	-
-	-	-	101,251	100,804	447
-	-	-	212,349	186,051	26,298
-	-	-	1,592,559	1,474,250	118,309
-	-	-	426,889	416,081	10,808
-	-	-	126,943	106,185	20,758
-	-	-	358,258	314,140	44,118
419,577	302,858	116,719	419,577	302,858	116,719
871,088	698,318	172,770	871,088	698,318	172,770
616,722	531,125	85,597	616,722	531,125	85,597
706,450	620,905	85,545	706,450	620,905	85,545
-	-	-	1,618,436	1,575,187	43,249
-	-	-	502,490	497,323	5,167
-	-	-	49,137	48,543	594
<u>2,613,837</u>	<u>2,153,206</u>	<u>460,631</u>	<u>13,477,771</u>	<u>12,549,267</u>	<u>928,504</u>
(778,637)	(271,142)	507,495	(1,525,027)	(1,115,901)	409,126
1,839,642	1,839,642	-	6,907,448	6,907,448	-
<u>\$ 1,061,005</u>	<u>\$ 1,568,500</u>	<u>\$ 507,495</u>	<u>\$ 5,382,421</u>	<u>\$ 5,791,547</u>	<u>\$ 409,126</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue Funds				
	20	24	25	30	32
	Commissary	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor-Collector
ASSETS					
Cash	\$ 21,079	\$ 3,037	\$ 24	\$ 1,477	\$ 2,426
Receivables, net:					
Taxes	-	-	-	-	-
Accounts	11	-	-	-	-
Due from other funds	-	-	1,402	-	7
Inventory	765	-	-	-	-
Total assets	<u>\$ 21,855</u>	<u>\$ 3,037</u>	<u>\$ 1,426</u>	<u>\$ 1,477</u>	<u>\$ 2,433</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to others	103	-	-	-	-
Total liabilities	<u>103</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for:					
Inventory	765	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, undesignated	20,987	2,987	1,426	1,477	2,433
Total fund balances	<u>21,752</u>	<u>2,987</u>	<u>1,426</u>	<u>1,477</u>	<u>2,433</u>
Total liabilities and fund balances	<u>\$ 21,855</u>	<u>\$ 3,037</u>	<u>\$ 1,426</u>	<u>\$ 1,477</u>	<u>\$ 2,433</u>

EXHIBIT C-4

(Page 1 of 2)

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
\$ 14,974	\$ 21,355	\$ 30,259	\$ 9,524	\$ 304,651	\$ 18,496	\$ 75,511	\$ 37,918
49,172	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,346	40	138	175
-	-	-	-	-	-	-	-
<u>\$ 64,146</u>	<u>\$ 21,355</u>	<u>\$ 30,259</u>	<u>\$ 9,524</u>	<u>\$ 305,997</u>	<u>\$ 18,536</u>	<u>\$ 75,649</u>	<u>\$ 38,093</u>
\$ -	\$ 61	\$ -	\$ -	\$ 7,529	\$ -	\$ -	\$ 793
-	-	-	304	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>61</u>	<u>-</u>	<u>304</u>	<u>7,529</u>	<u>-</u>	<u>-</u>	<u>793</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
64,146	21,294	30,259	9,220	298,468	18,536	75,649	37,300
<u>64,146</u>	<u>21,294</u>	<u>30,259</u>	<u>9,220</u>	<u>298,468</u>	<u>18,536</u>	<u>75,649</u>	<u>37,300</u>
<u>\$ 64,146</u>	<u>\$ 21,355</u>	<u>\$ 30,259</u>	<u>\$ 9,524</u>	<u>\$ 305,997</u>	<u>\$ 18,536</u>	<u>\$ 75,649</u>	<u>\$ 38,093</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
ASSETS					
Cash	\$ 218,144	\$ 63,829	\$ 5,917	\$ 3,429	\$ -
Receivables, net:					
Taxes	-	-	-	-	-
Accounts	61	80	19	-	2,748
Due from other funds	310	196	41	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 218,515</u>	<u>\$ 64,105</u>	<u>\$ 5,977</u>	<u>\$ 3,429</u>	<u>\$ 2,748</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 670	\$ -	\$ 59	\$ 2,748
Accrued liabilities	-	-	-	-	-
Due to others	-	-	-	-	-
Total liabilities	<u>-</u>	<u>670</u>	<u>-</u>	<u>59</u>	<u>2,748</u>
Fund balances:					
Reserved for:					
Inventory	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, undesignated	218,515	63,435	5,977	3,370	-
Total fund balances	<u>218,515</u>	<u>63,435</u>	<u>5,977</u>	<u>3,370</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 218,515</u>	<u>\$ 64,105</u>	<u>\$ 5,977</u>	<u>\$ 3,429</u>	<u>\$ 2,748</u>

EXHIBIT C-4

(Page 2 of 2)

Debt Service Funds		Capital Projects		Total Other Governmental Funds
61	62	72	74	
2003 Series Tax Notes \$1.45 Million	2004 Series Tax Notes \$320,000	Dempsey Facility	Capital Improvement Fund	
\$ 39,336	\$ -	\$ 230,241	\$ 337,457	\$ 1,439,084
-	-	-	-	49,172
-	-	-	-	2,919
1,335	-	-	-	4,990
-	-	-	-	765
<u>\$ 40,671</u>	<u>\$ -</u>	<u>\$ 230,241</u>	<u>\$ 337,457</u>	<u>\$ 1,496,930</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,910
-	-	-	-	304
-	-	-	-	103
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,317</u>
-	-	-	-	765
40,671	-	-	-	40,671
-	-	230,241	337,457	567,698
-	-	-	-	875,479
<u>40,671</u>	<u>-</u>	<u>230,241</u>	<u>337,457</u>	<u>1,484,613</u>
<u>\$ 40,671</u>	<u>\$ -</u>	<u>\$ 230,241</u>	<u>\$ 337,457</u>	<u>\$ 1,496,930</u>

PALO PINTO COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds				
	20	24	25	30	32
	Commissary	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	-	-	9,606	8	87
Interest earned	-	-	-	-	16
Occupancy tax	-	-	-	-	-
Federal and state grants	-	-	-	-	-
Commissary revenue	23,595	-	-	-	-
Forfeiture revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>23,595</u>	<u>-</u>	<u>9,606</u>	<u>8</u>	<u>103</u>
Expenditures					
Capital projects	-	-	-	-	-
Commissary	28,267	-	-	-	-
County Attorney	-	-	8,799	-	-
County Clerk	-	-	-	-	-
Courthouse security	-	-	-	-	-
District Attorney	-	-	-	-	-
District Clerk	-	-	-	-	-
Forfeiture expenditures	-	-	-	-	-
General operations	-	50	-	-	-
Tax Notes:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-
Tax Assessor-Collector	-	-	-	-	1,292
Vending expenditures	-	-	-	-	-
Total expenditures	<u>28,267</u>	<u>50</u>	<u>8,799</u>	<u>-</u>	<u>1,292</u>
Excess (deficiency) or revenues over (under) expenditures before other sources and uses	<u>(4,672)</u>	<u>(50)</u>	<u>807</u>	<u>8</u>	<u>(1,189)</u>
Other sources and uses:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other sources and uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,672)	(50)	807	8	(1,189)
Fund balances, beginning of year	26,424	-	619	1,469	3,622
Prior period adjustment	-	3,037	-	-	-
Fund balances, end of year	<u>\$ 21,752</u>	<u>\$ 2,987</u>	<u>\$ 1,426</u>	<u>\$ 1,477</u>	<u>\$ 2,433</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	90,721	7,487	12,595	19,520
229	107	191	18	1,933	76	362	184
123,812	-	-	-	-	-	-	-
-	-	-	34,451	-	-	-	-
-	-	-	-	-	-	-	-
-	4,016	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>124,041</u>	<u>4,123</u>	<u>191</u>	<u>34,469</u>	<u>92,654</u>	<u>7,563</u>	<u>12,957</u>	<u>19,704</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	165,853	-	-	-
-	-	-	-	-	-	-	-
-	-	-	35,049	-	-	-	-
-	-	-	-	-	703	-	-
-	6,754	11,272	-	-	-	-	-
-	-	-	-	-	-	-	17,383
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
122,683	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>122,683</u>	<u>6,754</u>	<u>11,272</u>	<u>35,049</u>	<u>165,853</u>	<u>703</u>	<u>-</u>	<u>17,383</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,358	(2,631)	(11,081)	(580)	(73,199)	6,860	12,957	2,321
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,358	(2,631)	(11,081)	(580)	(73,199)	6,860	12,957	2,321
62,788	23,925	41,340	9,800	371,667	11,676	62,692	34,979
-	-	-	-	-	-	-	-
<u>\$ 64,146</u>	<u>\$ 21,294</u>	<u>\$ 30,259</u>	<u>\$ 9,220</u>	<u>\$ 298,468</u>	<u>\$ 18,536</u>	<u>\$ 75,649</u>	<u>\$ 37,300</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	56	57	58	73
	Courthouse Security Fund	Justice Technology Fund	Justice Court Security Fee	Employee Fund	HAVA Grant
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	24,716	15,369	3,500	-	-
Interest earned	1,073	315	55	17	-
Occupancy tax	-	-	-	-	-
Federal and state grants	-	-	-	-	11,969
Commissary revenue	-	-	-	-	-
Forfeiture revenue	-	-	-	-	-
Other revenue	-	-	-	4,197	-
Total revenues	<u>25,789</u>	<u>15,684</u>	<u>3,555</u>	<u>4,214</u>	<u>11,969</u>
Expenditures					
Capital projects	-	-	-	-	-
Commissary	-	-	-	-	-
County Attorney	-	-	-	-	-
County Clerk	-	-	-	-	-
Courthouse security	1,794	-	14,963	-	-
District Attorney	-	-	-	-	-
District Clerk	-	-	-	-	-
Forfeiture expenditures	-	-	-	-	-
General operations	-	13,107	-	-	11,969
Tax Notes:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-
Tax Assessor-Collector	-	-	-	-	-
Vending expenditures	-	-	-	3,673	-
Total expenditures	<u>1,794</u>	<u>13,107</u>	<u>14,963</u>	<u>3,673</u>	<u>11,969</u>
Excess (deficiency) or revenues over (under) expenditures before other sources and uses	<u>23,995</u>	<u>2,577</u>	<u>(11,408)</u>	<u>541</u>	<u>-</u>
Other sources and uses:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other sources and uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	23,995	2,577	(11,408)	541	-
Fund balances, beginning of year	194,520	60,858	17,385	2,829	-
Prior period adjustment	-	-	-	-	-
Fund balances, end of year	<u>\$ 218,515</u>	<u>\$ 63,435</u>	<u>\$ 5,977</u>	<u>\$ 3,370</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects		Total Other Governmental Funds
61	62	72	74	
2003 Series Tax Notes \$1.45 Million	2004 Series Tax Notes \$320,000	Dempsey Facility	Capital Improvement Fund	
\$ 223,398	\$ -	\$ -	\$ -	\$ 223,398
-	-	-	-	183,609
225	10	1,138	1,855	7,804
-	-	-	-	123,812
-	-	-	-	46,420
-	-	-	-	23,595
-	-	-	-	4,016
-	-	46,667	-	50,864
<u>223,623</u>	<u>10</u>	<u>47,805</u>	<u>1,855</u>	<u>663,518</u>
-	-	15,954	18,434	34,388
-	-	-	-	28,267
-	-	-	-	8,799
-	-	-	-	165,853
-	-	-	-	16,757
-	-	-	-	35,049
-	-	-	-	703
-	-	-	-	18,026
-	-	-	-	42,509
235,000	-	-	-	235,000
4,538	-	-	-	4,538
-	-	-	-	122,683
-	-	-	-	1,292
-	-	-	-	3,673
<u>239,538</u>	<u>-</u>	<u>15,954</u>	<u>18,434</u>	<u>717,537</u>
(15,915)	10	31,851	(16,579)	(54,019)
12,710	-	-	-	12,710
-	(12,710)	-	-	(12,710)
<u>12,710</u>	<u>(12,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,205)	(12,700)	31,851	(16,579)	(54,019)
43,876	12,700	198,390	354,036	1,535,595
-	-	-	-	3,037
<u>\$ 40,671</u>	<u>\$ -</u>	<u>\$ 230,241</u>	<u>\$ 337,457</u>	<u>\$ 1,484,613</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF ASSETS AND LIABILITIES -
FIDUCIARY FUND
SEPTEMBER 30, 2010

	40	44	79	80	81	87
	District Attorney Seized Funds	Sheriff's Seizure Fund	Sheriff's Department Civil Process	Tax Collection	Auto Registration	County Treasurer (Special)
Assets						
Cash	\$ 52,100	\$ 20,058	\$ 2,264	\$ 282,975	\$ 383,057	\$ 87,813
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	59	60
Due from other funds	-	-	-	-	-	44,564
Total assets	<u>\$ 52,100</u>	<u>\$ 20,058</u>	<u>\$ 2,264</u>	<u>\$ 282,975</u>	<u>\$ 383,116</u>	<u>\$ 132,437</u>
Liabilities						
Due to other funds	\$ -	\$ -	\$ 2,264	\$ 36,972	\$ 35,655	\$ 929
Due to others	52,100	20,058	-	246,003	347,461	131,508
Total liabilities	<u>\$ 52,100</u>	<u>\$ 20,058</u>	<u>\$ 2,264</u>	<u>\$ 282,975</u>	<u>\$ 383,116</u>	<u>\$ 132,437</u>

93	94	95	96	97	98	110	
County Clerk	County Attorney	District Clerk	District Attorney	Public Works	Inmate Trust	Deferred Compensation	Total
\$ 221,359	\$ 16,911	\$ 320,959	\$ 28,265	\$ 2,380	\$ 5,218	\$ -	\$ 1,423,359
-	-	41,390	-	-	-	317,035	358,425
-	-	-	-	-	-	-	119
-	-	-	-	-	-	-	44,564
<u>\$ 221,359</u>	<u>\$ 16,911</u>	<u>\$ 362,349</u>	<u>\$ 28,265</u>	<u>\$ 2,380</u>	<u>\$ 5,218</u>	<u>\$ 317,035</u>	<u>\$ 1,826,467</u>
\$ 7,198	\$ 1,405	\$ 930	\$ -	\$ 1,950	\$ 466	\$ -	\$ 87,769
214,161	15,506	361,419	28,265	430	4,752	317,035	1,738,698
<u>\$ 221,359</u>	<u>\$ 16,911</u>	<u>\$ 362,349</u>	<u>\$ 28,265</u>	<u>\$ 2,380</u>	<u>\$ 5,218</u>	<u>\$ 317,035</u>	<u>\$ 1,826,467</u>

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Revenues

Commissary revenue	\$ 15,812
Phone card revenue	7,171
Over-the-counter revenue	607
Other income	5
Total revenues	<u>23,595</u>

Expenditures

Commissary:

Operations and management	1,200
Phone card expense	5,707
Commissary supplies	4,007
Over-the-counter supplies	317
Indigent supplies	9,321
Inmate education	48
Cable TV	493
Miscellaneous expense	5,790
Capital expense	1,384
Total expenditures	<u>28,267</u>

Excess (deficiency) of revenues over expenditures (4,672)

Fund balance, beginning of year 26,424

Fund balance, end of year \$ 21,752