

ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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

ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson 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 Anderson 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 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 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 of Anderson 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 Anderson County, Texas, as of December 31, 2010, and the respective changes in financial position thereof and the respective budgetary comparison for the General 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 July 21, 2011, on our consideration of Anderson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Pattillo, Brown & Hill, L.L.P.

July 21, 2011

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Anderson County, we offer readers of Anderson County's financial statements this narrative overview and analysis of the financial activities of Anderson County for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begin on page 11 of this report.

FINANCIAL HIGHLIGHTS

The assets of the Anderson County exceeded its liabilities at the close of the most recent fiscal year by \$33,367,717 (*net assets*). Of this amount, \$7,657,647 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net assets decreased by \$38,321 from operations.
- As of the close of the current fiscal year, Anderson County's governmental funds reported combined ending fund balances of \$9,116,039, a decrease of \$1,001,162 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,663,738, or 33% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Anderson County's basic financial statements. Anderson 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 Anderson County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Anderson 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 Anderson 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 Anderson 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 Anderson County include general government, judicial, public safety, social services, and roads and bridges.

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Anderson 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 Anderson County can be divided into three categories: governmental, proprietary, and fiduciary funds.

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

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

Anderson County maintains 51 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, and Capital Projects, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Anderson County adopts an annual appropriated budget for its General and Road and Bridge Funds. A budgetary comparison statement has been provided for the General and Road and Bridge Funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 13 – 21 of this report.

Proprietary Funds. The County maintains one type of proprietary fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses its Internal Service Fund to account for its health insurance. This internal service function has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 18 – 20.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Anderson County’s own programs. The basic fiduciary fund financial statements can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Anderson County, assets exceeded liabilities by \$33,367,717 at the close of the most recent fiscal year.

Anderson County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, is 70% of net assets. Anderson County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Anderson 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.

Anderson County's Net Assets

	Governmental Activities	
	2010	2009
Current and other assets	\$ 24,726,729	\$ 25,226,993
Capital assets	33,575,780	33,523,644
Total assets	58,302,509	58,750,637
Long-term liabilities	11,444,774	12,082,984
Other liabilities	13,490,018	13,261,615
Total liabilities	24,934,792	25,344,599
Net assets:		
Invested in capital assets, net of related debt	23,393,589	22,588,582
Restricted	2,316,481	2,013,184
Unrestricted	7,657,647	8,804,272
Total net assets	\$ 33,367,717	\$ 33,406,038

An additional portion of Anderson County's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$7,657,647, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities decreased Anderson County’s net assets by \$38,321.

Anderson County’s Changes in Net Assets

	Governmental Activities	
	2010	2009
REVENUES		
Program revenues:		
Charges for services	\$ 3,771,512	\$ 4,021,524
Operating grants and contributions	745,501	777,180
Capital grants and contributions	9,200	164,058
General revenues:		
Property taxes	12,664,751	12,577,857
Sales taxes	2,231,330	2,195,313
Other taxes	32,218	30,122
Investment earnings	25,210	43,096
Gain on sale of capital assets	81,593	36,514
Miscellaneous	334,901	307,810
Total Revenues	<u>19,896,216</u>	<u>20,153,474</u>
EXPENSES		
General government	5,190,938	4,774,879
Judicial	2,590,476	2,471,772
Public safety	6,650,546	6,231,562
Social services	712,048	734,828
Roads and bridges	4,312,468	4,607,098
Interest on long-term debt	478,061	363,386
Total Expenses	<u>19,934,537</u>	<u>19,183,525</u>
CHANGE IN NET ASSETS	(38,321)	969,949
NET ASSETS, BEGINNING	<u>33,406,038</u>	<u>32,436,089</u>
NET ASSETS, ENDING	<u>\$ 33,367,717</u>	<u>\$ 33,406,038</u>

Property taxes increased \$86,894 due to increased property tax values. Capital grants and contributions decreased by \$154,858 as most of the TxDOT bridges were completed during the 2009 audit year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The General Fund is the chief operating fund of Anderson County. At the end of the current fiscal year, unreserved total fund balance of the General Fund was \$5,663,738. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved total fund balance represents 33% of total General Fund expenditures.

The fund balance of Anderson County's General Fund decreased by \$1,390,580 during the current fiscal year. This decrease is primarily due to deficit budgeting. In other words, expenditures exceeded revenues in the approved 2010 budget.

Proprietary Fund. Unrestricted net assets of the Internal Service Fund is \$89,195. The Internal Service Fund experienced an increase in total net assets during 2010 in the amount of \$14,791.

General Fund Budgetary Highlights

The final amended budget was \$43,024 greater than the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Anderson County's investment in capital assets for its governmental activities as of December 31, 2010, amount to \$33,575,780 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Anderson County's Capital Assets (net of depreciation)

	Governmental Activities	
	2010	2009
Land	\$ 1,736,715	\$ 1,736,715
Buildings and improvements	18,834,971	18,972,250
Infrastructure	10,689,897	10,389,265
Machinery and equipment	1,488,646	1,655,284
Construction in progress	<u>825,551</u>	<u>770,130</u>
Total	<u>\$ 33,575,780</u>	<u>\$ 33,523,644</u>

Major additions to the County's capital assets include various road projects and bridges built by TxDOT, along with courthouse renovations and a new justice computer package.

Additional information on Anderson County's capital assets can be found in Note 4 on page 32 of this report.

Long-term debt. At the end of the current fiscal year, Anderson County had total bonded debt of \$11,250,000.

Anderson County's Outstanding Debt General Obligation Bonds

Certificates of Obligation, Series 2003	\$ 3,355,000
General Obligation Bonds, Series 2005	<u>7,895,000</u>
Total	<u>\$ 11,250,000</u>

The County issued general obligation bonds during 2006. The general obligation bonds were issued to fund a new jail facility. The general obligation bonds bear interest rates ranging from 2% to 5%. The County Judge and Commissioners addressed these projects and issued debt while interest rates were at their lowest rates.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for Anderson County is \$279,032,258, which is significantly in excess of the Anderson County outstanding general obligation debt.

Additional information on Anderson County's long-term debt can be found in Note 4 on pages 34 – 35 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Anderson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's office, 703 N. Mallard, Suite 110, Palestine, TX 75801.

**BASIC
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 9,632,022
Receivables (net of allowances for uncollectibles of):	
Accounts	924,870
Property taxes	9,269,349
Sales tax	411,334
Due from county officials	4,008,989
Due from other governments	155,634
Prepays	181,304
Deferred charges	143,227
Capital assets (net of accumulated depreciation):	
Land	1,736,715
Buildings and improvements	18,834,971
Infrastructure	10,689,897
Machinery and equipment	1,488,646
Construction in progress	<u>825,551</u>
Total assets	<u>58,302,509</u>
LIABILITIES	
Accounts payable	423,478
Accrued liabilities	433,804
Due to other governments	133,488
Other payables	83,626
Unearned revenue	12,240,296
Accrued interest payable	175,326
Noncurrent liabilities:	
Due within one year	687,435
Due in more than one year	<u>10,757,339</u>
Total liabilities	<u>24,934,792</u>
NET ASSETS	
Invested in capital assets, net of related debt	23,393,589
Restricted for:	
Road and bridge	143,739
Debt service	582,912
Other purposes	1,589,830
Unrestricted	<u>7,657,647</u>
Total net assets	<u>\$ 33,367,717</u>

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

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ANDERSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,190,938	\$ 2,382,208	\$ -	\$ -	\$(2,808,730)
Judicial	2,590,476	664,973	200,543	-	(1,724,960)
Public safety	6,650,546	718,130	492,479	-	(5,439,937)
Social services	712,048	-	52,479	9,200	(650,369)
Roads and bridges	4,312,468	6,201	-	-	(4,306,267)
Interest on long-term debt	478,061	-	-	-	(478,061)
Total governmental activities	\$ 19,934,537	\$ 3,771,512	\$ 745,501	\$ 9,200	(15,408,324)
General revenues:					
Taxes:					
Property taxes					12,664,751
Sales taxes					2,231,330
Other taxes					32,218
Investment earnings					25,210
Gain/(loss) on sale of capital assets					81,593
Miscellaneous					334,901
Total general revenues					15,370,003
Change in net assets					(38,321)
Net assets, beginning					33,406,038
Net assets, ending					\$ 33,367,717

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

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ANDERSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 6,045,920	\$ 3,401,922	\$ 9,447,842
Receivables, net of allowances for uncollectibles:			
Accounts	898,210	26,200	924,410
Taxes	7,850,626	1,418,723	9,269,349
Sales tax	411,334	-	411,334
Prepaid expenditures	147,106	11,701	158,807
Due from other governments	27,000	128,634	155,634
Due from County officials	3,458,722	550,267	4,008,989
Due from other funds	87,638	-	87,638
Total assets	\$ 18,926,556	\$ 5,537,447	\$ 24,464,003
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 373,453	\$ 49,857	\$ 423,310
Accrued liabilities	268,255	24,807	293,062
Due to other governments	133,278	210	133,488
Due to other funds	-	111,038	111,038
Deferred revenue	12,260,385	2,043,055	14,303,440
Other payables	80,341	3,285	83,626
Total liabilities	13,115,712	2,232,252	15,347,964
Fund balances:			
Reserved for:			
Prepays	147,106	-	147,106
Debt service	-	494,556	494,556
Unreserved, reported in:			
General fund	5,663,738	-	5,663,738
Special revenue funds	-	1,589,830	1,589,830
Capital projects funds	-	1,220,809	1,220,809
Total fund balances	5,810,844	3,305,195	9,116,039
Total liabilities and fund balances	\$ 18,926,556	\$ 5,537,447	

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.	33,575,780
An Internal Service Fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.	89,195
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,063,576
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,476,873)
Net assets of governmental activities	\$ 33,367,717

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

ANDERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes:			
Property	\$ 10,397,219	\$ 2,117,712	\$ 12,514,931
Sales	2,231,330	-	2,231,330
Mixed beverage	32,218	-	32,218
Intergovernmental	222,178	590,642	812,820
Fees of office	2,594,606	639,404	3,234,010
Investment earnings	22,287	2,923	25,210
Other revenue	489,301	211,066	700,367
Total revenues	<u>15,989,139</u>	<u>3,561,747</u>	<u>19,550,886</u>
EXPENDITURES			
Current:			
General government	4,611,260	234,665	4,845,925
Judicial	2,374,099	196,599	2,570,698
Public safety	5,073,581	983,050	6,056,631
Social services	661,356	47,629	708,985
Roads and bridges	3,851,343	533,129	4,384,472
Debt service:			
Principal	-	635,000	635,000
Interest and other charges	-	486,576	486,576
Capital outlay	510,704	459,640	970,344
Total expenditures	<u>17,082,343</u>	<u>3,576,288</u>	<u>20,658,631</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,093,204)</u>	<u>(14,541)</u>	<u>(1,107,745)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of fixed assets	106,583	-	106,583
Transfers in	-	403,959	403,959
Transfers out	(403,959)	-	(403,959)
Total other financing sources and uses	<u>(297,376)</u>	<u>403,959</u>	<u>106,583</u>
NET CHANGE IN FUND BALANCES	(1,390,580)	389,418	(1,001,162)
FUND BALANCES, BEGINNING	<u>7,201,424</u>	<u>2,915,777</u>	<u>10,117,201</u>
FUND BALANCES, ENDING	<u>\$ 5,810,844</u>	<u>\$ 3,305,195</u>	<u>\$ 9,116,039</u>

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

ANDERSON 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: \$(1,001,162)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. 77,126

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (24,990)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 263,737

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded 623,662

Accrued interest not reflected on governmental funds 8,515

Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities. 14,791

Change in net assets of governmental activities \$(38,321)

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

ANDERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 10,499,178	\$ 10,499,178	10,397,219	\$(101,959)
Sales	2,350,000	2,350,000	2,231,330	(118,670)
Mixed beverage	30,000	30,000	32,218	2,218
Intergovernmental	219,456	219,456	222,178	2,722
Fees of office	2,972,000	2,974,871	2,594,606	(380,265)
Investment earnings	35,000	35,000	22,287	(12,713)
Other revenue	798,000	798,000	489,301	(308,699)
Total revenues	<u>16,903,634</u>	<u>16,906,505</u>	<u>15,989,139</u>	<u>(917,366)</u>
EXPENDITURES				
Current:				
General government:				
County auditor	337,471	337,471	333,232	4,239
County judge	140,311	140,311	136,743	3,568
County treasurer	140,780	140,780	133,849	6,931
Tax assessor-collector	570,546	570,546	553,195	17,351
Commissioners	276,820	277,170	274,633	2,537
County clerk	413,056	413,056	396,205	16,851
District clerk	405,539	405,539	373,444	32,095
Courthouse	565,350	564,699	507,349	57,350
Elections	125,978	125,978	124,902	1,076
Information technology	97,223	128,223	115,338	12,885
Miscellaneous legal	145,000	111,981	111,524	457
Miscellaneous	1,627,674	1,604,254	1,550,846	53,408
Total general government	<u>4,845,748</u>	<u>4,820,008</u>	<u>4,611,260</u>	<u>208,748</u>
Judicial:				
County court	23,301	22,501	17,084	5,417
County court-at-law	361,234	458,356	452,604	5,752
District court	737,657	824,488	778,414	46,074
District attorney	705,533	689,444	662,180	27,264
Justice of the peace, precinct 1	116,019	116,019	112,872	3,147
Justice of the peace, precinct 2	116,519	117,036	116,652	384
Justice of the peace, precinct 3	119,463	119,463	117,355	2,108
Justice of the peace, precinct 4	117,019	117,819	116,938	881
Total judicial	<u>2,296,745</u>	<u>2,465,126</u>	<u>2,374,099</u>	<u>91,027</u>

(continued)

ANDERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)

GENERAL FUND
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Emergency management	\$ 102,548	\$ 102,548	\$ 97,489	\$ 5,059
Constable, precinct 1	67,022	71,522	68,790	2,732
Constable, precinct 2	66,425	66,425	66,153	272
Constable, precinct 3	65,357	65,357	62,663	2,694
Constable, precinct 4	64,625	64,625	63,327	1,298
Sheriff	2,126,743	2,157,276	2,157,511	(235)
Narcotics task force	65,000	65,000	9,571	55,429
Bailiff/security	167,083	169,836	167,626	2,210
State highway patrol	43,411	43,411	42,464	947
County jail	2,439,809	2,383,892	2,337,987	45,905
Total public safety	5,208,023	5,189,892	5,073,581	116,311
Social services:				
Dogwood park	81,034	74,034	68,917	5,117
Extension services	110,963	110,963	102,976	7,987
Indigent health	231,944	231,594	109,044	122,550
County services	488,650	382,327	380,419	1,908
Total social services	912,591	798,918	661,356	137,562
Road and bridge:				
Administration	258,000	126,023	126,023	-
Precinct 1	971,802	1,042,361	1,034,553	7,808
Precinct 2	711,957	729,778	722,891	6,887
Precinct 3	981,200	959,696	955,925	3,771
Precinct 4	842,385	848,540	834,604	13,936
Shop	191,684	191,684	177,347	14,337
Total road and bridge	3,957,028	3,898,082	3,851,343	46,739
Capital outlay	444,654	535,787	510,704	25,083
Total expenditures	17,664,789	17,707,813	17,082,343	625,470
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(761,155)	(801,308)	(1,093,204)	(291,896)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	103,698	106,583	2,885
Transfers out	(288,975)	(403,980)	(403,959)	21
Total other financing sources (uses)	(288,975)	(300,282)	(297,376)	2,906
NET CHANGE IN FUND BALANCES	(1,050,130)	(1,101,590)	(1,390,580)	(288,990)
FUND BALANCES, BEGINNING	7,201,424	7,201,424	7,201,424	-
FUND BALANCES, ENDING	\$ 6,151,294	\$ 6,099,834	\$ 5,810,844	\$ (288,990)

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

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ANDERSON COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUND

DECEMBER 31, 2010

	<u>Governmental Activities - Self-Insurance</u>
ASSETS	
Current assets:	
Cash and investments	\$ 184,180
Accounts receivable, net	460
Due from other funds	23,400
Prepaid expenses	<u>22,497</u>
Total assets	<u>230,537</u>
LIABILITIES	
Current liabilities:	
Accounts payable	168
Estimated claims incurred, but not reported	140,742
Deferred revenue	<u>432</u>
Total liabilities	<u>141,342</u>
NET ASSETS	
Unrestricted	<u>89,195</u>
Total net assets	<u>\$ 89,195</u>

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

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ANDERSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities - Self-Insurance</u>
OPERATING REVENUES	
Charges for services	\$ 1,910,317
Total operating revenues	<u>1,910,317</u>
OPERATING EXPENSES	
Insurance claims	1,548,620
Insurance premiums and administrative costs	<u>348,375</u>
Total operating expenses	<u>1,896,995</u>
OPERATING GAIN	<u>13,322</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	<u>1,469</u>
Total non-operating revenues (expenses)	<u>1,469</u>
CHANGE IN NET ASSETS	14,791
TOTAL NET ASSETS, BEGINNING	<u>74,404</u>
TOTAL NET ASSETS, ENDING	<u>\$ 89,195</u>

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

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ANDERSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities - Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,892,297
Cash paid to suppliers for goods and services	<u>(1,966,481)</u>
Net cash used by operating activities	<u>(74,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>1,469</u>
Net cash provided by investing activities	<u>1,469</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,715)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>256,895</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 184,180</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating gain	\$ 13,322
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	3,312
Prepaid expense	(22,497)
Due from other funds	(21,332)
Decrease (increase) in liabilities:	
Accounts payable	168
Claims payable	(34,897)
Deferred revenues	<u>(12,260)</u>
Net cash used by operations	<u>\$ (74,184)</u>

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

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ANDERSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>6,447,905</u>
Total assets	\$ <u>6,447,905</u>
LIABILITIES	
Due to others	\$ <u>6,447,905</u>
Total liabilities	\$ <u><u>6,447,905</u></u>

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

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**NOTES TO
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Anderson County, Texas was created in 1846 with Palestine as the County seat. The County is governed by an elected Commissioners' Court consisting of four precinct commissioners and the County Judge. The County provides various services to enhance the welfare, health, morals, comfort and safety of its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

In 1991, GASB issued "Statement No. 14, The Financial Reporting Entity," which established standards for defining and reporting on the financial reporting entity. The discussion that follows includes not only the minimum guidelines for an entity's inclusion in the County's financial statements, but also the reasons that certain entities are excluded from the statements.

The definition of the reporting entity is based primarily on the concept of financial accountability. The elected officials governing Anderson 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.

The component unit discussed below is included in the County's reporting entity because of the operational and financial relationship with the County.

Blended Component Unit. The Anderson County Historical Society (ACHS) is governed by a board appointed the Anderson County Commissioners' Court. Although it is legally separate from the County, the ACHS, for financial reporting purposes, is reported as if it were part of the County's operations because its only purpose is to provide services to the citizens of the County and it is financially dependent on the County, therefore, it is reported as a Special Revenue Fund.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity

Related Organization. Anderson County officials are responsible for appointing the members of the Board of the following organizations. However, the County's accountability does not extend beyond making the appointments.

Anderson County Housing Authority. The Anderson County Housing Authority is a legally separate entity whose governing members are appointed by Anderson County's Commissioners' Court. The County, however, does not control the actions of the Authority and is not active in its budgeting process nor its management. The County is also not obligated to fund any deficits nor entitled to any surpluses.

Anderson County Community Supervision and Corrections Department. The Anderson County Community Supervision and Corrections Department (CSCD) is a legally separate entity (specialized district) whose governing members are elected District and County Court at Law Judges. The County does not control the actions of the CSCD and is not active in its budgeting process nor its management. The County is also not obligated to fund any deficits nor entitled to any surpluses.

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. The effect of interfund activity has been removed from these statements.

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.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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, sales 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 fund:

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.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The **Capital Projects Fund**, or Permanent Improvement Fund, is used to account for the resources used for the construction and acquisition of capital facilities by the County.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on general long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

The **Internal Service Fund**, commonly known as the Insurance Trust Fund, is used to account for insurance coverage and administrative services provided to other departments or agencies of the County. The Insurance Fund is funded by quasi-external transfers from other funds and charges to employees for extended benefits at their option. Charges are determined on a cost-reimbursed basis.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Agency Funds account for assets held by the County in a trustee capacity or as an agent for others.

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.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program 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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to participants for services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Deposits

Time deposits of all funds are stated at cost. At December 31, 2010, the stated amount of the time deposits approximates the market price, and consists of certificates of deposit and *NOW* accounts.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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).

Amounts due from Anderson County officials represent tax collections and fees of office held by various officials and payable to the various funds of Anderson County as of December 31, 2010.

(continued)

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

D. Assets, Liabilities and Net Assets or Equity

Property Taxes

The Anderson County Tax Assessor/Collector collects property taxes for the County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before February 1st of the following year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Prepaid Items

Payments made to vendors for items or services for a future period beyond December 31, are recorded as prepaid items. The fund balances in the affected funds have been reserved for amounts equal to the prepayments since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20
Infrastructure (roads and bridges)	20-50

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

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.

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 are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(11,620,100) difference are as follows:

(continued)

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

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

Certificates of obligation	\$(3,355,000)
General obligation bonds	(7,895,000)
Compensated absences	(51,547)
Accrued interest payable	<u>(175,326)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$(11,476,873)</u></u>

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 outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets’ estimated useful lives as depreciation expense for the period.” The details of this \$77,126 difference are as follows:

Capital outlay	\$ 1,717,292
Depreciation expense	<u>(1,640,166)</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><u>\$ 77,126</u></u>

Another element of that reconciliation states, “Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.” The details of this \$263,737 difference are as follows:

Property taxes	\$ 149,820
Other revenues	<u>113,917</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 263,737</u></u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body, composed of the Commissioners' Court, may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were not material in relation to the original appropriations, and all amendments were legally made. The County's budget authorizes expenditures for all governmental fund types. The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service and Capital Project Funds. Budget appropriations lapse at year-end. The County does not adopt a legal budget for the District Attorney Hot Check Fee or the Sheriff Commissary Funds.

Deficit Fund Equity

The Recovery Act Grant Fund and Juvenile Probation Fund have deficit fund balances of \$(45) and \$(428), respectively. The County plans to transfer funds from the General Fund to cover these deficits.

4. DETAILED NOTES ON ALL FUNDS

Investments

As of December 31, 2010, the County had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>6,491,038</u>	34

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

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

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. As of December 31, 2010, the carrying value of the County’s deposit balance was collateralized with securities held by the pledging financial institution or by FDIC insurance.

Credit Risk. It is the County’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County’s investment pool was rated AAAM by Standard & Poor’s Investors Service.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

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

	<u>General</u>	Other Governmental Funds	<u>Total</u>
Receivables:			
Property taxes	\$ 8,263,817	\$ 1,493,393	\$ 9,757,210
Sales tax	411,334	-	411,334
Accounts	6,345,772	26,660	6,372,432
Due from County officials	<u>3,458,722</u>	<u>550,267</u>	<u>4,008,989</u>
Gross receivables	18,479,645	2,070,320	20,549,965
Less: allowance for uncollectibles	<u>5,860,753</u>	<u>74,670</u>	<u>5,935,423</u>
Net total receivables	<u>\$ 12,618,892</u>	<u>\$ 1,995,650</u>	<u>\$ 14,614,542</u>

Governmental funds report *deferred revenue* in connection with receivables for revenue that is 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>
General fund:		
Delinquent property taxes receivable	\$ 955,998	\$ -
Advance property tax collections	-	10,440,830
Fine receivable	853,157	-
Other	<u>-</u>	<u>10,400</u>
Total general fund	1,809,155	10,451,230
Other governmental funds:		
Delinquent property taxes receivable	254,421	-
Advance property tax collections	-	1,759,972
Other	<u>-</u>	<u>29,094</u>
Total other governmental funds	<u>254,421</u>	<u>1,789,066</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 2,063,576</u>	<u>\$ 12,240,296</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,736,715	\$ -	\$ -	\$ 1,736,715
Construction in progress	<u>770,130</u>	<u>66,378</u>	<u>(10,957)</u>	<u>825,551</u>
Total capital assets not being depreciated	<u>2,506,845</u>	<u>66,378</u>	<u>(10,957)</u>	<u>2,562,266</u>
Capital assets, being depreciated:				
Roads and bridges	47,825,959	746,947	-	48,572,906
Buildings and improvements	22,973,228	379,338	-	23,352,566
Machinery and equipment	<u>7,740,075</u>	<u>535,586</u>	<u>(450,213)</u>	<u>7,825,448</u>
Total capital assets being depreciated	<u>78,539,262</u>	<u>1,661,871</u>	<u>(450,213)</u>	<u>79,750,920</u>
Less accumulated depreciation:				
Roads and bridges	37,436,694	446,315	-	37,883,009
Buildings and improvements	4,000,978	516,617	-	4,517,595
Machinery and equipment	<u>6,084,791</u>	<u>677,234</u>	<u>(425,223)</u>	<u>6,336,802</u>
Total accumulated depreciation	<u>47,522,463</u>	<u>1,640,166</u>	<u>(425,223)</u>	<u>48,737,406</u>
Total capital assets, being depreciated, net	<u>31,016,799</u>	<u>21,705</u>	<u>(24,990)</u>	<u>31,013,514</u>
Governmental activities capital assets, net	<u>\$ 33,523,644</u>	<u>\$ 88,083</u>	<u>\$(35,947)</u>	<u>\$ 33,575,780</u>

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

Governmental activities:	
General government	\$ 345,699
Judicial	20,352
Public safety	595,339
Social services	3,062
Roads and bridges	<u>675,714</u>
Total depreciation expense - governmental activities	<u>\$ 1,640,166</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:

Due to/from Other Funds:

	<u>Due From</u>		
	<u>General</u>	<u>Proprietary</u>	<u>Total</u>
<u>Due To</u>			
Other governmental funds	\$ <u>87,638</u>	\$ <u>23,400</u>	\$ <u>111,038</u>
Total	\$ <u>87,638</u>	\$ <u>23,400</u>	\$ <u>111,038</u>

All balances of due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	<u>Transfers in Nonmajor Governmental</u>
Transfers out	
General	\$ <u>403,959</u>
Total Transfers	\$ <u>403,959</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.

Operating Leases

The County is committed under various noncancelable operating leases, for equipment including motor graders and copiers. For the year ended December 31, 2010, lease expenditures totaled \$222,260. Future minimum operating lease commitments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 104,456
2012	36,009
2013	<u>5,290</u>
Total	\$ <u>145,755</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or equipment. Certificates of obligation have been issued for governmental activities.

On June 1, 2003, the County authorized and issued \$4,500,000 in certificates of obligation under authority of the Certificate of Obligation Act of 1971. These obligations bear interest at the rate of 2.0% to 4.0% and will be retired over a period of 20 years, beginning in 2004. Proceeds from these obligations are restricted for the construction of capital assets.

On August 1, 2005, the County authorized and issued \$9,950,000 in general obligation bonds under the authority of the Certificate of Obligation Act of 1971. These obligations bear interest at the rate of 3.25% to 5% and will be retired over a period of 18 years beginning in 2006. Proceeds from these obligations are restricted for the construction of capital assets.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

\$4,500,000 Certificate of Obligation, Series 2003	2.0% - 4.0%	\$ 3,355,000
\$9,950,000 General Obligation Bonds, Series 2005	3.25% - 5.0%	7,895,000

Annual debt service requirements to maturity for certificate of obligation bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 200,000	\$ 113,408
2012	205,000	106,826
2013	215,000	100,001
2014	225,000	93,076
2015	235,000	85,885
2016-2020	1,325,000	302,573
2021-2023	<u>950,000</u>	<u>56,598</u>
Total	<u>\$ 3,355,000</u>	<u>\$ 858,367</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2011	\$ 460,000	\$ 349,863
2012	480,000	331,638
2013	500,000	310,788
2014	520,000	287,838
2015-2019	2,995,000	1,049,995
2020-2023	<u>2,940,000</u>	<u>295,676</u>
Total	<u>\$ 7,895,000</u>	<u>\$ 2,625,798</u>

Changes in Long-term Liabilities

Long-term liability activity (shown in thousands of dollars) for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
Bonds payable:					
Certificates of obligation	\$ 3,545,000	\$ -	\$ 190,000	\$ 3,355,000	\$ 200,000
General obligation bonds	8,340,000	-	445,000	7,895,000	460,000
Premium on bonds	157,775	-	14,548	143,227	14,548
Compensated absences	<u>40,209</u>	<u>61,665</u>	<u>50,327</u>	<u>51,547</u>	<u>12,887</u>
Governmental activity					
Long-term liabilities	<u>\$ 12,082,984</u>	<u>\$ 61,665</u>	<u>\$ 699,875</u>	<u>\$ 11,444,774</u>	<u>\$ 687,435</u>

Risk Management

The County is a member of the Texas Association of Counties Risk Pool (“Pool”). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The County pays annual premiums to the Pool for unemployment and workers’ compensation coverage. The County’s agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide coverage through commercial companies reinsurance contracts. The Pool agrees to handle all unemployment and workers’ compensation claims and provide any defense as is necessary. The Pool makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The County also carries commercial insurance on all other risks of loss, including liability, property, and accident insurance.

The County has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool and commercial coverage for any of the past three years.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Self Insurance

The Self Insurance Fund was established to account for the County's group health and prescription expenses. A third-party administrator, Blue Cross Blue Shield of Texas, administers the County plan. During the year ended December 31, 2010, the County paid six hundred and fifty dollars (\$650) per month for health and prescription benefits per budgeted full time position to the plan. Employees, at their option authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage carried through Blue Cross Blue Shield of Texas. The County paid \$183,126 for the fiscal year for stop-loss coverage.

Employees' premiums are paid by the General and Special Revenue funds into the Self Insurance Fund. These premiums are recorded as expenditures in the paying funds and are available to pay claims, insurance premiums, and administrative costs of the program. During fiscal year 2010, a total of \$1,896,995 was paid in benefits, premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$75,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year-end, were \$140,742 of December 31, 2010. Changes in the balances of claims liabilities during the past year were as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of fiscal year	\$ 175,639	\$ 165,552
Incurred claims (including incurred but not reported)	1,548,620	1,422,295
Claim payments	<u>(1,583,517)</u>	<u>(1,412,208)</u>
Unpaid claims, end of fiscal year	<u>\$ 140,742</u>	<u>\$ 175,639</u>

Pension Plans – Primary Government

Anderson County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

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

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

Funding Policy

The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.72% for the months of the accounting year in 2009 and 8.85% for the months of the accounting year in 2010.

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

Annual Pension Cost

For the employer's accounting year ending December 31, 2010, the annual pension cost for the TCDRS plan for its employees was \$782,946 and the actual contributions were \$782,946.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

Annual Pension Cost (Continued)

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 2008. The December 31, 2009, actuarial valuation is the most recent valuation.

Actuarial Valuation Information

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 in years	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	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of Anderson County

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 707,422	100%	\$ -
12/31/09	743,748	100%	-
12/31/10	782,946	100%	-

Transition Disclosure. It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

(continued)

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

Pension Plans – Primary Government (Continued)

Annual Pension Cost (Continued)

**Schedule of Funding Progress for the Retirement Plan
For the Employees of Anderson County**

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	\$ 14,830,832	\$ 17,491,935	\$ 2,661,103	84.79%	\$ 7,489,829	35.53%
2008	14,631,040	18,470,096	3,839,056	79.21%	8,255,743	46.50%
2009	16,709,987	20,335,490	3,625,503	82.17%	8,534,732	42.48%

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

(2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

Postemployment Benefits Other than Pension Benefits (OPEB)

Currently, health insurance benefits, provided under the County’s self-insured plan, are provided to eligible retirees of the County in accordance with the policies and procedures approved by Commissioners’ Court. The total cost of the retiree health care will be paid by the County. In addition, the County will also pay for dependent coverage less the amount paid by retirees as a premium for dependent coverage (\$90.20 per month for children only, \$168.30 per month for spouse only, and \$264 per month for children and spouse), which is the same as current employees.

Eligibility requirements are the same as the employees’ established retirement program (Texas County and District Retirement System): 20 years of service; 8 years of service and age 65; or years of service plus age equals 75. Additionally, eligible retirees are those that worked at least 40 hours per week while employed by the County.

As of December 31, 2010, the County had 11 retirees that were eligible for the OPEB plan and the cost to the County was \$151. Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis.

(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 is effective for the County for the year ended 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 for the year ended December 31, 2010.

Commitments and Contingencies

- a. Grants – The County has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of County management, such disallowances, if any, will not be significant to the County's financial position.
- b. Litigation – The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.
- c. Construction – Continuing construction projects include renovations, repairs and equipment for the existing Courthouse.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

DECEMBER 31, 2010

	Unclaimed Money	Farm to Market and Lateral Road	Recovery Act Grant	Title IV-E	Juvenile Probation	Family Protection Fund	Law Library	Child Abuse Prevention
ASSETS								
Cash	\$ 3,285	\$ 363,039	\$ -	\$ -	\$ 38,668	\$ 9,829	\$ 6,188	\$ 222
Receivables:								
Accounts receivable	-	-	-	-	24,825	-	-	-
Taxes receivable, net of estimated uncollectible taxes	-	531,308	-	-	-	-	-	-
Prepaid expenditures	-	11,646	-	-	-	-	-	-
Due from other governments	-	-	37,580	-	11,487	-	-	-
Due from County officials	-	174,098	-	-	-	825	3,934	52
Total assets	<u>\$ 3,285</u>	<u>\$ 1,080,091</u>	<u>\$ 37,580</u>	<u>\$ -</u>	<u>\$ 74,980</u>	<u>\$ 10,654</u>	<u>\$ 10,122</u>	<u>\$ 274</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 14,640	\$ -	\$ 2,929	\$ -
Accrued liabilities	-	-	-	-	16,506	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	-	37,625	-	15,600	-	-	-
Deferred revenue	-	727,633	-	-	28,662	-	-	-
Other payables	<u>3,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,285</u>	<u>727,633</u>	<u>37,625</u>	<u>-</u>	<u>75,408</u>	<u>-</u>	<u>2,929</u>	<u>-</u>
Fund balances:								
Reserved for:								
Debt service	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	-	352,458	(45)	-	(428)	10,654	7,193	274
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>352,458</u>	<u>(45)</u>	<u>-</u>	<u>(428)</u>	<u>10,654</u>	<u>7,193</u>	<u>274</u>
Total liabilities and fund balances	<u>\$ 3,285</u>	<u>\$ 1,080,091</u>	<u>\$ 37,580</u>	<u>\$ -</u>	<u>\$ 74,980</u>	<u>\$ 10,654</u>	<u>\$ 10,122</u>	<u>\$ 274</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
DECEMBER 31, 2010

	Justice Court Technology	Juvenile Delinquency Prevention	Child Welfare Board	D.A. Hot Check Processing	D.A. Apportionment	County Clerk Records Archive	District Clerk Records Preservation	Records Management	Court Reporter
ASSETS									
Cash	\$ 130,354	\$ 179	\$ 10,031	\$ 24,078	\$ 4,447	\$ 216,110	\$ 30,956	\$ 130,842	\$ 129,374
Receivables:									
Accounts receivable	-	-	-	-	-	-	-	-	-
Taxes receivable, net of estimated uncollectible taxes	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	55	-	-	-	-
Due from other governments	-	-	8,129	-	-	-	-	-	-
Due from County officials	1,076	-	-	660	-	4,211	1,052	3,405	2,323
Total assets	<u>\$ 131,430</u>	<u>\$ 179</u>	<u>\$ 18,160</u>	<u>\$ 24,738</u>	<u>\$ 4,502</u>	<u>\$ 220,321</u>	<u>\$ 32,008</u>	<u>\$ 134,247</u>	<u>\$ 131,697</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 1,455	\$ -	\$ 1,892	\$ 1,715	\$ -	\$ 168	\$ -
Accrued liabilities	-	-	-	1,530	37	1,382	-	1,125	-
Due to other governments	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	7,800	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>9,330</u>	<u>1,929</u>	<u>3,097</u>	<u>-</u>	<u>1,293</u>	<u>-</u>
Fund balances:									
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds	131,430	179	16,705	15,408	2,573	217,224	32,008	132,954	131,697
Capital projects funds	-	-	-	-	-	-	-	-	-
Total fund balances	<u>131,430</u>	<u>179</u>	<u>16,705</u>	<u>15,408</u>	<u>2,573</u>	<u>217,224</u>	<u>32,008</u>	<u>132,954</u>	<u>131,697</u>
Total liabilities and fund balances	<u>\$ 131,430</u>	<u>\$ 179</u>	<u>\$ 18,160</u>	<u>\$ 24,738</u>	<u>\$ 4,502</u>	<u>\$ 220,321</u>	<u>\$ 32,008</u>	<u>\$ 134,247</u>	<u>\$ 131,697</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
DECEMBER 31, 2010

	<u>DARE</u>	<u>Records Preservation</u>	<u>Security Service</u>	<u>Justice Court Building Security Fund</u>	<u>Historical Commission</u>	<u>Project Lifesaver</u>	<u>Pre-Trial Diversion</u>	<u>Right of Way</u>	<u>Election Serv. Contract</u>	<u>County and District Court Technology Fund</u>
ASSETS										
Cash	\$ 2,809	\$ 101,998	\$ 1,466	\$ 3,173	\$ 2,250	\$ 1,402	\$ 8,637	\$ 317,832	\$ 1,978	\$ 38
Receivables:										
Accounts receivable	250	-	-	-	-	-	-	-	-	-
Taxes receivable, net of estimated uncollectible taxes	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Due from County officials	-	2,513	2,683	260	-	-	300	-	-	18
Total assets	<u>\$ 3,059</u>	<u>\$ 104,511</u>	<u>\$ 4,149</u>	<u>\$ 3,433</u>	<u>\$ 2,250</u>	<u>\$ 1,402</u>	<u>\$ 8,937</u>	<u>\$ 317,832</u>	<u>\$ 1,978</u>	<u>\$ 56</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 2,740	\$ -	\$ -	\$ -	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	1,385	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,740</u>	<u>-</u>	<u>1,385</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	319	104,511	2,764	3,433	2,126	1,402	8,937	317,832	1,978	56
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>319</u>	<u>104,511</u>	<u>2,764</u>	<u>3,433</u>	<u>2,126</u>	<u>1,402</u>	<u>8,937</u>	<u>317,832</u>	<u>1,978</u>	<u>56</u>
Total liabilities and fund balances	<u>\$ 3,059</u>	<u>\$ 104,511</u>	<u>\$ 4,149</u>	<u>\$ 3,433</u>	<u>\$ 2,250</u>	<u>\$ 1,402</u>	<u>\$ 8,937</u>	<u>\$ 317,832</u>	<u>\$ 1,978</u>	<u>\$ 56</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
DECEMBER 31, 2010

	Court of Appeals Administrative Fund	Court Records Preservation	HAVA Grant	DTNTF Operating	DIU Forfeitures	Women's Case Management	Texas Vine Grant	Crime Victims Grant	Indigent Defense Grant	Homeland Security Program
ASSETS										
Cash	\$ 210	\$ 6,724	\$ 7,763	\$ 32,141	\$ 2,581	\$ -	\$ -	\$ -	\$ 34	\$ -
Receivables:										
Accounts receivable	-	-	1,125	-	-	-	-	-	-	-
Taxes receivable, net of estimated uncollectible taxes	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	12,277	15,564	5,710	-	16,929
Due from County officials	-	1,561	-	-	-	-	-	-	-	-
Total assets	<u>\$ 210</u>	<u>\$ 8,285</u>	<u>\$ 8,888</u>	<u>\$ 32,141</u>	<u>\$ 2,581</u>	<u>\$ 12,277</u>	<u>\$ 15,564</u>	<u>\$ 5,710</u>	<u>\$ 34</u>	<u>\$ 16,929</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,929
Accrued liabilities	-	-	-	-	-	1,596	-	1,212	34	-
Due to other governments	210	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	10,681	15,564	2,810	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,277</u>	<u>15,564</u>	<u>4,022</u>	<u>34</u>	<u>16,929</u>
Fund balances:										
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	8,285	8,888	32,141	2,581	-	-	1,688	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>8,285</u>	<u>8,888</u>	<u>32,141</u>	<u>2,581</u>	<u>-</u>	<u>-</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 210</u>	<u>\$ 8,285</u>	<u>\$ 8,888</u>	<u>\$ 32,141</u>	<u>\$ 2,581</u>	<u>\$ 12,277</u>	<u>\$ 15,564</u>	<u>\$ 5,710</u>	<u>\$ 34</u>	<u>\$ 16,929</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
DECEMBER 31, 2010

	Citizen Corp Grant	NACCHO Grant	Guardianship	FEMA Grant	911 Grant	Slocum Water Supply	Anderson County Crime Victims	D.A. Drug Forfeiture	Sheriff Local Forfeiture
ASSETS									
Cash	\$ -	\$ 7,207	\$ 9,539	\$ -	\$ 5,369	\$ -	\$ 3,057	\$ 5,659	\$ 11,494
Receivables:									
Accounts receivable	-	-	-	-	-	-	-	-	-
Taxes receivable, net of estimated uncollectible taxes	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-
Due from other governments	4,076	-	-	15,943	-	939	-	-	-
Due from County officials	-	-	280	-	-	-	-	-	-
Total assets	<u>\$ 4,076</u>	<u>\$ 7,207</u>	<u>\$ 9,819</u>	<u>\$ 15,943</u>	<u>\$ 5,369</u>	<u>\$ 939</u>	<u>\$ 3,057</u>	<u>\$ 5,659</u>	<u>\$ 11,494</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-
Due to other funds	4,076	-	-	15,943	-	939	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-	-	-
Total liabilities	<u>4,076</u>	<u>-</u>	<u>-</u>	<u>15,943</u>	<u>-</u>	<u>939</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds	-	7,207	9,819	-	5,369	-	3,057	5,659	11,494
Capital projects funds	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>7,207</u>	<u>9,819</u>	<u>-</u>	<u>5,369</u>	<u>-</u>	<u>3,057</u>	<u>5,659</u>	<u>11,494</u>
Total liabilities and fund balances	<u>\$ 4,076</u>	<u>\$ 7,207</u>	<u>\$ 9,819</u>	<u>\$ 15,943</u>	<u>\$ 5,369</u>	<u>\$ 939</u>	<u>\$ 3,057</u>	<u>\$ 5,659</u>	<u>\$ 11,494</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
DECEMBER 31, 2010

	Sheriff Federal Forfeiture	Capital Projects	Interest and Sinking	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ -	\$ 1,226,052	\$ 544,907	\$ 3,401,922
Receivables:				
Accounts receivable	-	-	-	26,200
Taxes receivable, net of estimated uncollectible taxes	-	21,953	865,462	1,418,723
Prepaid expenditures	-	-	-	11,701
Due from other governments	-	-	-	128,634
Due from County officials	-	932	350,084	550,267
Total assets	<u>\$ -</u>	<u>\$ 1,248,937</u>	<u>\$ 1,760,453</u>	<u>\$ 5,537,447</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 7,265	\$ -	\$ 49,857
Accrued liabilities	-	-	-	24,807
Due to other governments	-	-	-	210
Due to other funds	-	-	-	111,038
Deferred revenue	-	20,863	1,265,897	2,043,055
Other payables	-	-	-	3,285
Total liabilities	<u>-</u>	<u>28,128</u>	<u>1,265,897</u>	<u>2,232,252</u>
Fund balances:				
Reserved for:				
Debt service	-	-	494,556	494,556
Unreserved, reported in:				
Special revenue funds	-	-	-	1,589,830
Capital projects funds	-	1,220,809	-	1,220,809
Total fund balances	<u>-</u>	<u>1,220,809</u>	<u>494,556</u>	<u>3,305,195</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,248,937</u>	<u>\$ 1,760,453</u>	<u>\$ 5,537,447</u>

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unclaimed Money	Farm to Market and Lateral Road	Recovery Act Grant	Title IV-E	Juvenile Probation	Family Protection Fund	Law Library	Child Abuse Prevention
REVENUES								
Taxes	\$ -	\$ 610,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,773	340,592	-	-	-
Fees of office	-	-	-	-	323,867	4,362	24,957	116
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,935	-	-	-
Total revenues	<u>-</u>	<u>610,287</u>	<u>-</u>	<u>1,773</u>	<u>668,394</u>	<u>4,362</u>	<u>24,957</u>	<u>116</u>
EXPENDITURES								
Current:								
General government	-	-	-	91	-	-	-	-
Judicial	-	-	-	-	-	-	35,490	-
Public safety	-	-	45	-	827,249	-	-	-
Social services	-	-	-	-	-	-	-	-
Road and bridges	-	533,129	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>533,129</u>	<u>45</u>	<u>91</u>	<u>827,249</u>	<u>-</u>	<u>35,490</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>77,158</u>	<u>(45)</u>	<u>1,682</u>	<u>(158,855)</u>	<u>4,362</u>	<u>(10,533)</u>	<u>116</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	100,136	200,000	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,136</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>77,158</u>	<u>(45)</u>	<u>101,818</u>	<u>41,145</u>	<u>4,362</u>	<u>(10,533)</u>	<u>116</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>275,300</u>	<u>-</u>	<u>(101,818)</u>	<u>(41,573)</u>	<u>6,292</u>	<u>17,726</u>	<u>158</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 352,458</u>	<u>\$ (45)</u>	<u>\$ -</u>	<u>\$ (428)</u>	<u>\$ 10,654</u>	<u>\$ 7,193</u>	<u>\$ 274</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Justice Court Technology	Juvenile Delinquency Prevention	Child Welfare Board	D.A. Hot Check Processing	D.A. Apportionment	County Clerk Records Archive	District Clerk Records Preservation	Records Management	Court Reporter
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	8,913	-	-	-	-	-	-
Fees of office	15,348	-	-	50,436	34,176	61,736	4,589	44,575	14,245
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	5,572	-	779	-	-	-	-
Total revenues	<u>15,348</u>	<u>-</u>	<u>14,485</u>	<u>50,436</u>	<u>34,955</u>	<u>61,736</u>	<u>4,589</u>	<u>44,575</u>	<u>14,245</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	52,290	-	43,598	-
Judicial	2,942	-	-	72,168	37,256	-	-	-	2,392
Public safety	-	-	-	-	-	-	-	-	-
Social services	-	-	39,985	-	-	-	-	-	-
Road and bridges	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Capital outlay	2,206	-	-	-	-	-	-	7,676	5,719
Total expenditures	<u>5,148</u>	<u>-</u>	<u>39,985</u>	<u>72,168</u>	<u>37,256</u>	<u>52,290</u>	<u>-</u>	<u>51,274</u>	<u>8,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,200</u>	<u>-</u>	<u>(25,500)</u>	<u>(21,732)</u>	<u>(2,301)</u>	<u>9,446</u>	<u>4,589</u>	<u>(6,699)</u>	<u>6,134</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	20,000	-	-	-	-	-	-
Total other financing sources and uses	-	-	20,000	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	10,200	-	(5,500)	(21,732)	(2,301)	9,446	4,589	(6,699)	6,134
FUND BALANCES, BEGINNING	<u>121,230</u>	<u>179</u>	<u>22,205</u>	<u>37,140</u>	<u>4,874</u>	<u>207,778</u>	<u>27,419</u>	<u>139,653</u>	<u>125,563</u>
FUND BALANCES, ENDING	<u>\$ 131,430</u>	<u>\$ 179</u>	<u>\$ 16,705</u>	<u>\$ 15,408</u>	<u>\$ 2,573</u>	<u>\$ 217,224</u>	<u>\$ 32,008</u>	<u>\$ 132,954</u>	<u>\$ 131,697</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	DARE	Records Preservation	Security Service	Justice Court Building Security Fund	Historical Commission	Project Lifesaver	Pre-Trial Diversion	Right of Way	Election Serv. Contract	County and District Court Technology Fund
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Fees of office	-	18,981	26,865	3,650	-	-	-	-	-	56
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	<u>7,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,725</u>	<u>396</u>	<u>8,937</u>	<u>-</u>	<u>2,325</u>	<u>-</u>
Total revenues	<u>7,624</u>	<u>18,981</u>	<u>26,865</u>	<u>3,650</u>	<u>5,725</u>	<u>396</u>	<u>8,937</u>	<u>-</u>	<u>2,325</u>	<u>56</u>
EXPENDITURES										
Current:										
General government	-	25,203	-	-	-	1,080	-	2,922	377	-
Judicial	-	-	-	-	-	-	-	-	-	-
Public safety	16,097	-	54,175	-	-	-	-	-	-	-
Social services	-	-	-	-	5,453	-	-	-	-	-
Road and bridges	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>16,097</u>	<u>25,203</u>	<u>54,175</u>	<u>20,260</u>	<u>5,453</u>	<u>1,080</u>	<u>-</u>	<u>2,922</u>	<u>377</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,473)</u>	<u>(6,222)</u>	<u>(27,310)</u>	<u>(16,610)</u>	<u>272</u>	<u>(684)</u>	<u>8,937</u>	<u>(2,922)</u>	<u>1,948</u>	<u>56</u>
OTHER FINANCING SOURCES (USES)										
Operating transfers in	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(8,473)</u>	<u>(6,222)</u>	<u>(7,310)</u>	<u>(16,610)</u>	<u>272</u>	<u>(684)</u>	<u>8,937</u>	<u>(2,922)</u>	<u>1,948</u>	<u>56</u>
FUND BALANCES, BEGINNING	<u>8,792</u>	<u>110,733</u>	<u>10,074</u>	<u>20,043</u>	<u>1,854</u>	<u>2,086</u>	<u>-</u>	<u>320,754</u>	<u>30</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 319</u>	<u>\$ 104,511</u>	<u>\$ 2,764</u>	<u>\$ 3,433</u>	<u>\$ 2,126</u>	<u>\$ 1,402</u>	<u>\$ 8,937</u>	<u>\$ 317,832</u>	<u>\$ 1,978</u>	<u>\$ 56</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Court of Appeals Administrative Fund	Court Records Preservation	HAVA Grant	DTNTF Operating	DIU Forfeitures	Women's Case Management	Texas Vine Grant	Crime Victims Grant	Indigent Defense Grant	Homeland Security Program
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	5,687	15,564	34,835	46,351	19,079
Fees of office	-	8,285	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	22	-	-	-	-	-
Miscellaneous	-	-	9,200	-	2,559	-	-	-	-	-
Total revenues	<u>-</u>	<u>8,285</u>	<u>9,200</u>	<u>-</u>	<u>2,581</u>	<u>5,687</u>	<u>15,564</u>	<u>34,835</u>	<u>46,351</u>	<u>19,079</u>
EXPENDITURES										
Current:										
General government	-	-	4,562	-	-	60,008	-	44,534	-	-
Judicial	-	-	-	-	-	-	-	-	46,351	-
Public safety	-	-	-	-	-	-	15,564	-	-	2,445
Social services	-	-	-	-	-	-	-	-	-	-
Road and bridges	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	16,644
Total expenditures	<u>-</u>	<u>-</u>	<u>4,562</u>	<u>-</u>	<u>-</u>	<u>60,008</u>	<u>15,564</u>	<u>44,534</u>	<u>46,351</u>	<u>19,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>8,285</u>	<u>4,638</u>	<u>-</u>	<u>2,581</u>	<u>(54,321)</u>	<u>-</u>	<u>(9,699)</u>	<u>-</u>	<u>(10)</u>
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	-	-	54,321	-	9,492	-	10
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,321</u>	<u>-</u>	<u>9,492</u>	<u>-</u>	<u>10</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>8,285</u>	<u>4,638</u>	<u>-</u>	<u>2,581</u>	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>4,250</u>	<u>32,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,895</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 8,285</u>	<u>\$ 8,888</u>	<u>\$ 32,141</u>	<u>\$ 2,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,688</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Citizen Corp Grant	NACCHO Grant	Guardianship	FEMA Grant	911 Grant	Slocum Water Supply	Anderson County Crime Victims	D.A. Drug Forfeiture	Sheriff Local Forfeiture
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,240	-	-	-	85,669	939	-	-	-
Fees of office	-	-	3,160	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	7	-
Miscellaneous	-	-	-	-	-	-	5,248	4,103	9,750
Total revenues	<u>31,240</u>	<u>-</u>	<u>3,160</u>	<u>-</u>	<u>85,669</u>	<u>939</u>	<u>5,248</u>	<u>4,110</u>	<u>9,750</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Public safety	29,375	-	-	-	24,127	939	-	898	11,686
Social services	-	-	-	-	-	-	2,191	-	-
Road and bridges	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Capital outlay	1,865	-	-	-	56,173	-	-	9,415	-
Total expenditures	<u>31,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,300</u>	<u>939</u>	<u>2,191</u>	<u>10,313</u>	<u>11,686</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,160</u>	<u>-</u>	<u>5,369</u>	<u>-</u>	<u>3,057</u>	<u>(6,203)</u>	<u>(1,936)</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>3,160</u>	<u>-</u>	<u>5,369</u>	<u>-</u>	<u>3,057</u>	<u>(6,203)</u>	<u>(1,936)</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>7,207</u>	<u>6,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,862</u>	<u>13,430</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 7,207</u>	<u>\$ 9,819</u>	<u>\$ -</u>	<u>\$ 5,369</u>	<u>\$ -</u>	<u>\$ 3,057</u>	<u>\$ 5,659</u>	<u>\$ 11,494</u>

(continued)

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Sheriff Federal Forfeiture	Capital Projects	Interest and Sinking	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 294,780	\$ 1,212,645	\$ 2,117,712
Intergovernmental	-	-	-	590,642
Fees of office	-	-	-	639,404
Investment earnings	-	2,031	863	2,923
Miscellaneous	450	144,463	-	211,066
Total revenues	<u>450</u>	<u>441,274</u>	<u>1,213,508</u>	<u>3,561,747</u>
EXPENDITURES				
Current:				
General government	-	-	-	234,665
Judicial	-	-	-	196,599
Public safety	450	-	-	983,050
Social services	-	-	-	47,629
Road and bridges	-	-	-	533,129
Debt service:				
Principal	-	-	635,000	635,000
Interest and other charges	-	-	486,576	486,576
Capital outlay	-	339,682	-	459,640
Total expenditures	<u>450</u>	<u>339,682</u>	<u>1,121,576</u>	<u>3,576,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>101,592</u>	<u>91,932</u>	<u>(14,541)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	403,959
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,959</u>
NET CHANGE IN FUND BALANCES	-	101,592	91,932	389,418
FUND BALANCES, BEGINNING	<u>-</u>	<u>1,119,217</u>	<u>402,624</u>	<u>2,915,777</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 1,220,809</u>	<u>\$ 494,556</u>	<u>\$ 3,305,195</u>

ANDERSON COUNTY, TEXAS

COMBINING BALANCE SHEET

AGENCY FUNDS

DECEMBER 31, 2010

	Agency						
	Tax Assessor Collector	County Clerk	District Clerk	Sheriff	Justices of the Peace	Criminal District Attorney	Totals
ASSETS							
Cash	\$ <u>4,349,523</u>	\$ <u>358,008</u>	\$ <u>1,571,316</u>	\$ <u>48,872</u>	\$ <u>52,743</u>	\$ <u>67,443</u>	\$ <u>6,447,905</u>
Total assets	\$ <u>4,349,523</u>	\$ <u>358,008</u>	\$ <u>1,571,316</u>	\$ <u>48,872</u>	\$ <u>52,743</u>	\$ <u>67,443</u>	\$ <u>6,447,905</u>
LIABILITIES							
Liabilities:							
Due to others	\$ <u>4,349,523</u>	\$ <u>358,008</u>	\$ <u>1,571,316</u>	\$ <u>48,872</u>	\$ <u>52,743</u>	\$ <u>67,443</u>	\$ <u>6,447,905</u>
Total liabilities	\$ <u>4,349,523</u>	\$ <u>358,008</u>	\$ <u>1,571,316</u>	\$ <u>48,872</u>	\$ <u>52,743</u>	\$ <u>67,443</u>	\$ <u>6,447,905</u>



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

To the Honorable County Judge and
Commissioners Court of
Anderson County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas, as of and for the year ended December 31, 2010, and have issued our report thereon dated July 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Anderson County, Texas, in a separate letter dated July 21, 2011.

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

Pattillo, Brown & Hill, L.L.P.

July 21, 2011

ANDERSON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2010

There were no prior year findings.

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