

AUSTIN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

WAYNE R. BEYER
CERTIFIED PUBLIC ACCOUNTANT

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AUSTIN COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2010

Austin County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Austin County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of and for the year ended September 30, 2010, which collectively comprise Austin County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Austin County, Texas's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, The F/M Lateral Road Fund and the Road and Bridge Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 12, 2011, on my consideration of Austin County, Texas's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of my audit.

The management's discussion and analysis, the non-major budgetary comparison information, and the required supplementary information on pages 3 through 12, 61 through 65, and 50, 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis and the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Austin County, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Austin County, Texas. The combining and individual non-major fund financial statements and schedules of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
August 12, 2011

Management's Discussion and Analysis

As management of Austin County, Texas, we offer readers of Austin County, Texas's financial statements this narrative overview and analysis of the financial activities of Austin County, Texas for the fiscal year ended September 30, 2010.

Financial Highlights

- The assets of Austin County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$27,786,121 (net assets). Of this amount, \$9,531,040 or 34% (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$504,615. This decrease is mainly attributable to depreciation expenses of \$2,687,482. The decrease in the prior year was \$982,336. The charges for services increased by \$1,449,504, operating grants increased by \$780,015, ad valorem taxes increased by \$850,979, and miscellaneous income increased by \$363,284. Capital grants income declined by \$892,058. Expenses increased by \$1,972,193. The major increase occurred in the transportation and administration departments which increased by \$1,076,020 and \$731,449, respectively.
- Austin County, Texas's total restricted net assets at September 30, 2010 is \$5,841,318 or 21 of net assets.
- Austin County, Texas's total debt decreased by \$788,635 (7 percent) during the current fiscal year. The key factor is the payment of bond, note, and capital lease principle of \$817,585.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of Austin County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Austin County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Austin County, Texas include the Internal Service Fund.

The government-wide financial statements include only Austin County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 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. Austin County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Austin County, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary 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 statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Austin County, Texas maintains forty-seven (47) 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, the F/M lateral fund, the 2007 PSIC fund, the Texas road bond series 2007 fund, and the road and bridge fund each of which are considered to be major funds. Data from the other forty-two (42) 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 statements elsewhere in this report.

Austin County, Texas adopts an annual appropriated budget for its general fund, the F/M lateral fund, and the road and bridge fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund, and all the other special revenue funds for which budgets were adopted. The basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds: Austin County maintains one type of proprietary fund. The Internal Service Fund for Austin County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Austin County, Texas also has five agency funds and one expendable trust fund which is a fiduciary fund type. The fiduciary fund types can be found on page 27 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-49 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Austin County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 50 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, the non-major governmental funds, and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 51-56 and on pages 57-60 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 61-65 of this report.

The single audit section can be found on pages 66-75 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 Austin County, Texas, assets exceeded liabilities by \$27,786,121 at the close of the most recent fiscal year.

AUSTIN COUNTY, TEXAS NET ASSETS

	Governmental Activities		Total	
	2010	2009	2010	2009
Current and Other Assets	\$16,467,314	\$22,626,038	\$16,467,314	\$22,626,038
Capital Assets:	23,116,254	21,657,147	23,116,254	21,657,147
Total Assets	39,583,568	44,283,185	39,583,568	44,283,185
Long-Term Liabilities	10,884,865	11,673,500	10,884,865	11,673,500
Other Liabilities	912,582	4,318,949	912,582	4,318,949
Total Liabilities	11,797,447	15,992,449	11,797,447	15,992,449
Invested in Capital Assets, Net of Related Debt	12,413,763	11,793,050	12,413,763	11,793,050
Restricted	5,841,318	5,704,197	5,841,318	5,704,197
Unrestricted	9,531,040	10,793,489	9,531,040	10,793,489
Total Net Assets	\$27,786,121	\$28,290,736	\$27,786,121	\$28,290,736

A portion of Austin County, Texas's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$9,531,040) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Austin County, Texas is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$137,121 in restricted net assets reported in connection with Austin County, Texas's governmental activities. This increase resulted from additional monies restricted for special projects and construction.

The government's total net assets decreased by \$504,615. This decrease is mainly attributable to depreciation expenses of \$2,687,482. The decrease in the prior year was \$982,336. The charges for services increased by \$1,449,504, operating grants increased by \$780,015, ad valorem taxes increased by \$850,979, and miscellaneous income increased by \$363,284. Capital grants income declined by \$892,058. Expenses increased by \$1,972,193. The major increase occurred in the transportation and administration departments which increased by \$1,076,020 and \$731,449, respectively.

Governmental activities: There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis.

**AUSTIN COUNTY, TEXAS
CHANGE IN NET ASSETS**

	Governmental Activities		Total	
	2010	2009	2010	2009
Revenues:				
Program Revenues:				
Charges for Services	\$5,385,916	\$3,936,412	\$5,385,916	\$3,936,412
Operating Grants and Contributions	1,180,303	400,288	1,180,303	400,288
Capital Grants and Contributions	19,923	911,981	19,923	911,981
General Revenues:				
Maintenance and Operations Taxes	11,346,578	10,495,599	11,346,578	10,495,599
Sales Taxes	1,119,936	1,187,302	1,119,936	1,187,302
Other Taxes	12,250	11,838	12,250	11,838
Unrestricted Investment Earnings	82,195	117,052	82,195	117,052
Miscellaneous	460,129	96,845	460,129	96,845
Total Revenue	19,607,230	17,157,317	19,607,230	17,157,317
Expenses:				
General Administration	4,180,065	3,448,616	4,180,065	3,448,616
Legal	397,746	377,739	397,746	377,739
Judicial	1,147,448	981,291	1,147,448	981,291
Financial Administration	503,736	521,648	503,736	521,648
Public Facilities	574,424	685,734	574,424	685,734
Public Safety	5,608,980	5,313,479	5,608,980	5,313,479
Public Transportation	6,807,786	5,731,766	6,807,786	5,731,766
Culture and Recreation	124,768	556,946	124,768	556,946
Health and Welfare	142,375	71,465	142,375	71,465
Environmental Protection	42,827	55,385	42,827	55,385
Conservation - Agriculture	127,133	130,705	127,133	130,705
Interest and Fiscal Charges	454,558	264,879	454,558	264,879
Total Expenses	20,111,846	18,139,653	20,111,846	18,139,653
Increase in Net Assets Before Transfers and Special Items Transfers	(504,616)	(982,336)	(504,616)	(982,336)
	0	0	0	0
Increase in Net Assets	(504,616)	(982,336)	(504,616)	(982,336)
Net Assets at 9/30/2009	28,290,737	29,273,072	28,290,737	29,273,072
Net Assets at 9/30/2010	\$27,786,121	\$28,290,736	\$27,786,121	\$28,290,736

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$4,180,065	\$318,780	\$97,925	\$0
Legal	397,746	140,375		
Judicial	1,147,448	1,344,389	67,317	
Financial Administration	503,736	260,028		
Public Facilities	574,424			
Public Safety	5,608,980	1,885,002	939,015	
Public Transportation	6,807,786	934,965	39,739	19,923
Culture and Recreation	124,768		5,912	
Health and Welfare	142,375	498,544	30,395	
Environmental Protection	42,827	3,833		
Conservation - Agriculture	127,133			
Interest and Fiscal Charges	454,558			
Total Government Activities	20,111,846	5,385,916	1,180,303	19,923
Total Primary Government	\$20,111,846	\$5,385,916	\$1,180,303	\$19,923

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$5,385,916	27%
Operating Grants and Contributions	1,180,303	6%
Capital Grants and Contributions	19,923	0%
Maintenance and Operations Taxes	11,346,578	58%
Sales Taxes	1,119,936	6%
Other Taxes	12,250	0%
Unrestricted Investment Earnings	82,195	0%
Miscellaneous	460,129	2%
	\$19,607,230	100%

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of Austin County, Texas's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Austin County, Texas'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 the fiscal year.

As of the end of the current fiscal year, Austin County, Texas's governmental funds reported combined ending fund balances of \$10,572,444, a decrease of \$4,288,981 in comparison with the prior year. Approximately 59% of this total amount (\$6,221,323) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to pay for construction (\$4,112,087) and 2) to pay for debt service (\$239,034).

The general fund is the chief operating fund of Austin County, Texas. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$2,300,927, while total fund balance reached a balance of \$2,300,927. 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 fund expenditures. Unreserved, undesignated fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

The fund balance of the general fund decreased by \$2,154,599 during the current fiscal year. The main reason for this decrease was a jail expansion and payment of past due payroll taxes including penalty and interest.

At the end of the current fiscal year, unreserved, undesignated fund balance of the road and bridge fund was \$1,404,493, while total fund balance reached a balance of \$1,404,493. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 74 percent of total road and bridge fund expenditures, while total fund balance represents 74 percent of that same amount.

The fund balance of the road and bridge fund increased by \$219,277 during the current fiscal year. Key factors in this increase are as follows:

Expenditures decreased by \$358,989.

At the end of the current fiscal year, unreserved, undesignated fund balance of the F/M and Lateral fund was \$1,731,974, while total fund balance reached a balance of \$1,731,974. As a measure of the F/M and Lateral fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 139 percent of total F/M and Lateral fund expenditures, while total fund balance represents 139 percent of that same amount.

The fund balance of the F/M and Lateral Fund increased by \$479,133 during the current fiscal year. Key factors in this increase are as follows:

Expenditures decreased by \$276,450 and ad valorem taxes increased by \$141,178.

The PSIC fund balance remained the same at a negative \$294. The PSIC fund had no activity for the year. The Texas Road Bond series 2009 fund balance declined by \$1,677,944 during the year. This is a result of monies being spent on road construction and maintenance. This fund is a capital projects fund and therefore no further analysis is necessary.

Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund was an increase of \$16,418 in appropriations. This increase is immaterial.

Differences between the original budget and the final amended budget in the road and bridge fund was an increase of \$6,483 in appropriations. This increase is immaterial.

Differences between the original budget and the final amended budget in the F/M and Lateral fund was an increase of \$1,000 in appropriations. This increase is immaterial.

Capital Asset and Debt Administration

Capital assets:

Austin County, Texas's investment in capital assets for its governmental activities as of September 30, 2010, amounts to \$21,657,146 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total increase in Austin County, Texas's investment in capital assets for the current fiscal year was 6 percent.

The County had a jail expansion project and several road maintenance projects during the current fiscal year.

AUSTIN COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2010	2009	2010	2009
Land	\$225,462	\$225,462	\$225,462	\$225,462
Construction in Progress	2,967,749	302,718	2,967,749	302,718
Building and Improvements	1,180,415	1,279,798	1,180,415	1,279,798
Machinery and Equipment	4,580,859	4,124,006	4,580,859	4,124,006
Infrastructure	14,161,769	15,725,162	14,161,769	15,725,162
Total	<u>\$23,116,254</u>	<u>\$21,657,146</u>	<u>\$23,116,254</u>	<u>\$21,657,146</u>

Additional information on Austin County, Texas's capital assets can be found in note IV C on page 40 of this report.

Long-term debt:

At the end of the current fiscal year, Austin County, Texas had the following bonded debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$10,565,000	\$0	\$425,000	\$10,140,000	\$470,000	\$9,670,000
	<u>10,565,000</u>	<u>0</u>	<u>425,000</u>	<u>10,140,000</u>	<u>470,000</u>	<u>9,670,000</u>
 Grand Total	 <u>\$10,565,000</u>	 <u>\$0</u>	 <u>\$425,000</u>	 <u>\$10,140,000</u>	 <u>\$470,000</u>	 <u>\$9,670,000</u>

Austin County, Texas's total bonded debt decreased by \$425,000 (4 percent) during the current fiscal year. The key factor in this decrease was the payment of bonds of \$425,000.

Additional information on Austin County, Texas's long-term debt can be found in note IV F on pages 42-44 of this report.

Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Austin County Judge's Office, Austin County Courthouse, One East Main Street, Bellville, Texas 77418-1521, or (979) 865-5911.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Governmental	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$12,611,230	\$12,611,230
Receivables (net of allowance for uncollectibles)	3,856,084	3,856,084
Capital assets not being depreciated:		
Land	225,462	225,462
Construction in Progress	2,967,749	2,967,749
Total Capital assets being depreciated, net		
Building and Improvements	1,180,415	1,180,415
Machinery and Equipment	4,580,859	4,580,859
Infrastructure	14,161,769	14,161,769
Total Assets	\$39,583,568	\$39,583,568
LIABILITIES:		
Accounts Payable	\$637,193	\$637,193
Accrued Interest Payable	221,172	221,172
Unearned Revenues - Advanced Tax Collections	54,217	54,217
Noncurrent Liabilities:		
Due within one year	1,033,631	1,033,631
Due in more than one year	9,851,234	9,851,234
Total Liabilities	11,797,447	11,797,447
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	12,413,763	12,413,763
Restricted for:		
Insurance Costs	1,490,197	1,490,197
Debt Service	239,034	239,034
Construction	4,112,087	4,112,087
Unrestricted	9,531,040	9,531,040
Total Net Assets	\$27,786,121	\$27,786,121

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
					Governmental Activities	Total
Primary Government						
Government Activities:						
General Administration	\$4,180,065	\$318,780	\$97,925	\$0	(\$3,763,360)	(\$3,763,360)
Legal	397,746	140,375			(257,371)	(257,371)
Judicial	1,147,448	1,344,389	67,317		264,258	264,258
Financial Administration	503,736	260,028			(243,708)	(243,708)
Public Facilities	574,424				(574,424)	(574,424)
Public Safety	5,608,980	1,885,002	939,015		(2,784,963)	(2,784,963)
Public Transportation	6,807,786	934,965	39,739	19,923	(5,813,159)	(5,813,159)
Culture and Recreation	124,768		5,912		(118,856)	(118,856)
Health and Welfare	142,375	498,544	30,395		386,564	386,564
Environmental Protection	42,827	3,833			(38,994)	(38,994)
Conservation - Agriculture	127,133				(127,133)	(127,133)
Interest and Fiscal Charges	454,558				(454,558)	(454,558)
Total Government Activities	20,111,846	5,385,916	1,180,303	19,923	(13,525,704)	(13,525,704)
Total Primary Government	\$20,111,846	\$5,385,916	\$1,180,303	\$19,923	(13,525,704)	(13,525,704)
General Revenues						
Property Taxes, Levies for General Purposes					11,346,578	11,346,578
Sales Taxes					1,119,936	1,119,936
Other Taxes					12,250	12,250
Unrestricted Investment Earnings					82,195	82,195
Miscellaneous					460,129	460,129
Total General Revenues and Transfers					13,021,088	13,021,088
Change in Net assets					(504,616)	(504,616)
Net Assets - Beginning					28,290,737	28,290,737
Net Assets - Ending					\$27,786,121	\$27,786,121

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Road and Bridge	F/M and Lateral Fund	2007 PSIC Fund	Texas Road Bond Ser. 2009	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$2,853,203	\$1,437,931	\$1,774,655	\$0	\$3,911,188	\$1,439,613	\$11,416,590
Receivables (net of allowance for uncollectibles)	340,537	70,143	67,049	214,907		68,358	760,994
Due from Other Funds					2,740		2,740
Total Assets	\$3,193,740	\$1,508,074	\$1,841,704	\$214,907	\$3,913,928	\$1,507,971	\$12,180,324
LIABILITIES AND FUND BALANCES:							
Liabilities							
Accounts Payable	\$370,881	\$20,172	\$42,681		\$154,270	\$49,189	\$637,193
Due to Other Funds						2,740	2,740
Bank Overdraft				215,201		80,356	295,557
Accrued Wages	193,152	28,020					221,172
Unearned Revenues	328,780	55,389	67,049				451,218
Total Liabilities	892,813	103,581	109,730	215,201	154,270	132,285	1,607,880
Fund Balances:							
Reserved For:							
Debt Service						239,034	239,034
Construction					3,759,658	352,429	4,112,087
Unreserved, Reported in General Fund	2,300,927						2,300,927
Special Revenue Funds		1,404,493	1,731,974	(294)		784,223	3,920,396
Total Fund Balance	2,300,927	1,404,493	1,731,974	(294)	3,759,658	1,375,686	10,572,444
Total Liabilities and Fund Balances	\$3,193,740	\$1,508,074	\$1,841,704	\$214,907	\$3,913,928	\$1,507,971	\$12,180,324

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Total Fund Balances - governmental funds balance sheet	\$10,572,444
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	23,116,254
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,095,090
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.	1,490,197
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	451,218
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(10,939,082)
Net assets of governmental activities - statement of net assets	<u>\$27,786,121</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Road and Bridge	F/M and Lateral Fund	2007 PSIC Fund	Texas Road Bond Ser. 2009	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	\$7,231,752	\$1,393,568	\$1,686,380	\$0		\$1,047,566	\$11,359,266
Sales	1,119,936						1,119,936
Other	12,250						12,250
Intergovernmental	175,698		12,171			1,012,357	1,200,226
Licenses and Permits	36,660	751,927					788,587
Charges for Services	770,612					312,718	1,083,330
Fines and Forfeitures	1,295,382	146,378					1,441,760
Interest	30,597	3,255	3,860		38,381	3,729	79,822
Miscellaneous	333,093	43,695	20,898			62,443	460,129
Total Revenues	11,005,980	2,338,823	1,723,309	0	38,381	2,438,813	17,545,306
EXPENDITURES							
Current:							
General Administration	2,269,217					39,858	2,309,075
Legal	248,870					148,876	397,746
Judicial	1,082,224					72,090	1,154,314
Financial Administration	472,512						472,512
Public Facilities	708,212						708,212
Public Safety	6,993,348					848,132	7,841,480
Public Transportation		1,726,385	1,171,415		1,716,325	27,568	4,641,693
Culture and Recreation	110,205					11,417	121,622
Health and Welfare	37,538					104,837	142,375
Environmental Protection						42,827	42,827
Conservation - Agriculture	133,981						133,981
Capital Projects -							
Capital Outlay and Other						1,328,256	1,328,256
Debt Service							
Principal Retirement	24,829	152,243	60,513			580,000	817,585
Interest Retirement	884	13,222	12,248			468,559	494,913
Total Expenditures	12,081,820	1,891,850	1,244,176	0	1,716,325	3,672,420	20,606,591
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,075,840)	446,973	479,133	0	(1,677,944)	(1,233,607)	(3,061,285)
OTHER FINANCING SOURCES (USES):							
Other Financing Sources - Capital lease		72,304					72,304
Operating Transfers In	40,951					119,710	160,661
Operating Transfers Out	(1,119,710)	(300,000)				(40,951)	(1,460,661)
Total Other Financing Sources (Uses)	(1,078,759)	(227,696)	0	0	0	78,759	(1,227,696)
Net Changes in Fund Balances	(2,154,599)	219,277	479,133	0	(1,677,944)	(1,154,848)	(4,288,981)
Fund Balances - Beginning	4,455,526	1,185,216	1,252,841	(294)	5,437,602	2,530,534	14,861,425
Fund Balances - Ending	2,300,927	1,404,493	1,731,974	(294)	3,759,658	1,375,686	10,572,444

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2010

Net Changes in Fund Balances - total governmental funds	(\$4,288,981)
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,459,108
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	1,573,695
(Increase) decrease in Compensated absences from beginning of period to end of period.	41,568
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	38,569
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(12,688)
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(72,304)
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	(62,954)
Amortization of and Premiums is an income in the SOA but not an expense in the funds.	1,786
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>817,585</u>
Change in net assets of governmental activities - statement of activities	<u>(\$504,616)</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$7,135,510	\$7,135,510	\$7,231,752	\$96,242
Sales	1,005,000	1,005,000	1,119,936	114,936
Other	12,000	12,000	12,250	250
Intergovernmental	170,746	170,746	175,698	4,952
License and Permits	45,000	45,000	36,660	(8,340)
Charges for Services	723,000	723,000	770,612	47,612
Fines and Forfeitures	1,294,523	1,294,523	1,295,382	859
Interest	55,000	55,000	30,597	(24,403)
Miscellaneous	259,030	259,030	333,093	74,063
Total Revenues	10,699,809	10,699,809	11,005,980	306,171
EXPENDITURES				
Current:				
General Administration				
County Clerk	304,446	304,446	276,476	27,970
County Judge	544,757	544,387	482,894	61,493
Human Resources	45,860	45,860	44,838	1,022
Other	983,463	983,729	838,068	145,661
System Tech.	41,007	41,428	1,303	40,125
Veterans Service	8,306	8,306	8,089	217
Legal				
County/ District Attorney	254,241	254,241	248,870	5,371
Judicial				
County Court at Law	203,648	203,680	202,036	1,644
County, District, Justice, Juvenile Courts	241,095	245,095	402,444	(157,349)
District Clerk	146,227	146,227	123,186	23,041
District Judge	20,612	20,612	20,175	437
Justice of the Peace No. 1	83,901	83,901	84,356	(455)
Justice of the Peace No. 2	25,262	25,262	24,924	338
Justice of the Peace No. 3	127,855	127,855	122,426	5,429
Justice of the Peace No. 4	103,679	104,050	102,677	1,373
Financial Administration				
County Auditor	183,156	183,156	170,360	12,796
County Treasurer	63,662	63,662	61,488	2,174
Tax Assessor-Collector	246,101	247,958	240,664	7,294
Public Facilities				
Buildings and Yards	356,088	359,660	297,703	61,957
Capital Repairs	372,000	367,769	365,645	2,124
Wendt Street Building	34,900	39,131	44,864	(5,733)
Public Safety				
Constable No. 1	14,995	14,995	14,069	926
Constable No. 2	17,270	17,270	16,668	602
Constable No. 3	15,220	15,220	15,715	(495)
Constable No. 4	15,470	15,470	15,879	(409)
County Jail Expansion	152,000	152,000	120,287	31,713
Emergency Management	83,603	83,603	63,571	20,032
EMS	1,363,793	1,368,377	1,281,916	86,461
Jail	1,106,775	1,114,060	1,240,089	(126,029)
Juvenile Probation	125,174	125,294	115,437	9,857
Sheriff	2,213,490	2,207,770	2,204,583	3,187

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation				
Knox Library	\$68,574	\$68,574	\$69,028	(\$454)
West End Sanitarian	37,602	37,602	35,496	2,106
History and Visitor Information Center	5,720	5,720	5,681	39
Health and Welfare				
County Health Department	4,250	4,250	4,000	250
Other Health and Child Care	55,000	55,000	33,538	21,462
Conservation - Agriculture				
Agriculture Extension Service	137,753	137,753	133,981	3,772
Debt Service				
Principal Retirement	25,000	25,000	24,829	171
Interest Retirement	0	0	884	(884)
Total Expenditures	<u>9,831,955</u>	<u>9,848,373</u>	<u>9,559,137</u>	<u>289,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>867,854</u>	<u>851,436</u>	<u>1,446,843</u>	<u>595,407</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	48,224	48,224	40,951	(7,273)
Operating Transfers Out	(1,000,000)	(1,000,000)	(1,119,710)	(119,710)
Total Other Financing Sources (Uses)	<u>(951,776)</u>	<u>(951,776)</u>	<u>(1,078,759)</u>	<u>(126,983)</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$83,922)</u>	<u>(\$100,340)</u>	<u>368,084</u>	<u>\$468,424</u>
Reconciliation from budgetary basis to modified accrual basis:				
Write Off of Prior Year Receivables			(244,566)	
Deficit in Payroll Fund			(61,523)	
Jail Expansion			(1,905,134)	
Payroll Taxes Owed to IRS Plus Penalty and Interest			(311,460)	
Net Changes in Fund Balances - Modified Accrual Basis			<u>(2,154,599)</u>	
Fund Balances - Beginning			4,455,526	
Fund Balances - Ending			<u>\$2,300,927</u>	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,382,956	\$1,382,956	\$1,393,568	\$10,612
Licenses and Permits	782,000	782,000	751,927	(30,073)
Fines and Forfeitures	140,000	140,000	146,378	6,378
Interest	13,200	13,200	3,255	(9,945)
Miscellaneous	15,500	15,500	43,695	28,195
Total Revenues	2,333,656	2,333,656	2,338,823	5,167
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	1,932,528	1,939,011	1,654,081	284,930
Debt Service				
Principal Retirement	87,906	87,906	152,243	(64,337)
Interest Retirement	13,222	13,222	13,222	0
Total Expenditures	2,033,656	2,040,139	1,819,546	220,593
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	300,000	293,517	519,277	225,760
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(300,000)	(300,000)	(300,000)	0
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(300,000)	0
Net Changes in Fund Balances - Budgetary Basis	\$0	(\$6,483)	219,277	\$225,760
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Capital Lease			72,304	
Deficit in Payroll Fund			(72,304)	
Net Changes in Fund Balances - Modified Accrual Basis			219,277	
Fund Balances - Beginning			1,185,216	
Fund Balances - Ending			\$1,404,493	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 F/M LATERAL ROAD FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$1,673,511	\$1,673,511	\$1,686,380	\$12,869
Intergovernmental	0	0	12,171	12,171
Interest	12,000	12,000	3,860	(8,140)
Miscellaneous	5,000	5,000	20,898	15,898
Total Revenues	1,690,511	1,690,511	1,723,309	32,798
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	1,617,750	1,618,750	1,171,415	447,335
Debt Service				
Principal Retirement	60,513	60,513	60,513	0
Interest Retirement	12,248	12,248	12,248	0
Total Expenditures	1,690,511	1,691,511	1,244,176	447,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,000)	479,133	480,133
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	0	(1,000)	479,133	480,133
Fund Balances - Beginning	1,252,841	1,252,841	1,252,841	
Fund Balances - Ending	\$1,252,841	\$1,251,841	\$1,731,974	\$480,133

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

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$1,490,197	\$1,804,556	\$1,490,197
Receivables (net of allowance for uncollectibles)	0	347,907	0
Total Current Assets	<u>1,490,197</u>	<u>2,152,463</u>	<u>1,490,197</u>
TOTAL ASSETS	<u>\$1,490,197</u>	<u>\$2,152,463</u>	<u>\$1,490,197</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)	\$0	\$599,312	\$0
Total Current Liabilities	<u>0</u>	<u>599,312</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>599,312</u>	<u>0</u>
NET ASSETS			
Restricted - Expendable	1,490,197	1,553,151	1,490,197
TOTAL NET ASSETS	<u>\$1,490,197</u>	<u>\$1,553,151</u>	<u>\$1,490,197</u>

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

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
OPERATING REVENUES:			
Charges for Services	\$174,857	\$157,898	\$174,857
Reinsurance	323,687	1,651,814	323,687
TOTAL OPERATING REVENUES	498,544	1,809,712	498,544
OPERATING EXPENSES			
Claims paid	843,287	2,973,326	843,287
Administrative Fees	611,807	428,431	611,807
Prescriptions	286,018	0	286,018
Other	122,759	0	122,759
TOTAL OPERATING EXPENSES	1,863,871	3,401,757	1,863,871
OPERATING INCOME (LOSS)	(1,365,327)	(1,592,045)	(1,365,327)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	2,373	13,451	2,373
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,373	13,451	2,373
Income Before Transfers	(1,362,954)	(1,578,594)	(1,362,954)
Transfers In	1,300,000	1,427,000	1,300,000
Change in Net Assets	(62,954)	(151,594)	(62,954)
Total Net Assets - Beginning	1,553,151	1,704,745	1,553,151
Total Net Assets - Ending	\$1,490,197	\$1,553,151	\$1,490,197

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

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Cash flows from Operating Activities			
Receipts from Customers and Users	\$846,451	\$1,461,805	\$846,451
Payments to Suppliers	(2,463,183)	(2,977,399)	(2,463,183)
Net Cash Provided(Used) By Operating Activities:	(1,616,732)	(1,515,594)	(1,616,732)
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	1,300,000	1,427,000	1,300,000
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	1,300,000	1,427,000	1,300,000
Cash Flows from Investing Activities			
Interest Received	2,373	13,451	2,373
Net Cash Provided(Used) By Investing Activities	2,373	13,451	2,373
Net Increase (Decrease) in Cash Equivalents	(314,359)	(75,143)	(314,359)
Cash and Cash Equivalents at Beginning of Year	1,804,556	1,879,699	1,804,556
Cash and Cash Equivalents at End of Year	\$1,490,197	\$1,804,556	\$1,490,197

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

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(continued)

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Reconciliation of Operating Income to net cash provided(Used) By Operating Activities			
Operating Income (Loss)	(\$1,365,327)	(\$1,592,045)	(\$1,365,327)
Changes in Current Items			
Decrease(Increase) in Accounts Receivable	347,907	(347,907)	347,907
Increase(Decrease) in Accounts Payable	(599,312)	424,358	(599,312)
Net Cash Provided(Used) by Operating Activities	<u>(\$1,616,732)</u>	<u>(\$1,515,594)</u>	<u>(\$1,616,732)</u>
Noncash Investing, Capital, and Financing Activities:			
Borrowing from capital debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note: The above funds are all Enterprise Funds.

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

AUSTIN COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$1,167,646</u>
Receivables (net of allowance for uncollectibles)	17,860
Due from Others	<u>0</u>
Total Assets	<u><u>\$1,185,506</u></u>
LIABILITIES	
Accounts Payable	\$0
Due from Other Funds	0
Due to Others	<u>1,185,506</u>
Total Liabilities	<u><u>\$1,185,506</u></u>

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

AUSTIN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting entity

Austin County operates under a County Judge – Commissioner’s Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protection (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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 major governmental funds:

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

The *Unlimited Tax Road Bonds, Series 2009 Capital Projects Fund* accounts for construction projects and capital acquisition from the proceeds of this bond issue.

The *Road and Bridge Special Revenue Fund* and the F/M and Lateral Fund account for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *PSIC Grant Fund* accounts for a grant provided to improve communications within the County.

Additionally, the County reports the following fund types:

The Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Debt Service Funds account for the accumulation of resources to be used for the payment of principal and interest.

The *Capital Projects Fund* accounts for the construction of capital projects.

The *Internal Service Fund* accounts for the administration of the County's health insurance program.

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. These assets include collections of fines which are remitted to the state, investments held for trusts established by court order for individuals, and collections of various sources for certain other governments.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government'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 Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2010 and 10 percent of the delinquent outstanding property taxes at September 30, 2010.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2010.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. There were no prepaid items at September 30, 2010.

4. Restricted Assets

There were no restricted assets at September 30, 2010.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included.

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 incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had a jail expansion project and several road maintenance projects during the current fiscal year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

7. Long-Term Obligations

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

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$10,939,062 difference are as follows:

Bonds Payable	\$10,140,000
Unamortized Bond Premium	66,430
Tax Notes Payable	165,000
Capital Lease Payable	331,061
Accrued Interest Payable	54,217
Compensated Absences	182,374
	<u>\$10,939,082</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$23,116,254 difference are as follows:

Capital Assets Not Being Depreciated	\$3,193,211
Capital Assets Being Depreciated	88,378,660
Depreciation Expense	(68,455,617)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$23,116,254</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$451,218 difference are as follows:

Property Taxes Receivable	\$482,194
Allowance for Doubtful Accounts	<u>(30,976)</u>
Net	<u>\$451,218</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$3,095,090 difference are as follows:

Fines and Fees Receivable	\$7,072,493
Allowance for Doubtful Accounts	<u>(3,977,403)</u>
Net	<u>\$3,095,090</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,459,108 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$2,665,031
Capital Outlay - Additions - Being Depreciated	1,532,768
Capital Outlay - Deletions - Net	(51,209)
Depreciation Expense	(2,687,482)

Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$1,459,108</u>
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III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. She usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court.

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioner's 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 the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2010 fiscal year were adopted for the General Fund, the F/M and Lateral Fund, and the Road and Bridge Fund and other applicable non-major governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2010, expenditures exceed appropriations in the indigent health care fund whereby expenditures of \$95,686 exceeded the budgeted amount by \$69,686 and the county and lateral road fund whereby expenditures of \$27,568 exceeded the budgeted amount by \$1,568.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2010 except for the CERT grant fund which had a deficit fund balance of \$31,102, the E Waste Collection Event fund which had a deficit fund balance of \$30,513, the Indigent Health Care fund which had a deficit fund balance of \$31,701, and the POD grant fund which had a deficit fund balance of \$3,953. These deficits are expected to be liquidated by future resources of the funds.

IV. Detailed Notes on All Funds

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

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

Cash

At year end, the carrying amount of the County's cash on hand and deposits was \$13,778,876, and the bank balance was \$15,784,528. All of the bank balance was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name.

Investments

As of September 30, 2010, the County had the following investments:

Investment type	Rating*	Fair Value	Days to Maturity
Government sponsored investment pool (TexPool)	AAAm	<u>\$ 4,779</u>	1
Total Fair Value		<u>\$ 4,779</u>	

* Standard and Poors

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

Credit Risk. State law limits investments as described previously in Note I D.

Concentration of Credit Risk. The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy for investments does not restrict the amount which can be invested with an external investment pool created under the Texas Public Funds Investment Act. TexPool is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At September 30, 2010 the fair value of the position in TexPool approximates the fair value of the shares.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge	F/M and Lateral Fund	2007 PSIC Fund	Other Govern- mental	Total
<u>Receivables</u>						
Taxes	\$351,342	\$59,192	\$71,660			\$482,194
Fees and Fines	4,032,496					4,032,496
Accounts	3,039,997					3,039,997
Other	11,757	14,754		214,907	68,358	309,776
Gross Receivables	7,435,592	73,946	71,660	214,907	68,358	7,864,463
Less: Allowance for Uncollectibles	3,999,965	3,803	4,611	0		4,008,379
Net Total Receivables	<u>\$3,435,627</u>	<u>\$70,143</u>	<u>\$67,049</u>	<u>\$214,907</u>	<u>\$68,358</u>	<u>\$3,856,084</u>

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

Delinquent Property Taxes	<u>Unavailable</u> \$ 451,218
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 451,218</u>

There was no unearned revenue reported in the governmental funds during the year.

C. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Governmental Activities:	Beginning			Ending
Capital Assets Not Being Depreciated:	Balances	Increases	Decreases	Balances
Land	\$225,462	\$0	\$0	\$225,462
Construction in Progress	302,718	2,665,031	0	2,967,749
Total Capital Assets Not Being Depreciated:	528,180	2,665,031	0	3,193,211
Capital Assets Being Depreciated:				
Building and Improvements	5,875,652	0	0	5,875,652
Machinery and Equipment	9,933,211	1,532,768	879,039	10,586,940
Infrastructure	71,916,068	0	0	71,916,068
Total Capital Assets Being Depreciated:	87,724,931	1,532,768	879,039	88,378,660
Less: Accumulated Depreciation for:				
Building and Improvements	4,595,854	99,383	0	4,695,237
Machinery and Equipment	5,809,205	1,024,706	827,830	6,006,081
Infrastructure	56,190,906	1,563,393	0	57,754,299
Total Accumulated Depreciation	66,595,965	2,687,482	827,830	68,455,617
Total Capital Assets Depreciated, Net	21,128,966	(1,154,714)	51,209	19,923,043
Governmental Activities Capital Assets, Net	\$21,657,146	\$1,510,317	\$51,209	\$23,116,254

The 2009-2010 depreciation is as follows:

Governmental Activities	
General Administration	\$19,211
Legal	0
Judicial	2,185
Financial Administration	32,960
Public Facilities	1,201
Public Safety	619,020
Public Transportation	2,008,540
Culture and Recreation	3,336
Conservation - Agriculture	1,029
Total Depreciation Expense - Governmental Activities	\$2,687,482

The infrastructure capital assets were not fully depreciated at September 30, 2010.

Construction commitments

The major capital asset construction events during the 2009-2010 year were the jail expansion project and several road maintenance projects during the current fiscal year.

D. Interfund Receivables, Payables, and Transfers

There were no due to/from other funds: There were no interfund balances as of September 30, 2010. There were no advances at September 30, 2010. The following transfers to the insurance fund were recurring. The transfers to and from the non-major funds were non-recurrent and were for operating capital. The transfer to the insurance fund was for self-insurance.

<u>INTERFUND</u>		
<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>
<u>GENERAL FUND</u>		
TRANSFER TO SELF INSURANCE FUND	\$1,000,000	HEALTH CARE
TRANSFER TO NON-MAJOR FUNDS	119,710	VARIOUS
TRANSFER FROM NON-MAJOR FUNDS	40,951	GENERAL GOVERNMENT
<u>ROAD AND BRIDGE FUND</u>		
TRANSFER TO SELF INSURANCE FUND	300,000	HEALTH CARE
	<u>\$1,460,661</u>	

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$27,229 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2011	\$27,460
2012	24,859
2013	18,889
2014	6,598
Total	<u>\$ 77,806</u>

F. Long-Term Debt

Capital Leases: The government has entered into five capital lease agreements as lessee for financing the acquisition of three (3) motorgraders, one (1) excavator, and two (2) Tahoes. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

	TWO TAHOES	MOTOR- GRADER	EXCAVATOR	CATERPILLAR 12HP MOTOR- GRADER	VOLVO G940 MOTOR- GRADER	TOTAL
Asset: Cost	\$72,302	\$178,700	\$248,268	\$195,045	\$183,299	\$877,614
Less: Accumulated Depreciation	14,261	102,114	76,549	127,708	18,330	338,962
Total	\$58,041	\$76,586	\$171,719	\$67,337	\$164,969	\$1,216,576

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010, were as follows:

YEAR	Governmental	
	Activities	Total
2011	231,138	231,138
2012	45,516	45,516
2013	19,803	19,803
2014	19,803	19,803
2015	19,803	19,803
2016	4,951	4,951
TOTAL MINIMUM LEASE PAYMENTS	<u>341,014</u>	<u>341,014</u>
LESS: AMOUNT REPRESENTING INTEREST	9,953	9,953
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$331,061</u>	<u>\$331,061</u>

The above debt is to be serviced by the General Fund and the Road and Bridge fund.

Bonds

The government issues Bonds to provide funds for various County projects. The original amount of the bonds issued is \$5,000,000 and \$6,000,000, respectively. The bonds are direct obligations and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Certificate of Obligation - Series 2007	4.25%	\$4,295,000
Unlimited Tax Road Bonds - Series 2009	4.625%	5,845,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2011	\$470,000	\$417,914
2012	495,000	397,752
2013	515,000	376,652
2014	540,000	354,614
2015	560,000	331,722
2016 to 2020	3,235,000	1,291,947
2021 to 2025	2,600,000	630,793
2026 to 2027	1,725,000	163,496
TOTALS	<u>\$10,140,000</u>	<u>\$3,964,890</u>

The above debt is to be serviced by the Debt Service funds.

Notes

The government issues Notes to provide funds for various County projects. The original amount of the Notes issued is \$875,000. The notes are direct obligations and pledge the full faith and credit of the government.

Notes currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Tax Anticipation Note - Series 2004	3.64%	\$165,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2011	\$165,000	\$3,003
TOTALS	<u>\$165,000</u>	<u>\$3,003</u>

The above debt is to be serviced by the Debt Service funds.

The changes in long-term liabilities are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$10,565,000	\$0	\$425,000	\$10,140,000	\$470,000	\$9,670,000
Bond Premium	68,216	0	1,786	66,430	0	66,430
Net Bonds	10,633,216	0	426,786	10,206,430	470,000	9,736,430
Notes Payable	320,000	0	155,000	165,000	165,000	0
Capital Leases	496,342	72,304	237,585	331,061	216,257	114,804
Compensated Absences	223,942	182,374	223,942	182,374	182,374	0
	<u>11,673,500</u>	<u>254,678</u>	<u>1,043,313</u>	<u>10,884,865</u>	<u>1,033,631</u>	<u>9,851,234</u>
 Grand Total	 <u>\$11,673,500</u>	 <u>\$254,678</u>	 <u>\$1,043,313</u>	 <u>\$10,884,865</u>	 <u>\$1,033,631</u>	 <u>\$9,851,234</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2010-11 year is \$182,374. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$1,033,631 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2009-2010 is \$454,558.

G. Net Assets Reserved/Restricted

The net assets reserved/restricted at September 30, 2010 consist of a reserve for construction of \$4,112,087, a reserve for debt service of \$239,034, and a reserve for insurance costs of \$1,490,197.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year ended <u>09/30/10</u>	Year ended <u>09/30/09</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. Related Party Transaction

There were no related party transactions during the year.

C. Subsequent Events

On October 25, 2010, the Commissioner's Court awarded the bid for the construction of the Skull Creek Road Drainage Improvements in Precinct Two to Lonnie Lischka Company in the amount of \$66,418.79.

On November 8, 2010, the Commissioner's Court authorized a payment of \$378,672.65 to the IRS for unpaid payroll taxes including penalty and interest.

On November 8, 2010, the Commissioner's Court authorized additional surveys to identify 3 cul-de-sacs on parcels of land from John Elick and Assurastate, and methods to close a portion of Oilfield Road; not to exceed \$200,000 necessary expenditures out of 2009 bond funding, in compliance with money set aside from road construction.

On December 13, 2010, the Commissioner's Court approved the purchase of three Tahoes for \$103,359.00.

On January 10, 2011, the Commissioner's Court approved the following bids for bridge projects: Wiese Road Precinct 1 to Wakefield Bridge for \$92,500.00; Frantz Road Precinct 3 to Wakefield Bridge for \$96,400.00; Kloss Road Precinct 3 to Wakefield Bridge for \$98,300.00.

On January 10, 2011, the Commissioner's Court authorized redeeming of the 2009 Road Bonds in the amount of \$1,028,685.82.

On February 28, 2011, Commissioners Court accepted the following bids: Williams Creek Road Bridge at Williams Creek to Wakefield Bridge Construction \$114,347.00; Shupak Road Bridge at Long Branch to Wakefield Bridge Construction \$153,425.00; Henkhaus Road Bridge at Draw to Wakefield Bridge Construction \$145,250.50; New Bremen Road Bridge at Dry Creek to Wakefield Bridge Construction \$177,834.00.

On March 14, 2011, Commissioner's Court allowed Aranda Brothers Construction Co. to withdraw bid on New Bremen Road Bridge and re-awarded the bid to Wakefield Bridge in the amount of \$178,734.00. (This was approved in a previous meeting, but there were mathematical errors in Wakefield's bid).

On March 14, 2011, Commissioner's Court approved the lease purchase for a Cat 299C Compact Track Loader JSP01335 Cab with equipment, and a Cat 320DL Excavator for Precinct 4.

On March 21, 2011, Commissioner's Court authorized Peters-San Felipe tower purchase installation with Homeland Security Funds for \$147,175.00.

On March 28, 2011, Commissioner's Court authorized the 2012 Austin County Resolution Indigent Defense Discretionary Grant Program.

On April 18, 2011, Commissioner's Court authorized a change order reducing the original guaranteed maximum price of \$4,091,000 to \$3,761,474 for jail modifications and additions.

D. Contingent Liabilities

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

Golden v Austin County Sheriff's Dept – at mediation, insurance negotiated a settlement; funding of settlement will come from insurance; closing of settlement is yet to be accomplished.

Michael Krumrey v Austin County Sheriff's Office – violation of the Texas Whistleblower statute and for wrongful termination for failing to commit an illegal act; no discovery has been conducted and he plaintiff has not stated amount of damages claimed.

Arthur Ray Harris Incident – Threatened litigation; accidental injury claim; letter was received by Harris' attorney soliciting an offer to settle his client's claim; the county denied liability and denied settlement offer; no further response has been received.

E. Retirement Plan

Plan Description

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

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

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

Funding Policy

The employer 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 employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The governing body elected to pay a rate of 7.24% for the 2009 and 8.09% for the 2010 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act.

The contribution rate payable by the employee members for calendar years 2009 and 2010 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

Actuarial valuation date	12/31/2007	12/31/2008	12/31/2009
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	15.0	20.0	20.0
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.00%	0.00%	0.00%

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

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09-30-2008	448,347	100%	-0-
09-30-2009	457,812	100%	-0-
09-30-2010	497,179	100%	-0-

ANALYSIS OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Payroll ((b-a)/c)</u>
2009	\$15,641,220	\$17,155,788	\$1,814,568	89.4%	\$6,027,493	30.1%

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

F. Other Post employment Benefits

There are no post employment benefits.

REQUIRED SUPPLEMENTARY INFORMATION

AUSTIN COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2010

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2007	\$13,387,292	\$14,414,893	\$1,027,601	92.9%	\$5,176,615	19.9%
2008	\$13,391,368	\$15,855,667	\$1,884,299	88.1%	\$5,698,550	33.1%
2009	\$15,641,220	\$17,155,788	\$1,814,568	89.4%	\$6,027,493	30.1%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE

JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH-NOLOGY	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGEMENT	ICBP REGIONAL GRANT	LONE STAR LIBRARIES GRANT	RECORDS MANAGEMENT COUNTY	RECORDS MANAGEMENT FEES	TECH-NOLOGY GRANT	SHERIFFS FORFEITURE	SPECIAL LIBRARY	SPECIAL LIBRARY KNOX	SPECIAL LIBRARY W.E. LIBRARY	TAX INCREMENTAL FINANCE ZONE NO. 1	TEEX HOMELAND SECURITY GRANT	TEXAS CAPITAL FUND GRANT	TEXAS VINE GRANT	TOBACCO LITIGATION SETTLEMENT	TRAFFIC FEES/ JUSTICE COURT COSTS	
\$15,611	\$24,100	\$18,857	\$62,977	\$0	\$0	\$603	\$88,266	\$0	\$14,918	\$11,098	\$24,902	\$8,229	\$16,658	\$143,614	\$0	\$0	\$132,942	\$12,674	\$3,535
2			10			501	1,304								64,788			3	64
\$15,613	\$24,100	\$18,857	\$62,987	\$0	\$0	\$1,104	\$89,570	\$0	\$14,918	\$11,098	\$24,902	\$8,229	\$16,658	\$143,614	\$64,788	\$0	\$132,942	\$12,677	\$3,599
\$942	\$14	\$825		\$825				3,953	\$82					\$12,628					
0	942	14	0	825	0	0	0	0	82	0	0	0	0	12,628	14,788	0	0	0	0
15,613	23,158	18,843	62,987	0	0	1,104	89,570	0	14,918	11,016	24,902	8,229	16,658	130,986	50,000	0	132,942	12,677	3,599
15,613	23,158	18,843	62,987	0	0	1,104	89,570	0	14,918	11,016	24,902	8,229	16,658	130,986	50,000	0	132,942	12,677	3,599
\$15,613	\$24,100	\$18,857	\$62,987	\$0	\$0	\$1,104	\$89,570	\$0	\$14,918	\$11,098	\$24,902	\$8,229	\$16,658	\$143,614	\$64,788	\$0	\$132,942	\$12,677	\$3,599

AUSTIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010
 (continued)

	CAPITAL PROJECTS		DEBT SERVICE		NON-MAJOR GOVERNMENTAL FUNDS
	CERTIFICATE OF OBLIGATION SER. 2007	TAX NOTE SER. 2004	CERTIFICATE OF OBLIGATION SER. 2007	TAX ROAD BONDS SER. 2009	
ASSETS					
Cash and Cash Equivalents	\$260,231	\$92,198	\$138,028	\$98,905	\$4,841
Receivables (net of allowance for uncollectibles)					\$1,439,613
TOTAL ASSETS	\$260,231	\$92,198	\$138,028	\$98,905	\$4,841
					68,358
					\$1,507,971

LIABILITIES AND FUND BALANCES

Liabilities					
Accounts Payable					\$49,189
Bank Overdraft				2,740	2,740
Deferred Revenues					80,356
Total Liabilities	0	0	0	2,740	132,285
Fund Balances Reserved for:					
Debt Service Construction	260,231	92,198	138,028	98,905	2,101
Unreserved - Undesignated					239,034
					352,429
					784,223
Total Fund Balances	260,231	92,198	138,028	98,905	2,101
TOTAL LIABILITIES AND FUND BALANCES	\$260,231	\$92,198	\$138,028	\$98,905	\$4,841
					\$1,507,971

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

SPECIAL REVENUE

JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH-NOLOGY	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGEMENT	JUVENILE LONE STAR LIBRARIES GRANT	ICBP REGIONAL X GRANT	POD GRANT	RECORDS MANAGEMENT COUNTY	RECORDS MANAGEMENT COUNTY FEES	TECH-NOLOGY/JSNS GRANT	SHERIFFS FOREFEITURE	SPECIAL DONATIONS/ SHERIFF LIBRARY	SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCREMENTAL FINANCE ZONE NO. 1	TEE/ HOMELAND SECURITY GRANT	TEXAS CAPITAL FUND GRANT	TEXAS VINE GRANT	TOBACCO LITIGATION SETTLEMENT	TRAFFIC FEES/ JUSTICE COURT COSTS	
5,917	25,021	14,108	27,456	5,912	13,463		5,606	37,142	5,600	33	9,190	46	16		396,226	6,739	6,739	15,862	17,291	1,945
5,917	25,021	21					5,606	182		13,642		5,100						226		
		14,129	27,456	5,912	13,463	0	5,606	37,324	5,600	13,675	9,190	5,146	16	0	396,226	0	6,739	16,088	17,291	1,945
3,570	28,297	10,717	0	5,912	9,151	3,953	250	13,600	5,600	20,470	8,305	5,505	0	16,455	195,078	0	6,739	0	9,512	1,052
		10,717					250							16,455						
2,347	(3,276)	3,412	27,456	0	4,312	(3,953)	5,356	23,724	0	(6,795)	885	(359)	16	(16,455)	201,148	0	0	16,088	7,779	893
0	0	0	(13,035)	0	0	0	(4,500)	(23,416)	0	0	0	1,510	0	0	0	0	0	0	0	0
2,347	(3,276)	3,412	14,421	0	4,312	(3,953)	856	308	0	(6,795)	885	1,151	16	(16,455)	201,148	0	0	16,088	7,779	893
13,266	26,434	15,431	48,566	0	(3,214)	0	248	89,262	0	21,713	10,131	23,751	8,213	33,113	(70,162)	50,000	0	116,854	4,898	2,706
\$15,613	\$23,158	\$18,843	\$62,987	\$0	\$1,098	(\$3,953)	\$1,104	\$89,570	\$0	\$14,918	\$11,016	\$24,902	\$8,229	\$16,658	\$130,986	\$50,000	\$0	\$132,942	\$12,677	\$3,599

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (continued)

	CAPITAL PROJECTS			DEBT SERVICE			NON-MAJOR GOVERNMENTAL FUNDS
	CERTIFICATE OF OBLIGATION SER. 2007	TAX NOTE SER. 2004	CERTIFICATE OF OBLIGATION SER. 2007	TAX ROAD BONDS SER. 2009			
REVENUES							
Taxes							
Property			\$449,325	\$167,710	\$430,531	\$1,047,566	
Intergovernmental						1,012,357	
Charges for Services						312,718	
Interest	2,249	189	319	119	305	3,729	
Miscellaneous						62,443	
Total Revenues	2,249	189	449,644	167,829	430,836	2,438,813	

	CAPITAL PROJECTS			DEBT SERVICE			NON-MAJOR GOVERNMENTAL FUNDS
	CERTIFICATE OF OBLIGATION SER. 2007	TAX NOTE SER. 2004	CERTIFICATE OF OBLIGATION SER. 2007	TAX ROAD BONDS SER. 2009			
EXPENDITURES							
Current:							
General Administration						39,858	
Legal						148,876	
Judicial						72,090	
Public Safety						848,132	
Public Transportation						27,568	
Culture and Recreation						11,417	
Health and Welfare						104,837	
Environmental Protection						42,827	
Capital Projects -							
Capital Outlay and Other	1,328,256					1,328,256	
Debt Service							
Principal Retirement			270,000	155,000	155,000	580,000	
Interest Retirement			181,120	9,327	278,112	468,559	
Total Expenditures	1,328,256	0	451,120	164,327	433,112	3,672,420	

Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,326,007)	189	(1,476)	3,502	(2,276)	(1,233,607)
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OTHER FINANCING SOURCES (USES):						
Operating Transfers In						119,710
Operating Transfers Out						(40,951)
Total Other Financing Sources (Uses)	0	0	0	0	0	78,759
Net Changes in Fund Balances	(1,326,007)	189	(1,476)	3,502	(2,276)	(1,154,848)
Fund Balances - Beginning	1,586,238	92,009	139,504	95,403	4,377	2,530,534
Fund Balances - Ending	\$260,231	\$92,198	\$138,028	\$98,905	\$2,101	\$1,375,686

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

AGENCY

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Juvenile Probation State	Drainage District No. 1	Court Costs	Bellville ISD Truancy	Sealy ISD Truancy	County Officer Monies	Total
ASSETS							
Cash and Cash Equivalents	\$71,268	\$61,683	\$165,080	\$504	\$660	\$868,451	\$1,167,646
Receivables (net of allowance for uncollectibles)	12,737		5,123				17,860
Due from Other Funds		0					0
Due from Others							0
Total Assets	\$84,005	\$61,683	\$170,203	\$504	\$660	\$868,451	\$1,185,506
LIABILITIES							
Accounts Payable							\$0
Due to Other Funds						\$0	0
Due to Others	84,005	61,683	170,203	504	660	868,451	1,185,506
Total Liabilities	\$84,005	\$61,683	\$170,203	\$504	\$660	\$868,451	\$1,185,506

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>JUVENILE PROBATION STATE</u>	BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS				
Cash and Cash Equivalents	\$71,147	\$175,714	\$175,593	\$71,268
Receivables (net of allowance for uncollectibles)	12,737			12,737
Due from Other Funds				0
Due from Others				0
Total Assets	\$83,884	\$175,714	\$175,593	\$84,005
LIABILITIES:				
Accounts Payable				\$0
Due to Other Funds				0
Due to Others	83,884	175,714	175,593	84,005
Total Liabilities	83,884	175,714	175,593	84,005

<u>DRAINAGE DISTRICT NO. 1</u>	BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS				
Cash and Cash Equivalents	\$61,559	\$124		\$61,683
Receivables (net of allowance for uncollectibles)				0
Due from Other Funds				0
Due from Others				0
Total Assets	\$61,559	\$124	\$0	\$61,683
LIABILITIES:				
Accounts Payable				\$0
Due to Other Funds				0
Due to Others	61,559	124	0	61,683
Total Liabilities	\$61,559	\$124	\$0	\$61,683

	<u>COURT COSTS</u>			
	BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS				
Cash and Cash Equivalents	\$222,514	\$652,786	\$710,220	\$165,080
Receivables (net of allowance for uncollectibles)		5,123		5,123
Due from Other Funds	2,531		2,531	0
Due from Others				0
Total Assets	\$225,045	\$657,909	\$712,751	\$170,203
LIABILITIES:				
Accounts Payable				\$0
Due to Other Funds				0
Due to Others	225,045	657,909	712,751	170,203
Total Liabilities	\$225,045	\$657,909	\$712,751	\$170,203

	<u>BELLVILLE ISD TRUANCY</u>			
	BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS				
Cash and Cash Equivalents	\$1,919	\$504	\$1,919	\$504
Receivables (net of allowance for uncollectibles)				0
Due from Other Funds				0
Due from Others				0
Total Assets	\$1,919	\$504	\$1,919	\$504
LIABILITIES:				
Accounts Payable				\$0
Due to Other Funds				0
Due to Others	1,919	504	1,919	504
Total Liabilities	\$1,919	\$504	\$1,919	\$504

	<u>SEALY ISD TRUANCY</u>			
	BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS				
Cash and Cash Equivalents	\$2,335	\$660	\$2,335	\$660
Receivables (net of allowance for uncollectibles)				0
Due from Other Funds				0
Due from Others				0
Total Assets	\$2,335	\$660	\$2,335	\$660
LIABILITIES:				
Accounts Payable				\$0
Due to Other Funds				0
Due to Others	2,335	660	2,335	660
Total Liabilities	\$2,335	\$660	\$2,335	\$660

<u>COUNTY OFFICER MONIES</u>		BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS					
Cash and Cash Equivalents		\$1,196,864		\$328,413	\$868,451
Receivables (net of allowance for uncollectibles)					0
Due from Other Funds					0
Due from Others					0
Total Assets		\$1,196,864	\$0	\$328,413	\$868,451
LIABILITIES:					
Accounts Payable		\$0			\$0
Due to Other Funds		2,531		2,531	0
Due to Others		1,194,333	0	325,882	868,451
Total Liabilities		\$1,196,864	\$0	\$328,413	\$868,451

<u>TOTAL</u>		BALANCE 9/30/2009	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2010
ASSETS					
Cash and Cash Equivalents		\$1,556,338	\$829,788	\$1,218,480	\$1,167,646
Receivables (net of allowance for uncollectibles)		12,737	5,123	0	17,860
Due from Other Funds		2,531	0	2,531	0
Due from Others		0	0	0	0
Total Assets		\$1,571,606	\$834,911	\$1,221,011	\$1,185,506
LIABILITIES:					
Accounts Payable		\$0	\$0	\$0	\$0
Due to Other Funds		2,531	0	2,531	0
Due to Others		1,569,075	834,911	1,218,480	1,185,506
Total Liabilities		\$1,571,606	\$834,911	\$1,221,011	\$1,185,506

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL

AUSTIN COUNTY, TEXAS
 INDIGENT HEALTH CARE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Interest	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
EXPENDITURES				
Current:				
Public Safety				
Sheriff	26,000	26,000	95,686	(69,686)
Total Expenditures	26,000	26,000	95,686	(69,686)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,000)	(26,000)	(95,686)	(69,686)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	371,252	371,252	118,200	(253,052)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	371,252	371,252	118,200	(253,052)
Net Changes in Fund Balances	345,252	345,252	22,514	(322,738)
Fund Balances - Beginning	(54,215)	(54,215)	(54,215)	
Fund Balances - Ending	\$291,037	\$291,037	(\$31,701)	(\$322,738)

AUSTIN COUNTY, TEXAS
 CERTIFICATE OF OBLIGATION SREIES 2007
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$450,474	\$450,474	\$449,325	(\$1,149)
Interest	646	646	319	(327)
Total Revenues	<u>451,120</u>	<u>451,120</u>	<u>449,644</u>	<u>(1,476)</u>
EXPENDITURES				
Current:				
Debt Service				
Principal Retirement	270,000	270,000	270,000	0
Interest Retirement	181,120	181,120	181,120	0
Total Expenditures	<u>451,120</u>	<u>451,120</u>	<u>451,120</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>(1,476)</u>	<u>(1,476)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	0	0	(1,476)	(1,476)
Fund Balances - Beginning	139,504	139,504	139,504	
Fund Balances - Ending	<u>\$139,504</u>	<u>\$139,504</u>	<u>\$138,028</u>	<u>(\$1,476)</u>

AUSTIN COUNTY, TEXAS
TAX NOTE SERIES 2004
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$162,778	\$162,778	\$167,710	\$4,932
Interest	1,548	1,548	119	(1,429)
Total Revenues	164,326	164,326	167,829	3,503
EXPENDITURES				
Current:				
Debt Service				
Principal Retirement	155,000	155,000	155,000	0
Interest Retirement	9,327	9,327	9,327	0
Total Expenditures	164,327	164,327	164,327	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	(1)	3,502	3,503
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(1)	(1)	3,502	3,503
Fund Balances - Beginning	95,403	95,403	95,403	
Fund Balances - Ending	\$95,402	\$95,402	\$98,905	\$3,503

AUSTIN COUNTY, TEXAS
TAX ROAD BOND SERIES 2009
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$432,455	\$432,455	\$430,531	(\$1,924)
Interest	657	657	305	(352)
Total Revenues	<u>433,112</u>	<u>433,112</u>	<u>430,836</u>	<u>(2,276)</u>
EXPENDITURES				
Current:				
Debt Service				
Principal Retirement	155,000	155,000	155,000	0
Interest Retirement	278,112	278,112	278,112	0
Total Expenditures	<u>433,112</u>	<u>433,112</u>	<u>433,112</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>0</u>	<u>0</u>	<u>(2,276)</u>	<u>(2,276)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	0	0	(2,276)	(2,276)
Fund Balances - Beginning	4,377	4,377	4,377	
Fund Balances - Ending	<u>\$4,377</u>	<u>\$4,377</u>	<u>\$2,101</u>	<u>(\$2,276)</u>

AUSTIN COUNTY, TEXAS
 COUNTY AND LATERAL ROAD FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$26,000	\$26,000	\$27,568	\$1,568
Total Revenues	26,000	26,000	27,568	1,568
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	26,000	26,000	27,568	(1,568)
Total Expenditures	26,000	26,000	27,568	(1,568)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	0	0	0	0
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	
Fund Balances - Ending	\$0	\$0	\$0	\$0

SINGLE AUDIT SECTION

AUSTIN COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	GRANTOR'S/ PASS-THROUGH GRANTOR'S NUMBER	PROGRAM EXPENDI- TURES
FEDERAL ASSISTANCE			
NON-STIMULUS PROGRAMS			
U.S. Department of Health and Human Services			
Direct			
CDC Investigations, Technical Assistance and Affordable Care Act Projects (NM)	93.283	NONE	\$15,000
Passed Through			
Office of the Attorney General			
Child Support Enforcement-Title IV-D (NM) Fiscal Year 2008	93.563	NONE	12,277
Total U.S. Department of Health and Human Services			<u>27,277</u>
Election Assistance Commission			
Passed Through			
Texas Secretary of State			
Help America Vote Act Requirements Payments (NM)	90.401	NONE	8,605
Total Election Assistance Commission			<u>8,605</u>
U.S. Department of Homeland Security			
Passed Through			
Texas Department of Public Safety			
Homeland Security Preparedness Technical Assistance Program (NM)	97.073		22,312
Emergency Management Performance Grants (NM)	97.042		31,567
CERT (NM)	97.053		17,720
Total U.S. Department of Homeland Security			<u>71,599</u>
U.S. Department of Justice			
Direct			
Crime Victim Assistance (NM)	16.575	1955704	41,687
Total U.S. Department of Justice			<u>41,687</u>
STIMULUS PROGRAMS			
U.S. Department of Justice			
Direct			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories (M)	16.803	2386701	498,746
Total U.S. Department of Justice			<u>498,746</u>
Total Federal Assistance			<u>\$647,914</u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER
 M=MAJOR PROGRAM
 NM=NONMAJOR PROGRAM
 See Accompanying Notes to Schedule of Federal Financial Assistance

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

To the Commissioner's Court
Austin County, Texas

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas as of and for the year ended September 30, 2010, which collectively comprise Austin County, Texas's basic financial statements and have issued my report thereon dated August 12, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Austin County, Texas's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Austin County, Texas's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Austin County, Texas's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Austin County, Texas's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Austin County, Texas's financial statements that is more than inconsequential will not be prevented or detected by Austin County, Texas's internal control. I consider the following deficiencies to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings and questioned costs as 2010-1 and 2010-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Austin County, Texas's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I considered that some of the significant deficiencies are material weaknesses as described in the accompanying schedule of findings and questioned costs as 2010-3 and 2010-4.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Austin County, Texas's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amount. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of Austin County, Texas in a separate letter dated August 12, 2011.

Austin County, Texas's response to the findings identified in my audit (if any) is described in the accompanying schedule of findings and questioned costs. I did not audit Austin County, Texas's response and, accordingly, I express no opinion on it.

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

Very truly yours,



Wayne R. Beyer
Certified Public Accountant
August 12, 2011

WAYNE R. BEYER
CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Compliance

I have audited the compliance of Austin County, Texas with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. Austin County, Texas's major federal program is identified in the summary of auditor's results section of the accompanying schedule of finds and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Austin County, Texas's management. My responsibility is to express an opinion on Austin County, Texas's compliance based on my audit.

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

In my opinion, Austin County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ended September 30, 2010.

Internal Control over Compliance

The management of Austin County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Austin County, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, I do not express an opinion of the effectiveness of Austin County, Texas's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I considered that some of the control deficiencies to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2010-1 and 2010-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. I considered that some of the significant deficiencies to be material weaknesses as described in the accompanying schedule of findings and questioned costs as item 2010-3 and 2010-4.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed above, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

Austin County, Texas's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Austin County, Texas's response and, accordingly, I express no opinion on it.

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

Sincerely,



Wayne R. Beyer
Certified Public Accountant
August 12, 2011

AUSTIN COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

General

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all Austin County, Texas's federal grants for the year ended September 30, 2010. This report is intended for the information of Austin County, Texas, state and federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

The Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting.

Non Cash Grants

Austin County received no non-cash grants for the year ended September 30, 2010.

AUSTIN COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Federal

There were no prior audit findings for Federal Awards.

AUSTIN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Austin County, Texas.
2. There were two significant deficiencies disclosed during the audit listed below as findings 2010-1 and 2010-2. There were two material weakness disclosed during the audit listed below as findings 2010-3 and 2010-4.
3. There were no instances of noncompliance material to the financial statements of Austin County, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There was one significant deficiency disclosed during the audit listed below as finding 2010-1. There was one material weakness disclosed during the audit listed below as finding 2010-3.
5. The auditor's report on compliance for the major federal award programs for Austin County, Texas expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs: Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories CFDA No. 16.803.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Austin County did not qualify as a low-risk auditee.
10. Material Weaknesses
 - a. There were two material weakness disclosed during the audit listed below as findings 2010-3 and 2010-4.

Findings relating to the Financial Statements

2010-1 Segregation of Duties/ Review and Initialing

Condition: Due to the limited number of people working in the county offices, many critical duties are combined and given to the available employees.

Criteria: Internal controls should be in place that provides reasonable assurance that to the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

Effect: Because the County does not have proper segregation of duties the possibility exists that the financial statements can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because it would be impracticable and expensive for the County to have a proper segregation of duties.

Recommendation: We recommend that the County look into the possibility of dividing up the accounting, bookkeeping/cash duties and/or to institute more oversight by management so as to avoid the possibility of financial statements being materially misstated either through mistake, error, or fraud.

Response: The County will make the necessary corrective action.

2010-2 Justices of the Peace No. 2 and 4

Condition: I noted that Justice of the Peace offices No. 2 and 4 are submitting monthly reports which do not list receipt numbers in sequential order, that Justices of the Peace No. 2 and 4 are only making deposits once per month, and that monthly reports are not being signed off on by the Justices of the Peace before being submitted to the Treasurer.

Criteria: Internal controls should be in place that provides reasonable assurance that to the extent possible, duties are performed within the Justices' of the Peace offices to ensure the best control system as possible.

Effect: Because internal controls are lacking the possibility exists that the monthly reports and deposits and collections can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because proper controls are lacking within the Justices' of the Peace offices; and because there is not proper oversight of the Justices' of the Peace offices.

Recommendation: I recommend the monthly reports list receipt numbers in sequential order, that the reports be reviewed by the Treasurer or Auditor to verify there are no missing receipts, that deposits be made daily or weekly, and that monthly reports be reviewed, approved and signed by the respective Justices of the Peace before being submitted to the Treasurer. I also recommend that the County be more diligent in its oversight of the Justices' of the Peace offices.

Response: The County will make the necessary corrective action.

2010-3 Financial Statement Preparation

Condition: Recently issued auditing standards have clarified that the components of internal controls are the same for all entities, regardless of their size or other challenges that are present accordingly, auditors should be allowed to give exemptions or special relief to smaller entities when evaluating effective internal control. Certain internal controls that have often been overlooked by small governmental units relate to the annual financial reporting process. Annual financial reporting control objectives address the preparation of accurate annual financial statements and related note disclosures in accordance with generally accepted accounting principles. That is to say, the system of internal control over financial reporting does not stop at the County's general ledger. It includes controls over the actual financial statement preparation, including note disclosures.

I have drafted the financial statements and related note disclosures at the County's request. This was done because, due to its limited resources, the County decided to focus their financial accounting resources in other areas and utilize auditors to provide the draft financial statements in accordance with the highly technical pronouncements and requirements of generally accepted accounting principles. While I am not questioning the County's abilities to understand, analyze and accept the final financial statements, we cannot be considered part of the County's internal controls. Consequently, the initial preparation of the financial statements and related notes by the auditors is considered a control deficiency. The fact that we prepare the financial statements may give users more confidence that the financial statements are correct; however, it does not eliminate the control deficiency.

It is my responsibility to report this deficiency to increase your awareness of the accounting and auditing regulations; however, management can continue to make a conscious decision to continue to allow the auditors to assist in the drafting of the financial statements. To remedy the control deficiency related to the preparation of the annual financial statements, the County needs to ensure that appropriate personnel are in place and that they have the appropriate knowledge and tools to be an effective element of the internal control process either through training or addition of in-house personnel or through the use of outside consultants other than your auditor.

Criteria: Internal controls should be in place that provides reasonable assurance that the County has an individual on staff that is familiar with GAAP and who can apply Generally Accepted Accounting Principles to the County's financial statements.

Effect: Because the County does not have an individual on staff that is familiar with GAAP the County's governing body cannot adequately evaluate the County's financial position and results of operations on an ongoing basis.

Cause of Condition: This condition exists because it would be impractical and expensive for the County to have someone on staff who is familiar with Generally Accepted Accounting Principles because that individual would have to be a Certified Public Accountant at a minimum.

Recommendation: We recommend that the County look into the possibility of obtaining someone who is familiar with Generally Accepted Accounting Principles.

Response: The County will make the necessary corrective action.

2010-4 Justices of the Peace

Condition: I noted that some voided receipts were not accounted for with written explanations for Justice of the Peace No. 4, that there were twenty-eight (28) receipts totaling \$3,714.00 which could not be accounted for during the test month of March 2010 at the Justice of the Peace No. 4 office, that of thirty-five (35) jackets tested at the Justice of the Peace No. 4 office five (5) were missing receipts upon examination and of thirty-five (35) jackets requested for examination at the Justice of the Peace No. 4 office, four (4) were missing and unaccounted for.

Criteria: Internal controls should be in place that provides reasonable assurance that to the extent possible, duties are performed within the Justices of the Peace's office to ensure the best control system as possible.

Effect: Because internal controls are lacking the possibility exists that the monthly reports and deposits and collections can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because proper controls are lacking within the Justices' of the Peace offices; and that there is not proper oversight of the Justices' of the Peace offices.

Recommendation: I recommend that voided receipts be backed up with written explanations listing the reason(s) they were voided, that the monthly reports list receipt numbers in sequential order and that the reports be reviewed by the Treasurer to verify there are no missing receipts, that receipts be kept in respective jackets at all times, and that jackets be kept for all citations / cases. I also recommend that the County be more diligent in its oversight of the Justices' of the Peace offices.

Response: The County will make the necessary corrective action.

Findings and Questioned Costs for Federal Awards

See 2010-1 above.

See 2010-3 above.