

**HENDERSON COUNTY,
TEXAS**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

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

HENDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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HENDERSON COUNTY, TEXAS

DIRECTORY OF OFFICIALS

DECEMBER 31, 2010

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson County, Texas as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henderson County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 4, the County has not implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. These financial statements recognize the cost of postemployment benefits, other than retirement benefits, on a pay-as-you-go basis. Accounting principles generally accepted in the United States of America require that annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded would increase the liabilities, reduce the net assets, and change the expenses of the governmental activities, the business-type activities, and each major proprietary fund. The effects on these financial statements, although not reasonably determinable, are presumed to be material.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major proprietary fund of Henderson County, Texas, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of Henderson County, Texas, as of December 31, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and 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*, we have also issued our report dated June 30, 2011, on our consideration of Henderson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 9 to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Pattillo, Brown & Hill, LLP

June 30, 2011

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended December 31, 2010. The MD&A should be read in conjunction with the County's basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of Henderson County exceeded its liabilities at the close of fiscal year 2010 by \$43,862,514 (*net assets*). Of this amount, \$8,895,655 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net assets increased by \$995,202.
- As of December 31, 2010, Henderson County's governmental funds reported combined ending fund balances of \$7,459,473, a decrease of \$1,963,598.
- At the end of fiscal year 2010, unreserved fund balance for the General Fund was \$6,127,349, a decrease of 28% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the County'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).

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

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Road and Bridge Fund, both of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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 Henderson County, assets exceeded liabilities by \$43,862,514 at the close of the most recent fiscal year.

Investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any debt used to acquire those assets that are still outstanding accounted for \$33,241,258 of the County’s net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

HENDERSON COUNTY’S NET ASSETS

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | \$ 24,335,337 | \$ 25,242,213 | \$ 11,023 | \$ 200 | \$ 24,346,360 | \$ 25,242,413 |
| Capital assets | 38,963,100 | 37,407,847 | 1,163,665 | 1,258,204 | 40,126,765 | 38,666,051 |
| Total assets | 63,298,437 | 62,650,060 | 1,174,688 | 1,258,404 | 64,473,125 | 63,908,464 |
| Long-term liabilities | 5,899,957 | 6,733,389 | 56,982 | 74,143 | 5,956,939 | 6,807,532 |
| Other liabilities | 14,615,189 | 14,180,847 | 38,483 | 52,773 | 14,653,672 | 14,233,620 |
| Total liabilities | 20,515,146 | 20,914,236 | 95,465 | 126,916 | 20,610,611 | 21,041,152 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 32,151,221 | 29,773,663 | 1,090,037 | 1,152,378 | 33,241,258 | 30,926,041 |
| Restricted | 1,725,601 | 1,304,330 | - | - | 1,725,601 | 1,304,330 |
| Unrestricted | 8,906,469 | 10,657,831 | (10,814) | (20,890) | 8,895,655 | 10,636,941 |
| Total net assets | \$ 42,783,291 | \$ 41,735,824 | \$ 1,079,223 | \$ 1,131,488 | \$ 43,862,514 | \$ 42,867,312 |

Approximately 4% of the County’s net assets represent *restricted net assets*. These are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. The remaining balance, *unrestricted net assets*, may be used to meet the County’s ongoing obligations to citizens and creditors.

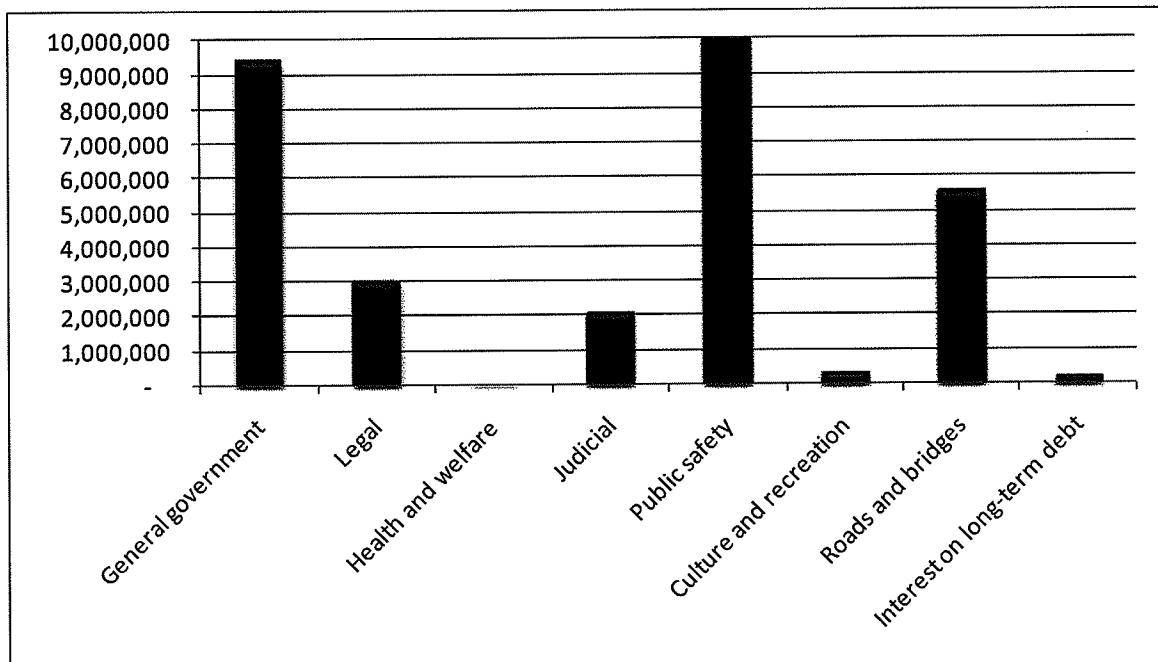
HENDERSON COUNTY'S CHANGES IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6,349,858 | \$ 6,175,807 | \$ 221,051 | \$ 221,366 | \$ 6,570,909 | \$ 6,397,173 |
| Operating grants and contributions | 1,165,995 | 1,055,533 | 26,185 | 42,624 | 1,192,180 | 1,098,157 |
| Capital grants and contributions | - | 14,860 | - | - | - | 14,860 |
| General revenues: | | | | | | |
| Property taxes | 24,822,566 | 24,108,324 | 13,524 | 14,735 | 24,836,090 | 24,123,059 |
| Other taxes | 87,947 | 80,409 | - | - | 87,947 | 80,409 |
| Investment earnings | 61,564 | 118,761 | - | - | 61,564 | 118,761 |
| Miscellaneous | 29,718 | 72,272 | - | - | 29,718 | 72,272 |
| Total revenues | <u>32,517,648</u> | <u>31,625,966</u> | <u>260,760</u> | <u>278,725</u> | <u>32,778,408</u> | <u>31,904,691</u> |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 9,394,809 | 8,628,659 | - | - | 9,394,809 | 8,628,659 |
| Legal | 3,040,561 | 3,060,253 | - | - | 3,040,561 | 3,060,253 |
| Health and welfare | 74,199 | 100,293 | - | - | 74,199 | 100,293 |
| Judicial | 2,120,040 | 2,449,517 | - | - | 2,120,040 | 2,449,517 |
| Public safety | 10,522,737 | 10,185,466 | - | - | 10,522,737 | 10,185,466 |
| Culture and recreation | 394,367 | 432,659 | - | - | 394,367 | 432,659 |
| Roads and bridges | 5,610,702 | 5,205,413 | - | - | 5,610,702 | 5,205,413 |
| Interest on long-term debt | 275,205 | 318,998 | - | - | 275,205 | 318,998 |
| Business-type activities: | | | | | | |
| Fair Park | - | - | 360,522 | 403,898 | 360,522 | 403,898 |
| Fair Park Concessions | - | - | 52,615 | 51,914 | 52,615 | 51,914 |
| Total expenses | <u>31,432,620</u> | <u>30,381,258</u> | <u>413,137</u> | <u>455,812</u> | <u>31,845,757</u> | <u>30,837,070</u> |
| Decreases in net assets before transfers | 1,085,028 | 1,244,708 | (152,377) | (177,087) | 932,651 | 1,067,621 |
| Transfers | (100,112) | (276,018) | 100,112 | 276,018 | - | - |
| Gain on sale of assets | 62,551 | 29,471 | - | - | 62,551 | 29,471 |
| Change in net assets | 1,047,467 | 998,161 | (52,265) | 98,931 | 995,202 | 1,097,092 |
| Net assets, beginning | 41,735,824 | 40,116,101 | 1,131,488 | 1,032,557 | 42,867,312 | 41,148,658 |
| Prior period adjustment | - | 621,562 | - | - | - | 621,562 |
| Net assets, ending | <u>\$ 42,783,291</u> | <u>\$ 41,735,824</u> | <u>\$ 1,079,223</u> | <u>\$ 1,131,488</u> | <u>\$ 43,862,514</u> | <u>\$ 42,867,312</u> |

Governmental Activities. Governmental activities increased Henderson County's net assets by \$1,047,467. Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$7,515,853 equaled 23% of governmental expenses of \$31,432,620. As expected, general revenues of \$25,064,346 provided the additional support and coverage for expenses.
- Approximately 37% of the expenses were for public safety of the total revenues of \$32,580,199.
- Infrastructure (roads and bridges) at \$5,610,702 accounted for 17% of total expenses.
- Grant revenues and contributions comprised roughly 3% of total revenues.

GOVERNMENTAL ACTIVITIES EXPENSES



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of fiscal year 2010, Henderson County's *governmental funds* reported combined ending fund balances of \$7,459,473. Overall fund balance decreased by \$1,963,598. Mostly, this was the result of Commissioners' Court opting to purchase a new facility with cash in lieu of acquiring unnecessary debt. An increase in fuel prices and the overall downturn in the economy also contributed to the decrease from 2009.

The General Fund is the chief operating fund of Henderson County. At the end of fiscal year 2010, the General Fund had an ending fund balance of \$6,146,874. 99.68% of this total amount (\$6,127,349) constitutes unreserved fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance and total General Fund expenditures. Unreserved fund balance represents 25% of total General Fund expenditures.

The Road and Bridge Fund had an ending fund balance of \$710,034, a net increase of \$347,778. The increase was mainly due to an increase in miscellaneous revenue for road and bridge projects.

Enterprise Funds. Of the \$403,898 of expenses, \$94,539 is directly related to depreciation expense.

Budgetary Highlights

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

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

- In the General Fund, revenues were slightly higher than anticipated, but several line items reflected shortfalls, especially in investments (interest) income. The negative variances can be easily attributed to the sluggish economic conditions for most residents.
- Road and Bridge also experienced higher-than-anticipated total revenues with the largest percentage of 64% positive variance in the licenses and permits revenue line.
- Actual expenditures were lower than budgeted by \$957,236 in the General Fund and by \$310,088 in the Road and Bridge Fund. Fiscally conservative spending resulted in savings by both funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Henderson County's investment in capital assets for its governmental activities as of December 31, 2010, was \$38,963,100 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furniture and equipment and infrastructure.

HENDERSON COUNTY'S CAPITAL ASSETS AT YEAR-END

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | \$ 3,384,915 | \$ 2,921,915 | \$ 250,504 | \$ 250,504 | \$ 3,635,419 | \$ 3,172,419 |
| Construction in progress | - | 25,165 | - | - | - | 25,165 |
| Buildings and improvements | 28,449,535 | 26,118,644 | 1,967,126 | 1,967,126 | 30,416,661 | 28,085,770 |
| Furniture and equipment | 10,859,916 | 10,375,779 | 122,054 | 122,054 | 10,981,970 | 10,497,833 |
| Infrastructure | 32,024,869 | 32,024,869 | - | - | 32,024,869 | 32,024,869 |
| Less: accumulated depreciation | (35,756,135) | (34,058,525) | (1,176,019) | (1,081,480) | (36,932,154) | (35,140,005) |
| Total capital assets | <u>\$ 38,963,100</u> | <u>\$ 37,407,847</u> | <u>\$ 1,163,665</u> | <u>\$ 1,258,204</u> | <u>\$ 40,126,765</u> | <u>\$ 38,666,051</u> |

Capital Assets Events. In June, Henderson County acquired a 33,000 square foot office building (former bank) located on the square directly across the street from the courthouse. Ten percent of the building was purchased with County Clerk Records Management funds. A portion of the building has been allocated for records storage exclusively.

At this time, an official determination has not been made for the use of the building. The County is preparing for relocation costs, including a phone system and networking.

Long-term Debt. At the end of fiscal year 2010, Henderson County had total bonded debt outstanding of \$6,850,000. This amount is the combination of \$6,790,000 of general obligation bonds and \$60,000 of certificates of obligation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Revenues are anticipated to grow in 2011 because of the rise in property values. Henderson County was able to maintain its current tax rate. Unfortunately, anticipated state funding cuts, along with a reduction in grants, and rising costs will make managing expenses difficult.

Sky-rocketing fuel prices have created a huge financial burden for both Road and Bridge, and the Sheriff's Department.

REQUESTS FOR INFORMATION

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

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

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**BASIC
FINANCIAL STATEMENTS**

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HENDERSON COUNTY, TEXAS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 20,078,496 | \$ 9,690 | \$ 20,088,186 |
| Receivables, net of allowance for uncollectibles | | | |
| Taxes | 2,289,015 | 1,333 | 2,290,348 |
| Fines | 1,579,125 | - | 1,579,125 |
| Other | 196,710 | - | 196,710 |
| Due from other governments | 172,397 | - | 172,397 |
| Prepaid items | 18,398 | - | 18,398 |
| Inventories | 1,196 | - | 1,196 |
| Total current assets | 24,335,337 | 11,023 | 24,346,360 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 3,384,915 | 250,504 | 3,635,419 |
| Buildings and improvements | 28,449,535 | 1,967,126 | 30,416,661 |
| Furniture and equipment | 10,859,916 | 122,054 | 10,981,970 |
| Infrastructure | 32,024,869 | - | 32,024,869 |
| Less: accumulated depreciation | (35,756,135) | (1,176,019) | (36,932,154) |
| Total capital assets | 38,963,100 | 1,163,665 | 40,126,765 |
| Total noncurrent assets | 38,963,100 | 1,163,665 | 40,126,765 |
| Total assets | 63,298,437 | 1,174,688 | 64,473,125 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 440,835 | 9,788 | 450,623 |
| Accrued liabilities | 694,745 | 4,405 | 699,150 |
| Due to other governments | 308,799 | - | 308,799 |
| Unearned revenue | 11,262,657 | 7,644 | 11,270,301 |
| Cash bond deposits | 278,773 | - | 278,773 |
| Accrued interest payable | 42,668 | - | 42,668 |
| General obligation bonds | 1,025,000 | - | 1,025,000 |
| Capital lease obligation | 21,879 | 6,646 | 28,525 |
| Certificates of obligation | - | 10,000 | 10,000 |
| Compensated absences | 539,833 | - | 539,833 |
| Total current liabilities | 14,615,189 | 38,483 | 14,653,672 |
| Noncurrent liabilities: | | | |
| General obligation bonds | 5,765,000 | - | 5,765,000 |
| Capital lease obligation | - | 6,982 | 6,982 |
| Certificates of obligation | - | 50,000 | 50,000 |
| Compensated absences | 134,957 | - | 134,957 |
| Total noncurrent liabilities | 5,899,957 | 56,982 | 5,956,939 |
| Total liabilities | 20,515,146 | 95,465 | 20,610,611 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 32,151,221 | 1,090,037 | 33,241,258 |
| Restricted for: | | | |
| Roads and bridges | 1,030,892 | - | 1,030,892 |
| Debt service | 202,280 | - | 202,280 |
| Other purposes | 492,429 | - | 492,429 |
| Unrestricted | 8,906,469 | (10,814) | 8,895,655 |
| Total net assets | \$ 42,783,291 | \$ 1,079,223 | \$ 43,862,514 |

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

HENDERSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

| Functions/Programs | Expenses | Program Revenue | | |
|--------------------------------|---------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 9,394,809 | \$ 1,998,091 | \$ 242,393 | \$ - |
| Legal | 3,040,561 | 78,607 | 70,540 | - |
| Health and welfare | 74,199 | 56,780 | 1,179 | - |
| Judicial | 2,120,040 | 1,655,680 | 343,982 | - |
| Public safety | 10,522,737 | 1,129,842 | 443,970 | - |
| Culture and recreation | 394,367 | 14,281 | 11,640 | - |
| Roads and bridges | 5,610,702 | 1,416,577 | 52,291 | - |
| Interest on long-term debt | 275,205 | - | - | - |
| Total governmental activities | 31,432,620 | 6,349,858 | 1,165,995 | - |
| Business-type activities: | | | | |
| Fair Park | 360,522 | 160,094 | 26,185 | - |
| Fair Park concessions | 52,615 | 60,957 | - | - |
| Total business-type activities | 413,137 | 221,051 | 26,185 | - |
| Total | \$ 31,845,757 | \$ 6,570,909 | \$ 1,192,180 | \$ - |

General revenues:

Taxes:

Property

Alcoholic beverages

Investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$(7,154,325) | \$ - | \$(7,154,325) |
| (2,891,414) | - | (2,891,414) |
| (16,240) | - | (16,240) |
| (120,378) | - | (120,378) |
| (8,948,925) | - | (8,948,925) |
| (368,446) | - | (368,446) |
| (4,141,834) | - | (4,141,834) |
| (275,205) | - | (275,205) |
| <u>(23,916,767)</u> | <u>-</u> | <u>(23,916,767)</u> |
| - | (174,243) | (174,243) |
| - | <u>8,342</u> | <u>8,342</u> |
| <u>-</u> | <u>(165,901)</u> | <u>(165,901)</u> |
| <u>(23,916,767)</u> | <u>(165,901)</u> | <u>(24,082,668)</u> |
| 24,822,566 | 13,524 | 24,836,090 |
| 87,947 | - | 87,947 |
| 61,564 | - | 61,564 |
| 29,718 | - | 29,718 |
| 62,551 | - | 62,551 |
| <u>(100,112)</u> | <u>100,112</u> | <u>-</u> |
| <u>24,964,234</u> | <u>113,636</u> | <u>25,077,870</u> |
| 1,047,467 | (52,265) | 995,202 |
| <u>41,735,824</u> | <u>1,131,488</u> | <u>42,867,312</u> |
| <u>\$ 42,783,291</u> | <u>\$ 1,079,223</u> | <u>\$ 43,862,514</u> |

HENDERSON COUNTY, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2010

| | General | Road and Bridge |
|---|---------------|--------------------|
| ASSETS | | |
| Cash and investments | \$ 16,388,072 | \$ 2,401,135 |
| Receivables, net of allowance for uncollectibles: | | |
| Taxes | 1,804,724 | 336,545 |
| Fines | 1,579,125 | - |
| Other | 168,367 | 28,343 |
| Due from other funds | 14,642 | 19,690 |
| Due from other governments | 172,397 | - |
| Prepaid items | 18,329 | 69 |
| Inventory | 1,196 | - |
| Total assets | \$ 20,146,852 | \$ 2,785,782 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | 332,951 | 91,296 |
| Accrued liabilities | 634,425 | 60,293 |
| Due to other funds | 20,826 | - |
| Due to other governments | 194,014 | - |
| Deferred revenue | 12,538,989 | 1,924,159 |
| Cash bonds and deposits | 278,773 | - |
| Total liabilities | 13,999,978 | 2,075,748 |
| Fund balances: | | |
| Reserved for inventory | 1,196 | - |
| Reserved for prepaid items | 18,329 | 69 |
| Unreserved, reported in: | | |
| General fund | 6,127,349 | - |
| Special revenue funds | - | 709,965 |
| Debt service funds | - | - |
| Capital project funds | - | - |
| Total fund balances | 6,146,874 | 710,034 |
| Total liabilities and fund balances | \$ 20,146,852 | \$ 2,785,782 |

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

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

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

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

Net assets of governmental activities

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

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 1,289,289 | \$ 20,078,496 |
| 147,746 | 2,289,015 |
| - | 1,579,125 |
| - | 196,710 |
| - | 34,332 |
| - | 172,397 |
| - | 18,398 |
| - | 1,196 |
| <u>\$ 1,437,035</u> | <u>\$ 24,369,669</u> |
| 16,588 | 440,835 |
| 27 | 694,745 |
| 13,506 | 34,332 |
| 114,785 | 308,799 |
| 689,564 | 15,152,712 |
| - | 278,773 |
| <u>834,470</u> | <u>16,910,196</u> |
| - | 1,196 |
| - | 18,398 |
| - | 6,127,349 |
| 492,429 | 1,202,394 |
| 60,448 | 60,448 |
| 49,688 | 49,688 |
| <u>602,565</u> | <u>7,459,473</u> |
| <u>\$ 1,437,035</u> | |
| | 38,963,100 |
| | 3,890,055 |
| | <u>(7,529,337)</u> |
| | <u>\$ 42,783,291</u> |

HENDERSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | General | Road and Bridge | Other Governmental Funds | Total Governmental Funds |
|--|---------------|--------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 20,310,319 | \$ 3,361,313 | \$ 1,080,639 | \$ 24,752,271 |
| Fees of office | 2,056,336 | 979,524 | 240,407 | 3,276,267 |
| Intergovernmental | 1,923,564 | 52,291 | 89,700 | 2,065,555 |
| Licenses and permits | 18,121 | 437,053 | - | 455,174 |
| Fines and forfeitures | 1,159,455 | - | 103,687 | 1,263,142 |
| Investment earnings | 61,336 | - | 228 | 61,564 |
| Miscellaneous | 173,904 | 218,412 | 9,636 | 401,952 |
| Total revenues | 25,703,035 | 5,048,593 | 1,524,297 | 32,275,925 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,273,740 | - | 228,492 | 8,502,232 |
| Public safety | 10,785,362 | - | 54,554 | 10,839,916 |
| Roads and bridges | - | 4,945,815 | - | 4,945,815 |
| Legal | 2,139,710 | - | 97,444 | 2,237,154 |
| Judicial | 2,949,376 | - | 101,644 | 3,051,020 |
| Health and welfare | 78,862 | - | - | 78,862 |
| Culture and recreation | 331,965 | - | 61,382 | 393,347 |
| Capital outlay | - | - | 2,840,315 | 2,840,315 |
| Debt service: | | | | |
| Principal | 50,513 | - | 771,792 | 822,305 |
| Interest and other charges | 2,718 | - | 488,278 | 490,996 |
| Total expenditures | 24,612,246 | 4,945,815 | 4,643,901 | 34,201,962 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,090,789 | 102,778 | (3,119,604) | (1,926,037) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from insurance | 20,878 | - | - | 20,878 |
| Sale of capital assets | 41,673 | - | - | 41,673 |
| Transfers in | - | 245,000 | 3,185,940 | 3,430,940 |
| Transfers out | (3,531,052) | - | - | (3,531,052) |
| Total other financing sources and uses | (3,468,501) | 245,000 | 3,185,940 | (37,561) |
| NET CHANGE IN FUND BALANCES | (2,377,712) | 347,778 | 66,336 | (1,963,598) |
| FUND BALANCES, BEGINNING | 8,524,586 | 362,256 | 536,229 | 9,423,071 |
| FUND BALANCES, ENDING | \$ 6,146,874 | \$ 710,034 | \$ 602,565 | \$ 7,459,473 |

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

HENDERSON COUNTY, TEXAS

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

FOR THE YEAR ENDED DECEMBER 31, 2010

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds: | \$(1,963,598) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 1,555,253 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 241,723 |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This has no effect on the statement of activities. | 822,305 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. | <u>391,784</u> |
| Change in net assets of governmental activities | <u>\$ 1,047,467</u> |

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

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 20,173,603 | \$ 20,173,603 | \$ 20,222,372 | \$ 48,769 |
| Mixed beverage taxes | 74,000 | 74,000 | 87,947 | 13,947 |
| Fees of office: | | | | |
| Sheriff | 200,000 | 200,000 | 199,864 | (136) |
| County clerk | 756,500 | 756,500 | 691,270 | (65,230) |
| Tax assessor/collector | 567,500 | 567,500 | 600,737 | 33,237 |
| District clerk | 305,000 | 305,000 | 264,476 | (40,524) |
| Justice of the peace | 84,200 | 84,200 | 81,878 | (2,322) |
| District attorney | 22,000 | 22,000 | 27,332 | 5,332 |
| Constables | 53,500 | 53,500 | 63,275 | 9,775 |
| Court costs | 83,200 | 83,200 | 95,170 | 11,970 |
| Other | 35,000 | 35,000 | 32,334 | (2,666) |
| Total fees of office | <u>2,106,900</u> | <u>2,106,900</u> | <u>2,056,336</u> | <u>(50,564)</u> |
| Intergovernmental | 1,884,580 | 1,928,753 | 1,923,564 | (5,189) |
| Licenses and permits | 9,000 | 9,000 | 18,121 | 9,121 |
| Fines and forfeitures | 1,149,000 | 1,149,000 | 1,159,455 | 10,455 |
| Investment earnings | 125,000 | 125,000 | 61,336 | (63,664) |
| Miscellaneous | 123,800 | 123,800 | 173,904 | 50,104 |
| Total revenues | <u>25,645,883</u> | <u>25,690,056</u> | <u>25,703,035</u> | <u>12,979</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| County judge | 227,943 | 230,808 | 223,322 | 7,486 |
| General county operations | 3,217,755 | 3,509,514 | 3,350,568 | 158,946 |
| Juvenile | 130,000 | 130,000 | 97,789 | 32,211 |
| General information systems | 468,065 | 518,709 | 384,318 | 134,391 |
| County clerk | 743,959 | 743,959 | 686,097 | 57,862 |

(continued)

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| General government: (Continued) | | | | |
| County clerk records management | \$ - | \$ 3,962 | \$ 3,961 | \$ 1 |
| Elections administration | 288,678 | 318,240 | 309,322 | 8,918 |
| Veterans service | 19,424 | 19,974 | 19,252 | 722 |
| County auditor | 614,644 | 615,959 | 611,418 | 4,541 |
| Information technology | 238,595 | 239,033 | 225,085 | 13,948 |
| County treasurer | 203,446 | 206,200 | 206,148 | 52 |
| Tax assessor/collector | 771,036 | 771,036 | 747,022 | 24,014 |
| Public facilities | <u>1,789,419</u> | <u>1,557,019</u> | <u>1,409,438</u> | <u>147,581</u> |
| Total general government | <u>8,712,964</u> | <u>8,864,413</u> | <u>8,273,740</u> | <u>590,673</u> |
| Public safety: | | | | |
| Constables general | 14,010 | 14,010 | 1,251 | 12,759 |
| Constable, precinct 1 | 59,729 | 59,729 | 59,549 | 180 |
| Constable, precinct 2 | 61,259 | 61,259 | 61,248 | 11 |
| Constable, precinct 3 | 60,159 | 60,159 | 59,691 | 468 |
| Constable, precinct 4 | 84,747 | 84,922 | 84,857 | 65 |
| Constable, precinct 5 | 85,209 | 85,209 | 84,495 | 714 |
| Constable, precinct 6 | 60,492 | 60,492 | 58,293 | 2,199 |
| Sheriff's office field operations | 4,328,979 | 4,834,246 | 4,748,622 | 85,624 |
| Jail operations | 5,530,045 | 5,529,709 | 5,213,890 | 315,819 |
| County funding of CSCD | 2,500 | 2,500 | 555 | 1,945 |
| Emergency management | 72,239 | 72,239 | 67,575 | 4,664 |
| Fire marshal/environmental crimes | 289,486 | 289,487 | 275,009 | 14,478 |
| Department of public safety | <u>70,602</u> | <u>70,602</u> | <u>70,327</u> | <u>275</u> |
| Total public safety | <u>10,719,456</u> | <u>11,224,563</u> | <u>10,785,362</u> | <u>439,201</u> |

(continued)

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| Legal: | | | | |
| County attorney prosecution | \$ 718,425 | \$ 735,815 | \$ 727,752 | \$ 8,063 |
| County attorney collections | 316,321 | 302,921 | 292,777 | 10,144 |
| District attorney | 1,030,358 | 1,033,194 | 1,033,151 | 43 |
| District attorney capital cases | 118,000 | 86,641 | 86,030 | 611 |
| Total legal | <u>2,183,104</u> | <u>2,158,571</u> | <u>2,139,710</u> | <u>18,861</u> |
| Judicial: | | | | |
| County court-at-law 1 | 327,614 | 338,334 | 328,158 | 10,176 |
| County court-at-law 2 | 322,209 | 332,929 | 327,782 | 5,147 |
| District courts general | 64,000 | 74,000 | 62,367 | 11,633 |
| Indigent defense | 51,614 | 51,614 | 49,962 | 1,652 |
| 3rd district court | 127,841 | 131,416 | 121,314 | 10,102 |
| 173rd district court | 195,150 | 206,230 | 203,429 | 2,801 |
| 392nd district court | 195,949 | 207,029 | 204,994 | 2,035 |
| Juvenile board | 61,561 | 11,778 | 9,637 | 2,141 |
| District clerk | 576,689 | 576,689 | 571,816 | 4,873 |
| District clerk records management | 45,000 | 45,000 | - | 45,000 |
| Justice of the peace, precinct 1 | 143,209 | 143,210 | 137,008 | 6,202 |
| Justice of the peace, precinct 2 | 191,444 | 192,045 | 191,162 | 883 |
| Justice of the peace, precinct 3 | 123,635 | 123,636 | 120,398 | 3,238 |
| Justice of the peace, precinct 4 | 123,362 | 123,362 | 120,973 | 2,389 |
| Justice of the peace, precinct 5 | 116,815 | 116,815 | 111,612 | 5,203 |
| Justice of the peace, precinct 6 | 172,366 | 172,366 | 156,888 | 15,478 |
| Arraignments | 15,423 | 15,423 | 9,672 | 5,751 |
| County funding of juvenile probation | - | - | 222,204 | (222,204) |
| Total judicial | <u>2,853,881</u> | <u>2,861,876</u> | <u>2,949,376</u> | <u>(87,500)</u> |

(continued)

HENDERSON COUNTY, TEXAS

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

GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|--------------|--------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| Health and welfare: | | | | |
| Health care coordination | \$ 81,226 | \$ 82,026 | \$ 78,862 | \$ 3,164 |
| Total health and welfare | 81,226 | 82,026 | 78,862 | 3,164 |
| Culture and recreation: | | | | |
| Public library | 155,557 | 155,557 | 129,764 | 25,793 |
| Public library east | 18,226 | 12,301 | 12,301 | - |
| County extension office | 192,419 | 192,419 | 173,093 | 19,326 |
| Historical Commission | 17,756 | 17,756 | 16,807 | 949 |
| Total culture and recreation | 383,958 | 378,033 | 331,965 | 46,068 |
| Debt service: | | | | |
| Principal | - | - | 50,513 | (50,513) |
| Interest and other charges | - | - | 2,718 | (2,718) |
| Total expenditures | 24,934,589 | 25,569,482 | 24,612,246 | 957,236 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 711,294 | 120,574 | 1,090,789 | 970,215 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from insurance | - | 15,130 | 20,878 | 5,748 |
| Sale of capital assets | - | - | 41,673 | 41,673 |
| Transfers out | - | (3,521,516) | (3,531,052) | (9,536) |
| Total other financing sources (uses) | - | (3,506,386) | (3,468,501) | 37,885 |
| NET CHANGE IN FUND BALANCES | 711,294 | (3,385,812) | (2,377,712) | 1,008,100 |
| FUND BALANCES, BEGINNING | 8,524,586 | 8,524,586 | 8,524,586 | - |
| FUND BALANCES, ENDING | \$ 9,235,880 | \$ 5,138,774 | \$ 6,146,874 | \$ 1,008,100 |

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

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HENDERSON COUNTY, TEXAS

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

ROAD AND BRIDGE

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------|--------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 3,410,293 | \$ 3,410,293 | \$ 3,361,313 | \$(48,980) |
| Fees of office | 926,000 | 926,000 | 979,524 | 53,524 |
| Licenses and permits | 265,000 | 265,000 | 437,053 | 172,053 |
| Intergovernmental | 52,000 | 52,000 | 52,291 | 291 |
| Investment earnings | 10,000 | 10,000 | - | (10,000) |
| Miscellaneous | - | 218,038 | 218,412 | 374 |
| Total revenues | <u>4,663,293</u> | <u>4,881,331</u> | <u>5,048,593</u> | <u>167,262</u> |
| EXPENDITURES | | | | |
| Waste management | 242,314 | 317,314 | 313,944 | 3,370 |
| Road and bridge general | 40,737 | 40,737 | 26,028 | 14,709 |
| Road and bridge precinct #1 | 1,125,711 | 1,189,909 | 1,144,941 | 44,968 |
| Road and bridge precinct #2 | 1,143,311 | 1,221,364 | 1,215,708 | 5,656 |
| Road and bridge precinct #3 | 1,093,311 | 1,108,311 | 1,030,638 | 77,673 |
| Road and bridge precinct #4 | 1,143,311 | 1,204,098 | 1,117,865 | 86,233 |
| Precinct #1 lateral road | 13,000 | 57,101 | 35,386 | 21,715 |
| Precinct #2 lateral road | 13,000 | 26,180 | - | 26,180 |
| Precinct #3 lateral road | 13,000 | 28,262 | - | 28,262 |
| Precinct #4 lateral road | 13,000 | 62,627 | 61,305 | 1,322 |
| Total expenditures | <u>4,840,695</u> | <u>5,255,903</u> | <u>4,945,815</u> | <u>310,088</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(177,402)</u> | <u>(374,572)</u> | <u>102,778</u> | <u>477,350</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>245,000</u> | <u>245,000</u> | <u>245,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(177,402)</u> | <u>(374,572)</u> | <u>347,778</u> | <u>722,350</u> |
| FUND BALANCES, BEGINNING | <u>362,256</u> | <u>362,256</u> | <u>362,256</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 184,854</u> | <u>\$(12,316)</u> | <u>\$ 710,034</u> | <u>\$ 722,350</u> |

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

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HENDERSON COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

DECEMBER 31, 2010

| | Enterprise Funds | | |
|---|---------------------|--------------------------|---------------------|
| | Fair Park | Fair Park Concessions | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 200 | \$ 9,490 | \$ 9,690 |
| Accounts receivable, net | <u>1,333</u> | <u>-</u> | <u>1,333</u> |
| Total current assets | <u>1,533</u> | <u>9,490</u> | <u>11,023</u> |
| Non-current assets: | | | |
| Capital assets: | | | |
| Land | 250,504 | - | 250,504 |
| Buildings and improvements | 1,967,126 | - | 1,967,126 |
| Furniture and equipment | 122,054 | - | 122,054 |
| Less: accumulated depreciation | <u>(1,176,019)</u> | <u>-</u> | <u>(1,176,019)</u> |
| Total non-current assets | <u>1,163,665</u> | <u>-</u> | <u>1,163,665</u> |
| Total assets | <u>1,165,198</u> | <u>9,490</u> | <u>1,174,688</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 9,067 | 721 | 9,788 |
| Accrued liabilities | 3,951 | 454 | 4,405 |
| Deferred revenue | 7,644 | - | 7,644 |
| Capital lease obligation | 6,646 | - | 6,646 |
| Certificates of obligation | <u>10,000</u> | <u>-</u> | <u>10,000</u> |
| Total current liabilities | <u>37,308</u> | <u>1,175</u> | <u>38,483</u> |
| Non-current liabilities: | | | |
| Capital lease obligation | 6,982 | - | 6,982 |
| Certificates of obligation | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| Total non-current liabilities | <u>56,982</u> | <u>-</u> | <u>56,982</u> |
| Total liabilities | <u>94,290</u> | <u>1,175</u> | <u>95,465</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 1,090,037 | - | 1,090,037 |
| Unrestricted | <u>(19,129)</u> | <u>8,315</u> | <u>(10,814)</u> |
| Total net assets | <u>\$ 1,070,908</u> | <u>\$ 8,315</u> | <u>\$ 1,079,223</u> |

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

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HENDERSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Enterprise Funds | | |
|--|---------------------|--------------------------|---------------------|
| | Fair Park | Fair Park Concessions | Total |
| OPERATING REVENUES | | | |
| Rentals | \$ 113,771 | \$ - | \$ 113,771 |
| Concessions | - | 60,957 | 60,957 |
| Contributions | 26,185 | - | 26,185 |
| Other | <u>46,323</u> | <u>-</u> | <u>46,323</u> |
| Total operating revenues | <u>186,279</u> | <u>60,957</u> | <u>247,236</u> |
| OPERATING EXPENSES | | | |
| Personnel | 145,808 | 13,347 | 159,155 |
| Supplies and materials | 38,461 | 39,268 | 77,729 |
| Repairs and maintenance | 14,849 | - | 14,849 |
| Public support | 375 | - | 375 |
| Utilities | 59,825 | - | 59,825 |
| Depreciation | 94,539 | - | 94,539 |
| Other | <u>672</u> | <u>-</u> | <u>672</u> |
| Total operating expenses | <u>355,529</u> | <u>52,615</u> | <u>408,144</u> |
| OPERATING INCOME (LOSS) | <u>(169,250)</u> | <u>8,342</u> | <u>(160,908)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Taxes | 13,524 | - | 13,524 |
| Interest expense | <u>(4,993)</u> | <u>-</u> | <u>(4,993)</u> |
| Total non-operating revenues (expenses) | <u>8,531</u> | <u>-</u> | <u>8,531</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(160,719)</u> | <u>8,342</u> | <u>(152,377)</u> |
| Transfers in | <u>100,112</u> | <u>-</u> | <u>100,112</u> |
| CHANGE IN NET ASSETS | <u>(60,607)</u> | <u>8,342</u> | <u>(52,265)</u> |
| TOTAL NET ASSETS, BEGINNING | <u>1,131,515</u> | <u>(27)</u> | <u>1,131,488</u> |
| TOTAL NET ASSETS, ENDING | <u>\$ 1,070,908</u> | <u>\$ 8,315</u> | <u>\$ 1,079,223</u> |

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

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HENDERSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Enterprise Funds | | |
|---|------------------|--------------------------|--------------|
| | Fair Park | Fair Park Concessions | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 186,279 | \$ 60,957 | \$ 247,236 |
| Cash paid to suppliers for goods and services | (145,422) | (12,893) | (158,315) |
| Cash paid to employees for services | (118,154) | (38,574) | (156,728) |
| Net cash provided (used) by operating activities | (77,297) | 9,490 | (67,807) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash received from property taxes | 14,376 | - | 14,376 |
| Transfers from other funds | 100,112 | - | 100,112 |
| Net cash provided by noncapital financing activities | 114,488 | - | 114,488 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Interest and fiscal charges on long-term debt | (4,993) | - | (4,993) |
| Principal payments on long-term debt | (32,198) | - | (32,198) |
| Net cash used by capital and related financing activities | (37,191) | - | (37,191) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | - | 9,490 | 9,490 |
| CASH AND CASH EQUIVALENTS, BEGINNING | 200 | - | 200 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 200 | \$ 9,490 | \$ 9,690 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$(169,250) | \$ 8,342 | \$(160,908) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 94,539 | - | 94,539 |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | (2,972) | 694 | (2,278) |
| Accrued liabilities | 386 | 454 | 840 |
| Net cash provided (used) by operating activities | \$(77,297) | \$ 9,490 | \$(67,807) |

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

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HENDERSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010

| | |
|---------------------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ <u>3,624,481</u> |
| Total assets | \$ <u><u>3,624,481</u></u> |
| LIABILITIES | |
| Due to other agencies and individuals | \$ <u>3,624,481</u> |
| Total liabilities | \$ <u><u>3,624,481</u></u> |

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

HENDERSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Financial Reporting Entity

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

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly. As of December 31, 2010, the County does not report any component units.

B. Government-wide and Fund Financial Statements

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

The County reports the following major governmental funds:

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The County reports the following major Enterprise Funds:

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

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

Additionally, the County reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

Receivables and Payables

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

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

Inventories and Prepaid Items

All inventories are valued at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Capital Assets

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

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Capital Assets (Continued)

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

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 10 - 40 |
| Furniture and equipment | 5 - 10 |
| Infrastructure | 50 - 100 |

Compensated Absences

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

Long-term Obligations

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

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

Fund 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(7,529,337) difference are as follows:

| | |
|--|------------------------|
| General obligation bonds | \$(6,790,000) |
| Accrued interest payable | (42,668) |
| Compensated absences | (674,790) |
| Capital leases | (<u>21,879</u>) |
| Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | \$(<u>7,529,337</u>) |

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,555,253 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 3,583,214 |
| Depreciation expense | <u>(2,027,961)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 1,555,253</u> |

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$241,723 difference are as follows:

| | |
|--|-------------------|
| Property taxes | \$ 158,242 |
| Court fines | 218,692 |
| Grant revenue | <u>(135,211)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 241,723</u> |

Another element of that reconciliation states that, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$391,784 difference are as follows:

| | |
|--|-------------------|
| Compensated absences | \$ 133,014 |
| Accrued interest | 4,687 |
| Accreted interest | <u>254,083</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 391,784</u> |

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

4. DETAILED NOTES ON ALL FUNDS

Deposits

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of the State of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of September 30, 2010, \$21,481,375 of the County's \$24,047,129 deposit balance was collateralized with securities by the pledging financial institution. The remaining balance, \$2,565,754 was covered by FDIC insurance.

Receivables

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

| | <u>Governmental Funds</u> | | | |
|---------------------------------------|---------------------------|----------------------------|-------------------|----------------------|
| | <u>General</u> | <u>Road and Bridge</u> | <u>Nonmajor</u> | <u>Total</u> |
| Receivables: | | | | |
| Taxes | \$ 1,899,709 | \$ 354,258 | \$ 155,482 | \$ 2,409,449 |
| Fines | 15,791,253 | - | - | 15,791,253 |
| Other | <u>168,367</u> | <u>28,343</u> | <u>-</u> | <u>196,710</u> |
| Gross receivables | 17,859,329 | 382,601 | 155,482 | 18,397,412 |
| Less: allowance for uncollectibles | <u>(14,307,113)</u> | <u>(17,713)</u> | <u>(7,736)</u> | <u>(14,332,562)</u> |
| Net total receivables | <u>\$ 3,552,216</u> | <u>\$ 364,888</u> | <u>\$ 147,746</u> | <u>\$ 4,064,850</u> |

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Deferred Revenue

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

| | <u>Unavailable</u> | <u>Unearned</u> |
|-------------------------------|---------------------|----------------------|
| Governmental activities: | | |
| General fund: | | |
| Delinquent property taxes | \$ 1,713,029 | \$ - |
| Unearned property taxes | - | 8,995,620 |
| Fines | 1,714,336 | - |
| Other | - | 116,004 |
| Road and bridge: | | |
| Delinquent property taxes | 320,858 | - |
| Unearned property taxes | - | 1,603,301 |
| Nonmajor governmental funds: | | |
| Delinquent property taxes | 141,832 | - |
| Unearned property taxes | <u>-</u> | <u>547,732</u> |
| Total governmental activities | <u>\$ 3,890,055</u> | <u>\$ 11,262,657</u> |

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

| | Beginning Balance | Additions | Deletions | Reclass | Ending Balance |
|---|----------------------|---------------------|-------------------|------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,921,915 | \$ 463,000 | \$ - | \$ - | \$ 3,384,915 |
| Construction in progress | 25,165 | 21,858 | - | (47,023) | - |
| Total capital assets not being depreciated | <u>2,947,080</u> | <u>484,858</u> | <u>-</u> | <u>(47,023)</u> | <u>3,384,915</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 26,118,644 | 2,283,868 | - | 47,023 | 28,449,535 |
| Furniture and fixtures | 10,375,779 | 814,488 | (330,351) | - | 10,859,916 |
| Infrastructure | 32,024,869 | - | - | - | 32,024,869 |
| Total capital assets being depreciated | <u>68,519,292</u> | <u>3,098,356</u> | <u>(330,351)</u> | <u>47,023</u> | <u>71,334,320</u> |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (9,182,401) | (862,823) | - | - | (10,045,224) |
| Furniture and fixtures | (7,841,538) | (670,615) | 330,351 | - | (8,181,802) |
| Infrastructure | (17,034,586) | (494,523) | - | - | (17,529,109) |
| Total accumulated depreciation | <u>(34,058,525)</u> | <u>(2,027,961)</u> | <u>330,351</u> | <u>-</u> | <u>(35,756,135)</u> |
| Total capital assets, being depreciated, net | <u>34,460,767</u> | <u>1,070,395</u> | <u>-</u> | <u>47,023</u> | <u>35,578,185</u> |
| Governmental activities capital assets, net | <u>\$ 37,407,847</u> | <u>\$ 1,555,253</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,963,100</u> |

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 250,504 | \$ - | \$ - | \$ 250,504 |
| Total capital assets not being depreciated | <u>250,504</u> | <u>-</u> | <u>-</u> | <u>250,504</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,756,465 | - | - | 1,756,465 |
| Improvements | 210,661 | - | - | 210,661 |
| Furniture and fixtures | <u>122,054</u> | <u>-</u> | <u>-</u> | <u>122,054</u> |
| Total capital assets being depreciated | <u>2,089,180</u> | <u>-</u> | <u>-</u> | <u>2,089,180</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (889,787) | (53,242) | - | (943,029) |
| Improvements | (119,947) | (25,743) | - | (145,690) |
| Furniture and fixtures | <u>(71,746)</u> | <u>(15,554)</u> | <u>-</u> | <u>(87,300)</u> |
| Total accumulated depreciation | <u>(1,081,480)</u> | <u>(94,539)</u> | <u>-</u> | <u>(1,176,019)</u> |
| Total capital assets, being depreciated, net | <u>1,007,700</u> | <u>(94,539)</u> | <u>-</u> | <u>913,161</u> |
| Business-type activities capital assets, net | <u>\$ 1,258,204</u> | <u>\$ (94,539)</u> | <u>\$ -</u> | <u>\$ 1,163,665</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 935,002 |
| Legal | 15,209 |
| Judicial | 8,430 |
| Public safety | 278,967 |
| Road and bridge | <u>790,353</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,027,961</u> |
| Business-type activities: | |
| Fair Park | <u>\$ 94,539</u> |
| Total depreciation expense - business-type activities | <u>\$ 94,539</u> |

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2010, is as follows:

Interfund Receivables and Payables:

| | <u>Interfund Receivables</u> | | <u>Total</u> |
|-----------------------|------------------------------|----------------------------|------------------|
| | <u>General</u> | <u>Road and Bridge</u> | |
| Interfund payables: | | | |
| General | \$ 1,136 | \$ 19,690 | \$ 20,826 |
| Nonmajor governmental | <u>13,506</u> | <u>-</u> | <u>13,506</u> |
| Total | <u>\$ 14,642</u> | <u>\$ 19,690</u> | <u>\$ 34,332</u> |

Interfund Transfers:

| | <u>Transfers in</u> | | | <u>Total</u> |
|--------------------|----------------------------|----------------------------------|-------------------|---------------------|
| | <u>Road and Bridge</u> | <u>Nonmajor Governmental</u> | <u>Fair Park</u> | |
| Transfers Out: | | | | |
| General | \$ <u>245,000</u> | \$ <u>3,185,940</u> | \$ <u>100,112</u> | \$ <u>3,531,052</u> |
| Total Transfers In | <u>\$ 245,000</u> | <u>\$ 3,185,940</u> | <u>\$ 100,112</u> | <u>\$ 3,531,052</u> |

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

Capital Leases

The County has entered into lease agreements as lessee for financing and acquisition of an LED message sign for the Henderson County Fair Park, a utility tractor for the Henderson County Fair Park, and accounting software for the general government. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|------------------|
| 2011 | \$ 22,181 | \$ 7,336 | \$ 29,517 |
| 2012 | - | 7,336 | 7,336 |
| Total | 22,181 | 14,672 | 36,853 |
| Less amount representing interest | <u>302</u> | <u>1,044</u> | <u>1,346</u> |
| Present value of minimum lease payments | <u>\$ 21,879</u> | <u>\$ 13,628</u> | <u>\$ 35,507</u> |

Long-term Debt

The County issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future tax revenue or liens on property and equipment. Debt obligations that are intended to be repaid from Fair Park revenue have been recorded as business-type activities. All other long-term obligations of the County are considered to be governmental type activities.

Bonds Payable and Certificates of Obligation

A summary of the terms of general obligation bonds and certificates of obligation outstanding and their corresponding allocations to the governmental and business-type activities at December 31, 2010, follows:

| <u>Series and Original Issue Amount</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|---------------------------|--------------------------|------------------------------------|-------------------------------------|
| <u>General Obligation Bonds</u> | | | | |
| 2006 General Obligations \$ 8,500,000 | 2016 | 3.625%-4.0% | \$ 6,790,000 | \$ - |
| <u>Certificates of Obligation</u> | | | | |
| 2000 Certificates of Obligation 140,000 | 2015 | 5.95% | - | 60,000 |
| Total Bonds and Certificates of Obligation | | | <u>\$ 6,790,000</u> | <u>\$ 60,000</u> |

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

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

| Year Ending December 31, | Governmental Activities | | Business-type Activities | |
|-----------------------------|-------------------------|-------------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 1,025,000 | \$ 236,789 | \$ 10,000 | \$ 3,273 |
| 2012 | 1,070,000 | 197,508 | 10,000 | 2,678 |
| 2013 | 1,110,000 | 155,245 | 10,000 | 2,083 |
| 2014 | 1,145,000 | 133,045 | 15,000 | 1,339 |
| 2015 | 1,190,000 | 87,245 | 15,000 | 446 |
| 2016-2020 | <u>1,250,000</u> | <u>45,000</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 6,790,000</u> | <u>\$ 854,832</u> | <u>\$ 60,000</u> | <u>\$ 9,819</u> |

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|---------------------|---------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$ 7,772,896 | \$ 7,103 | \$ 989,999 | \$ 6,790,000 | \$ 1,025,000 |
| Capital leases | 72,392 | - | 50,513 | 21,879 | 21,879 |
| Retainage payable | 42,979 | - | 42,979 | - | - |
| Compensated absences | <u>807,804</u> | <u>507,640</u> | <u>640,654</u> | <u>674,790</u> | <u>539,833</u> |
| Governmental activities long-term liabilities | <u>\$ 8,696,071</u> | <u>\$ 514,743</u> | <u>\$ 1,724,145</u> | <u>\$ 7,486,669</u> | <u>\$ 1,586,712</u> |
| Business-type activities | | | | | |
| Certificates of obligation | \$ 70,000 | \$ - | \$ 10,000 | \$ 60,000 | \$ 10,000 |
| Capital leases | <u>35,826</u> | <u>-</u> | <u>22,198</u> | <u>13,628</u> | <u>6,646</u> |
| Business-type activities long-term liabilities | <u>\$ 105,826</u> | <u>\$ -</u> | <u>\$ 32,198</u> | <u>\$ 73,628</u> | <u>\$ 16,646</u> |

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

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Information

Risk Management

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

Health Care Coverage

During the year ended December 31, 2010, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed 100% of the premium for each employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a Health Maintenance Organization. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the County and the licensed insurer is renewable, and terms of coverage and contribution costs are included in the contractual provisions.

Postemployment Benefits Other than Pension Benefits (OPEB)

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

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

As of December 31, 2010, the County had 18 retirees that were eligible for the OPEB plan and the cost per retiree to the County was \$662 per month for the months of January through October, and \$734 for November and December. Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, premiums paid by the County were \$111,501.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Postemployment Benefits Other than Pension Benefits (OPEB) (Continued)

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

Litigation

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

Commitments and Contingencies

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

Pension Plans

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

Plan Description

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

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans (Continued)

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

Plan Description (Continued)

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

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

Funding Policy

Henderson County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 11.46% for the fiscal year 2010.

The deposit rate payable by the employee members of the plan for calendar year 2010 is the rate of 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

Annual Pension Cost

For Henderson County's accounting year ended December 31, 2010, the annual pension cost for the TCDRS plan for its employees was \$1,666,373 and the actual contributions were \$1,666,373.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2007 and December 31, 2008, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2009, actuarial valuation is the most recent valuation.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Annual Pension Cost (Continued)

| | | | |
|--------------------------------|---|---|---|
| Actuarial Valuation Date | 12/31/07 | 12/31/08 | 12/31/09 |
| 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 | 20 | 20 |
| Asset valuation method | SAF: 10-yr smoothed value ESF: Fund Value | SAF: 10-yr smoothed value ESF: Fund Value | SAF: 10-yr smoothed value ESF: Fund Value |
| Actuarial Assumptions: | | | |
| Investment return (1) | 8.00% | 8.00% | 8.00% |
| Projected salary increases (1) | 5.30% | 5.30% | 5.40% |
| Inflation | 3.50% | 3.50% | 3.50% |
| Cost-of-living adjustments | 0.0% | 0.0% | 0.0% |

(1) includes inflation at the stated rate

Trend Information

| Accounting Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------------------------------|---------------------------------|-------------------------------------|------------------------------|
| 12/31/08 | \$ 1,382,846 | 100% | \$ - |
| 12/31/09 | 1,560,081 | 100% | - |
| 12/31/10 | 1,666,373 | 100% | - |

Schedule of Funding Progress

| Year | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (1) (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|------|--|---|------------------------------------|--------------------------|---|---|
| 2007 | \$ 28,723,054 | \$ 32,306,239 | \$ 3,583,185 | 88.91% | \$ 12,149,585 | 29.49% |
| 2008 | 28,383,093 | 34,498,398 | 6,115,305 | 82.27% | 13,386,568 | 45.68% |
| 2009 | 31,927,564 | 37,996,569 | 6,069,005 | 84.03% | 14,661,247 | 41.39% |

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

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Jury – This fund is funded by General Fund transfers and includes expenses for part-time bailiffs, juror compensation and all jury expenditures, including the Grand Jury. This budget accommodates three District Courts, two County Courts-at-Law, County Court and six Justice of the Peace Courts. Summons are generated in the civil section of the Sheriff Department, and juror activity is monitored by the respective clerk of the court. Justices of the Peace conduct their own jury trials. All juror payments are made by the County Treasurer's office.

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

Law Enforcement – Sheriff – This fund represents funding from seizures awarded to the Sheriff Department through an interlocal agreement with the District Attorney. The fund may be used by the Sheriff for law enforcement purposes.

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

Law Library – This fund is used for the operation of the fees collected at the District Clerk and County Clerk for the Law Library fees collected.

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

DEBT SERVICE FUND

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

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

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

CAPITAL PROJECTS FUND

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

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HENDERSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2010

| | Special Revenue | | | |
|---|-----------------------|-----------------|------------------|------------------|
| | Records Management | CWM Library | Hot Check | Jury |
| ASSETS | | | | |
| Cash and investments | \$ 203,438 | \$ 6,012 | \$ 53,141 | \$ - |
| Taxes receivable, net of allowance for uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 203,438</u> | <u>\$ 6,012</u> | <u>\$ 53,141</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 230 | \$ 751 | \$ - | \$ 355 |
| Accrued liabilities | - | - | - | - |
| Due to other funds | - | - | - | 13,506 |
| Due to other governments | - | - | - | - |
| Deferred revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>230</u> | <u>751</u> | <u>-</u> | <u>13,861</u> |
| Fund balances: | | | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 203,208 | 5,261 | 53,141 | (13,861) |
| Debt service funds | - | - | - | - |
| Capital project funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>203,208</u> | <u>5,261</u> | <u>53,141</u> | <u>(13,861)</u> |
| Total liabilities and fund balances | <u>\$ 203,438</u> | <u>\$ 6,012</u> | <u>\$ 53,141</u> | <u>\$ -</u> |

| Special Revenue | | | | | Debt Service | | |
|-----------------------------------|-------------------------|---------------------------------|------------------|--------------------------|---------------------------|-----------------------------------|-------------------------------------|
| Law Enforcement District Attorney | Law Enforcement Sheriff | County Attorney State Allotment | Law Library | Federal Seizures Sheriff | CH&J Interest and Sinking | Right-of-Way Interest and Sinking | Jail Expansion Interest and Sinking |
| \$ 113,049 | \$ 92,840 | \$ 74,706 | \$ 56,610 | \$ 11,805 | \$ 1,111 | \$ 6,497 | \$ 594,658 |
| - | - | - | - | - | 770 | 37,089 | 109,887 |
| <u>\$ 113,049</u> | <u>\$ 92,840</u> | <u>\$ 74,706</u> | <u>\$ 56,610</u> | <u>\$ 11,805</u> | <u>\$ 1,881</u> | <u>\$ 43,586</u> | <u>\$ 704,545</u> |
| \$ - | \$ 302 | \$ - | \$ 3,492 | \$ - | \$ - | \$ - | \$ - |
| 27 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 100,509 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 36,074 | 653,490 |
| <u>100,536</u> | <u>302</u> | <u>-</u> | <u>3,492</u> | <u>-</u> | <u>-</u> | <u>36,074</u> | <u>653,490</u> |
| 12,513 | 92,538 | 74,706 | 53,118 | 11,805 | - | - | - |
| - | - | - | - | - | 1,881 | 7,512 | 51,055 |
| - | - | - | - | - | - | - | - |
| <u>12,513</u> | <u>92,538</u> | <u>74,706</u> | <u>53,118</u> | <u>11,805</u> | <u>1,881</u> | <u>7,512</u> | <u>51,055</u> |
| <u>\$ 113,049</u> | <u>\$ 92,840</u> | <u>\$ 74,706</u> | <u>\$ 56,610</u> | <u>\$ 11,805</u> | <u>\$ 1,881</u> | <u>\$ 43,586</u> | <u>\$ 704,545</u> |

(continued)

HENDERSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

DECEMBER 31, 2010

| | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|--------------------------------------|---|
| ASSETS | | |
| Cash and investments | \$ 75,422 | \$ 1,289,289 |
| Taxes receivable, net of allowance for uncollectibles | <u>-</u> | <u>147,746</u> |
| Total assets | <u>\$ 75,422</u> | <u>\$ 1,437,035</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 11,458 | \$ 16,588 |
| Accrued liabilities | - | 27 |
| Due to other funds | - | 13,506 |
| Due to other governments | 14,276 | 114,785 |
| Deferred revenue | <u>-</u> | <u>689,564</u> |
| Total liabilities | <u>25,734</u> | <u>834,470</u> |
| Fund balances: | | |
| Unreserved, reported in: | | |
| Special revenue funds | - | 492,429 |
| Debt service funds | - | 60,448 |
| Capital project funds | <u>49,688</u> | <u>49,688</u> |
| Total fund balances | <u>49,688</u> | <u>602,565</u> |
| Total liabilities and fund balances | <u>\$ 75,422</u> | <u>\$ 1,437,035</u> |

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HENDERSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Special Revenue | | | |
|--|-----------------------|----------------|-----------|-------------|
| | Records Management | CWM Library | Hot Check | Jury |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Fees of office | 149,619 | 14,114 | 41,019 | - |
| Intergovernmental | - | - | - | 27,200 |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | 52 |
| Miscellaneous | - | 9,626 | - | 10 |
| Total revenues | 149,619 | 23,740 | 41,019 | 27,262 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 207,712 | - | - | 20,780 |
| Legal | - | - | 24,950 | - |
| Judicial | 12,021 | - | - | 89,623 |
| Public safety | - | - | - | - |
| Culture and recreation | - | 20,810 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | 219,733 | 20,810 | 24,950 | 110,403 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (70,114) | 2,930 | 16,069 | (83,141) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 273,322 | - | - | 60,000 |
| Total other financing sources and uses | 273,322 | - | - | 60,000 |
| NET CHANGE IN FUND BALANCES | 203,208 | 2,930 | 16,069 | (23,141) |
| FUND BALANCES, BEGINNING | - | 2,331 | 37,072 | 9,280 |
| FUND BALANCES, ENDING | \$ 203,208 | \$ 5,261 | \$ 53,141 | \$(13,861) |

| Special Revenue | | | | | Debt Service | | |
|-----------------------------------|-------------------------|---------------------------------|------------------|--------------------------|---------------------------|-----------------------------------|-------------------------------------|
| Law Enforcement District Attorney | Law Enforcement Sheriff | County Attorney State Allotment | Law Library | Federal Seizures Sheriff | CH&J Interest and Sinking | Right-of-Way Interest and Sinking | Jail Expansion Interest and Sinking |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 189,487 | \$ 891,152 |
| - | - | - | 35,655 | - | - | - | - |
| - | - | 62,500 | - | - | - | - | - |
| 10,256 | 78,097 | - | - | 15,334 | - | - | - |
| 12 | 105 | - | - | 59 | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>10,268</u> | <u>78,202</u> | <u>62,500</u> | <u>35,655</u> | <u>15,393</u> | <u>-</u> | <u>189,487</u> | <u>891,152</u> |
| - | - | - | - | - | - | - | - |
| 13,105 | - | 59,389 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 32,511 | - | - | 22,043 | - | - | - |
| - | - | - | 40,572 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 21,792 | 750,000 |
| - | - | - | - | - | - | 218,208 | 270,070 |
| <u>13,105</u> | <u>32,511</u> | <u>59,389</u> | <u>40,572</u> | <u>22,043</u> | <u>-</u> | <u>240,000</u> | <u>1,020,070</u> |
| (2,837) | 45,691 | 3,111 | (4,917) | (6,650) | - | (50,513) | (128,918) |
| <u>1,037</u> | <u>1,038</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>1,037</u> | <u>1,038</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (1,800) | 46,729 | 3,111 | (4,917) | (6,650) | - | (50,513) | (128,918) |
| <u>14,313</u> | <u>45,809</u> | <u>71,595</u> | <u>58,035</u> | <u>18,455</u> | <u>1,881</u> | <u>58,025</u> | <u>179,973</u> |
| <u>\$ 12,513</u> | <u>\$ 92,538</u> | <u>\$ 74,706</u> | <u>\$ 53,118</u> | <u>\$ 11,805</u> | <u>\$ 1,881</u> | <u>\$ 7,512</u> | <u>\$ 51,055</u> |

(continued)

HENDERSON COUNTY, TEXAS

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

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|---|
| REVENUES | | |
| Taxes | \$ - | \$ 1,080,639 |
| Fees of office | - | 240,407 |
| Intergovernmental | - | 89,700 |
| Fines and forfeitures | - | 103,687 |
| Investment earnings | - | 228 |
| Miscellaneous | - | 9,636 |
| Total revenues | <u>-</u> | <u>1,524,297</u> |
| EXPENDITURES | | |
| Current: | | |
| General government | - | 228,492 |
| Legal | - | 97,444 |
| Judicial | - | 101,644 |
| Public safety | - | 54,554 |
| Culture and recreation | - | 61,382 |
| Capital outlay | 2,840,315 | 2,840,315 |
| Debt service: | | |
| Principal | - | 771,792 |
| Interest and other charges | - | 488,278 |
| Total expenditures | <u>2,840,315</u> | <u>4,643,901</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,840,315)</u> | <u>(3,119,604)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | <u>2,850,543</u> | <u>3,185,940</u> |
| Total other financing sources and uses | <u>2,850,543</u> | <u>3,185,940</u> |
| NET CHANGE IN FUND BALANCES | 10,228 | 66,336 |
| FUND BALANCES, BEGINNING | <u>39,460</u> | <u>536,229</u> |
| FUND BALANCES, ENDING | <u>\$ 49,688</u> | <u>\$ 602,565</u> |

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AGENCY FUNDS

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

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

Auto Fund – The ***Auto Fund*** is maintained by the Tax Collector to account for collections from auto registrations. Disbursements are made to the State from this fund.

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

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

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

Juvenile Probation Fund – The County maintains the cash for the Henderson County Juvenile Probation Department.

County Clerk Fee Fund – The County Clerk maintains the Fee Fund to account for fines and fees charged by the office.

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

County Clerk Interest Bearing Trust Fund – The County Clerk maintains this fund to account for money held for civil cases before the County Court and County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

District Clerk Trust Fund – Maintained by the District Clerk, this fund accounts for cash and investments held pending disposition of civil cases before the District Courts.

District Clerk Fee Fund – The District Clerk maintains the Fee Fund to account for fines and fees charged by the office. The account may hold a small amount of funds for restitution or bond payments.

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

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

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

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

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

HENDERSON COUNTY, TEXAS

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

FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---------------------------------------|--|----------------------|----------------------|------------------------------------|
| <u>PROPERTY TAX FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>73,466</u> | \$ <u>71,978,975</u> | \$ <u>71,439,671</u> | \$ <u>612,770</u> |
| Total assets | \$ <u>73,466</u> | \$ <u>71,978,975</u> | \$ <u>71,439,671</u> | \$ <u>612,770</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>73,466</u> | \$ <u>71,978,975</u> | \$ <u>71,439,671</u> | \$ <u>612,770</u> |
| Total liabilities | \$ <u>73,466</u> | \$ <u>71,978,975</u> | \$ <u>71,439,671</u> | \$ <u>612,770</u> |
| <u>AUTO 6.25% FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>223,519</u> | \$ <u>4,078,703</u> | \$ <u>3,984,128</u> | \$ <u>318,094</u> |
| Total assets | \$ <u>223,519</u> | \$ <u>4,078,703</u> | \$ <u>3,984,128</u> | \$ <u>318,094</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>223,519</u> | \$ <u>4,078,703</u> | \$ <u>3,984,128</u> | \$ <u>318,094</u> |
| Total liabilities | \$ <u>223,519</u> | \$ <u>4,078,703</u> | \$ <u>3,984,128</u> | \$ <u>318,094</u> |
| <u>AUTO FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>358,848</u> | \$ <u>8,455,870</u> | \$ <u>8,458,899</u> | \$ <u>355,819</u> |
| Total assets | \$ <u>358,848</u> | \$ <u>8,455,870</u> | \$ <u>8,458,899</u> | \$ <u>355,819</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>358,848</u> | \$ <u>8,455,870</u> | \$ <u>8,458,899</u> | \$ <u>355,819</u> |
| Total liabilities | \$ <u>358,848</u> | \$ <u>8,455,870</u> | \$ <u>8,458,899</u> | \$ <u>355,819</u> |

(continued)

HENDERSON COUNTY, TEXAS

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

FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---|--|---------------------|---------------------|------------------------------------|
| <u>AUTO VEHICLE INVENTORY TAX FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>144,338</u> | \$ <u>160,163</u> | \$ <u>134,512</u> | \$ <u>169,989</u> |
| Total assets | \$ <u>144,338</u> | \$ <u>160,163</u> | \$ <u>134,512</u> | \$ <u>169,989</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>144,338</u> | \$ <u>160,163</u> | \$ <u>134,512</u> | \$ <u>169,989</u> |
| Total liabilities | \$ <u>144,338</u> | \$ <u>160,163</u> | \$ <u>134,512</u> | \$ <u>169,989</u> |
| <u>SEVEN POINTS SUBSTATION FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>8,874</u> | \$ <u>2,088,488</u> | \$ <u>2,090,639</u> | \$ <u>6,723</u> |
| Total assets | \$ <u>8,874</u> | \$ <u>2,088,488</u> | \$ <u>2,090,639</u> | \$ <u>6,723</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>8,874</u> | \$ <u>2,088,488</u> | \$ <u>2,090,639</u> | \$ <u>6,723</u> |
| Total liabilities | \$ <u>8,874</u> | \$ <u>2,088,488</u> | \$ <u>2,090,639</u> | \$ <u>6,723</u> |
| <u>CHANDLER SUBSTATION FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>3,865</u> | \$ <u>931,041</u> | \$ <u>931,498</u> | \$ <u>3,408</u> |
| Total assets | \$ <u>3,865</u> | \$ <u>931,041</u> | \$ <u>931,498</u> | \$ <u>3,408</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>3,865</u> | \$ <u>931,041</u> | \$ <u>931,498</u> | \$ <u>3,408</u> |
| Total liabilities | \$ <u>3,865</u> | \$ <u>931,041</u> | \$ <u>931,498</u> | \$ <u>3,408</u> |

(continued)

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---------------------------------------|--|-------------------|-------------------|------------------------------------|
| <u>JUVENILE PROBATION FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>291,718</u> | \$ <u>761,885</u> | \$ <u>758,690</u> | \$ <u>294,913</u> |
| Total assets | \$ <u>291,718</u> | \$ <u>761,885</u> | \$ <u>758,690</u> | \$ <u>294,913</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>291,718</u> | \$ <u>761,885</u> | \$ <u>758,690</u> | \$ <u>294,913</u> |
| Total liabilities | \$ <u>291,718</u> | \$ <u>761,885</u> | \$ <u>758,690</u> | \$ <u>294,913</u> |
| <u>COUNTY CLERK FEE FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>20,378</u> | \$ <u>889,361</u> | \$ <u>891,711</u> | \$ <u>18,028</u> |
| Total assets | \$ <u>20,378</u> | \$ <u>889,361</u> | \$ <u>891,711</u> | \$ <u>18,028</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>20,378</u> | \$ <u>889,361</u> | \$ <u>891,711</u> | \$ <u>18,028</u> |
| Total liabilities | \$ <u>20,378</u> | \$ <u>889,361</u> | \$ <u>891,711</u> | \$ <u>18,028</u> |
| <u>COUNTY CLERK TRUST FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>241,704</u> | \$ <u>512,609</u> | \$ <u>522,028</u> | \$ <u>232,285</u> |
| Total assets | \$ <u>241,704</u> | \$ <u>512,609</u> | \$ <u>522,028</u> | \$ <u>232,285</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>241,704</u> | \$ <u>512,609</u> | \$ <u>522,028</u> | \$ <u>232,285</u> |
| Total liabilities | \$ <u>241,704</u> | \$ <u>512,609</u> | \$ <u>522,028</u> | \$ <u>232,285</u> |

(continued)

HENDERSON COUNTY, TEXAS

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

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---|--|---------------------|---------------------|------------------------------------|
| <u>COUNTY CLERK INTEREST BEARING</u> | | | | |
| <u>TRUST FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>282,065</u> | \$ <u>53,141</u> | \$ <u>126,963</u> | \$ <u>208,243</u> |
| Total assets | \$ <u>282,065</u> | \$ <u>53,141</u> | \$ <u>126,963</u> | \$ <u>208,243</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>282,065</u> | \$ <u>53,141</u> | \$ <u>126,963</u> | \$ <u>208,243</u> |
| Total liabilities | \$ <u>282,065</u> | \$ <u>53,141</u> | \$ <u>126,963</u> | \$ <u>208,243</u> |
| <u>DISTRICT CLERK TRUST FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>155,174</u> | \$ <u>73,145</u> | \$ <u>228,281</u> | \$ <u>38</u> |
| Total assets | \$ <u>155,174</u> | \$ <u>73,145</u> | \$ <u>228,281</u> | \$ <u>38</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>155,174</u> | \$ <u>73,145</u> | \$ <u>228,281</u> | \$ <u>38</u> |
| Total liabilities | \$ <u>155,174</u> | \$ <u>73,145</u> | \$ <u>228,281</u> | \$ <u>38</u> |
| <u>DISTRICT CLERK FEE FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>661,693</u> | \$ <u>1,387,810</u> | \$ <u>1,547,682</u> | \$ <u>501,821</u> |
| Total assets | \$ <u>661,693</u> | \$ <u>1,387,810</u> | \$ <u>1,547,682</u> | \$ <u>501,821</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>661,693</u> | \$ <u>1,387,810</u> | \$ <u>1,547,682</u> | \$ <u>501,821</u> |
| Total liabilities | \$ <u>661,693</u> | \$ <u>1,387,810</u> | \$ <u>1,547,682</u> | \$ <u>501,821</u> |

(continued)

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|--|--|------------------|-------------------|------------------------------------|
| <u>DISTRICT CLERK TRUST</u> | | | | |
| <u>INVESTMENT FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 635,007 | \$ 153,323 | \$ 40,445 | \$ 747,885 |
| Total assets | \$ 635,007 | \$ 153,323 | \$ 40,445 | \$ 747,885 |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ 635,007 | \$ 153,323 | \$ 40,445 | \$ 747,885 |
| Total liabilities | \$ 635,007 | \$ 153,323 | \$ 40,445 | \$ 747,885 |
| <u>COUNTY ATTORNEY HOT CHECK FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 57,601 | \$ 253,451 | \$ 261,017 | \$ 50,035 |
| Total assets | \$ 57,601 | \$ 253,451 | \$ 261,017 | \$ 50,035 |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ 57,601 | \$ 253,451 | \$ 261,017 | \$ 50,035 |
| Total liabilities | \$ 57,601 | \$ 253,451 | \$ 261,017 | \$ 50,035 |
| <u>INMATE TRUST FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 19,567 | \$ 755,083 | \$ 759,652 | \$ 14,998 |
| Total assets | \$ 19,567 | \$ 755,083 | \$ 759,652 | \$ 14,998 |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ 19,567 | \$ 755,083 | \$ 759,652 | \$ 14,998 |
| Total liabilities | \$ 19,567 | \$ 755,083 | \$ 759,652 | \$ 14,998 |

(continued)

HENDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|---|--|----------------------|----------------------|------------------------------------|
| <u>SHERIFF COMMISSARY FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>43,682</u> | \$ <u>114,949</u> | \$ <u>80,233</u> | \$ <u>78,398</u> |
| Total assets | \$ <u>43,682</u> | \$ <u>114,949</u> | \$ <u>80,233</u> | \$ <u>78,398</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>43,682</u> | \$ <u>114,949</u> | \$ <u>80,233</u> | \$ <u>78,398</u> |
| Total liabilities | \$ <u>43,682</u> | \$ <u>114,949</u> | \$ <u>80,233</u> | \$ <u>78,398</u> |
| <u>DISTRICT ATTORNEY ESCROW FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>3,238</u> | \$ <u>64,563</u> | \$ <u>56,767</u> | \$ <u>11,034</u> |
| Total assets | \$ <u>3,238</u> | \$ <u>64,563</u> | \$ <u>56,767</u> | \$ <u>11,034</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>3,238</u> | \$ <u>64,563</u> | \$ <u>56,767</u> | \$ <u>11,034</u> |
| Total liabilities | \$ <u>3,238</u> | \$ <u>64,563</u> | \$ <u>56,767</u> | \$ <u>11,034</u> |
| <u>ALL AGENCY FUNDS</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ <u>3,224,737</u> | \$ <u>92,712,560</u> | \$ <u>92,312,816</u> | \$ <u>3,624,481</u> |
| Total assets | \$ <u>3,224,737</u> | \$ <u>92,712,560</u> | \$ <u>92,312,816</u> | \$ <u>3,624,481</u> |
| Liabilities | | | | |
| Due to other agencies and individuals | \$ <u>3,224,737</u> | \$ <u>92,712,560</u> | \$ <u>92,312,816</u> | \$ <u>3,624,481</u> |
| Total liabilities | \$ <u>3,224,737</u> | \$ <u>92,712,560</u> | \$ <u>92,312,816</u> | \$ <u>3,624,481</u> |