

BOWIE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2011

BOWIE COUNTY, TEXAS

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable County Judge
and Members of the Commissioners' Court
Bowie County
New Boston, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bowie County, Texas as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bowie County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of Bowie County, Texas, as of September 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the notes to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012, on our consideration of Bowie County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

August 10, 2012

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

This section of the Bowie County, Texas (the "County") Financial Report presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended September 30, 2011. This discussion and analysis is being presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*" ("GASB Statement No. 34").

FINANCIAL HIGHLIGHTS

- The County's total net assets decreased by \$2,592,575, 12.0%, over the course of this year's operations.
- The total government-wide assets of the County exceeded the liabilities at September 30, 2011, by \$19,022,865 and is reported as total net assets of the primary government. Of this amount, \$1,032,860 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$1,777,859 is restricted for debt service, capital improvements, public safety, public works and other purposes (restricted net assets) and \$16,212,146 is invested in capital assets, net of related debt.
- As of September 30, 2011, the County's governmental funds reported combined fund balances of \$4,444,088, as compared to \$6,997,079 at September 30, 2010. This represented a decrease of \$2,552,991.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two representing net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how net assets changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, roads and bridges, economic development, health and human services, administration of justice and tax administration.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary funds.

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

Because the focus of governmental funds is narrower than 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from 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.

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 statements because the resources of those funds are not available to support the County's own programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 15 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining fund statements can be found on pages 36 – 43 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule. The County adopts an annual budget for this fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. This statement may be found on page 13.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bowie County, assets exceeded liabilities by \$19,022,865 at the close of the most recent fiscal year. The following table indicates the County's financial position as of September 30, 2011 and September 30, 2010.

BOWIE COUNTY'S NET ASSETS

	Primary Government Governmental Activities	
	2011	2010
Current assets	\$ 8,378,251	\$ 10,007,248
Capital assets	<u>20,456,846</u>	<u>21,275,765</u>
Total assets	<u>28,835,097</u>	<u>31,283,013</u>
Current liabilities	1,872,768	1,133,620
Noncurrent liabilities	<u>7,939,464</u>	<u>8,533,953</u>
Total liabilities	<u>9,812,232</u>	<u>9,667,573</u>
Net assets:		
Invested in capital assets, net of related debt	16,212,146	14,067,546
Restricted	1,777,859	1,267,483
Unrestricted	<u>1,032,860</u>	<u>6,280,411</u>
Total net assets	<u>\$ 19,022,865</u>	<u>\$ 21,615,440</u>

The largest portion of the County's current fiscal year net assets (85.2%) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the County's current fiscal year net assets, 5.4%, or \$1,032,860 represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

The following table indicates changes in net assets for governmental activities.

	Primary Government Governmental Activities	
	2011	2010
REVENUES		
Program revenues:		
Charges for services	\$ 7,141,676	\$ 9,246,328
Operating grants and contributions	808,984	762,653
Capital grants and contributions	87,485	176,593
General revenues:		
Taxes - levied for general purposes	13,617,127	13,739,219
Taxes - levied for debt service	659,949	657,100
Sales taxes	5,375,121	5,165,757
Other taxes	197,598	194,959
Investment earnings	62,736	65,114
Gain on sale of fixed assets	42,153	434,330
Miscellaneous	444,495	649,972
Total revenues	<u>28,437,324</u>	<u>31,092,025</u>
EXPENSES		
General government	8,791,366	7,912,810
Public safety	16,415,468	17,608,791
Public works	4,402,901	5,610,596
Welfare	1,349,177	1,174,326
Changes in investment in joint venture	(76,193)	92,083
Interest on long-term debt	147,181	188,345
Total expenses	<u>31,029,899</u>	<u>32,586,951</u>
CHANGE IN NET ASSETS	(2,592,575)	(1,494,926)
PRIOR PERIOD ADJUSTMENT	-	281,357
NET ASSETS, BEGINNING	<u>21,615,440</u>	<u>22,829,009</u>
NET ASSETS, ENDING	<u>\$ 19,022,865</u>	<u>\$ 21,615,440</u>

Property taxes are collected to support governmental activity through the General, Road and Bridge Lateral, and Debt Service Funds. Property taxes decreased by \$(119,243), or -(0.9)% for the fiscal year. This decrease was due to decreased property valuations for the County. Income from charges for services decreased by \$2,104,652. Expenses for the County decreased \$(1,557,052) during the fiscal year.

FINANCIAL ANALYSIS OF MAJOR FUNDS

Governmental Funds. The County's major general government functions are contained in the General Fund. The focus of the County's Governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2011, the County's governmental funds reported combined fund balances of \$4,444,088 as compared to \$6,997,079 at September 30, 2010.

The General Fund is the chief operating fund of the County. At September 30, 2011, the General Fund reported revenues of \$26,910,166 and expenditures of \$29,737,053 as compared to revenues of \$29,453,244 and expenditures of \$29,848,791 at September 30, 2010. 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.

Proprietary Funds. As mentioned earlier, the County has no Proprietary Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget were reflected in both revenues and expenditures. In the final budget, revenues decreased in public safety by \$4,848,066 due to the loss of out of county inmates. Likewise, public safety expenditures, contractual services decreased by \$3,127,215 due to the loss of out of county inmates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2011, amounted to \$20,456,846 (net of accumulated depreciation) as compared to \$21,275,765 at September 30, 2010. This investment in capital assets includes land, buildings and improvements, structures, equipment, vehicles, machinery, and other tangible and intangible assets.

For further information regarding capital assets, see Note 4.

Long-term Debt. At September 30, 2011, the County had total long-term debt outstanding of \$7,939,464. Total long-term debt outstanding at September 30, 2010, was \$8,533,953. Refer to Note 4 for further information on the County's long-term debt.

ECONOMIC FACTORS

The Commissioners' Court adopted the County's 2011-2012 budget on September 26, 2011. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2011 and estimated revenues to be received in fiscal year 2011. The total of available resources for fiscal year 2011 was \$28.3 million.

For 2011-2012, the property tax rate is \$32.62 per \$100 valuation, which is the same as in 2010-2011, which was \$32.62 per \$100 valuation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, P. O. Box 248, New Boston, Texas 75570.

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**BASIC
FINANCIAL STATEMENTS**

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BOWIE COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,955,253
Receivables, net of allowance for uncollectibles	
Accounts	14,974
Adjudicated fines	607,715
Property taxes	1,367,755
Sales taxes	897,732
Intergovernmental	232,083
Accrued interest	13,490
Deferred charges	16,000
Prepaid expenditures	87,347
Investment in joint venture	185,902
Capital assets:	
Land	484,044
Buildings	20,291,656
Machinery and equipment	7,799,471
Infrastructure	36,191,231
Less: accumulated depreciation	(44,309,556)
Total capital assets	20,456,846
Total assets	28,835,097
LIABILITIES	
Accounts payable	1,733,747
Accrued liabilities	104,233
Due to other governments	23,808
Accrued interest	10,980
Noncurrent liabilities:	
Due within one year	3,150,051
Due in more than one year	4,789,413
Total liabilities	9,812,232
NET ASSETS	
Invested in capital assets, net of related debt	16,212,146
Restricted for:	
Debt service	262,558
Road improvement	303,096
Inmate benefit	240,257
Law library	96,365
Grant programs	875,583
Unrestricted	1,032,860
Total net assets	\$ 19,022,865

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

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BOWIE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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
Primary Government:					
Governmental activities:					
General government	\$ 8,791,366	\$ 2,299,421	\$ 1,245	\$ -	\$(6,490,700)
Public safety	16,415,468	3,907,508	439,827	87,485	(11,980,648)
Public works	4,402,901	934,747	284,623	-	(3,183,531)
Welfare	1,349,177	-	83,289	-	(1,265,888)
Changes in investment in joint venture	(76,193)	-	-	-	76,193
Interest on long-term debt	147,181	-	-	-	(147,181)
Total governmental activities	<u>31,029,899</u>	<u>7,141,676</u>	<u>808,984</u>	<u>87,485</u>	<u>(22,991,754)</u>
General revenues:					
Taxes:					
					13,617,127
					659,949
					5,375,121
					197,598
					62,736
					444,495
					<u>20,399,179</u>
					(2,592,575)
					<u>21,615,440</u>
					<u>\$ 19,022,865</u>

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

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BOWIE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 3,153,244	\$ 1,802,009	\$ 4,955,253
Receivables (net of allowance for uncollectibles):			
Ad valorem taxes	1,367,755	-	1,367,755
Sales tax	897,732	-	897,732
Interest	13,490	-	13,490
Accounts	14,974	-	14,974
Adjudicated fines	607,715	-	607,715
Due from other funds	414,587	-	414,587
Due from other governments	155,509	76,574	232,083
Prepaid items	87,347	-	87,347
Total assets	<u>\$ 6,712,353</u>	<u>\$ 1,878,583</u>	<u>\$ 8,590,936</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,701,597	32,150	1,733,747
Accrued liabilities	104,233	-	104,233
Due to other funds	-	414,587	414,587
Deferred revenue	1,870,473	-	1,870,473
Due to other governments	23,808	-	23,808
Total liabilities	<u>3,700,111</u>	<u>446,737</u>	<u>4,146,848</u>
Fund balances:			
Nonspendable:			
Prepays	87,347	-	87,347
Restricted:			
Natural disaster repairs	-	720,570	720,570
Road improvement	-	303,096	303,096
Law library	-	96,365	96,365
Health and welfare	-	240,257	240,257
Foster care	-	155,013	155,013
Debt service payments	-	262,558	262,558
Unassigned:	2,924,895	(346,013)	2,578,882
Total fund balances	<u>3,012,242</u>	<u>1,431,846</u>	<u>4,444,088</u>
	<u>\$ 6,712,353</u>	<u>\$ 1,878,583</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the 20,456,846

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the 2,072,375

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (7,950,444)

Net assets of governmental activities \$ 19,022,865

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

BOWIE COUNTY, TEXAS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 19,148,467	\$ 703,157	\$ 19,851,624
Charges for services	6,929,390	101,331	7,030,721
Investment earnings	53,427	9,309	62,736
Intergovernmental	334,387	562,082	896,469
Miscellaneous	<u>444,495</u>	<u>-</u>	<u>444,495</u>
Total revenues	<u>26,910,166</u>	<u>1,375,879</u>	<u>28,286,045</u>
EXPENDITURES			
Current:			
General government	7,864,820	201,735	8,066,555
Public safety	15,540,659	342,793	15,883,452
Public works	3,446,624	-	3,446,624
Welfare	1,198,428	-	1,198,428
Capital outlay	1,515,213	6,113	1,521,326
Debt service:			
Principal	157,338	3,688,848	3,846,186
Interest and other charges	<u>13,971</u>	<u>132,737</u>	<u>146,708</u>
Total expenditures	<u>29,737,053</u>	<u>4,372,226</u>	<u>34,109,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,826,887)</u>	<u>(2,996,347)</u>	<u>(5,823,234)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	2,101,762	-	2,101,762
Transfers in	926	3,163,847	3,164,773
Transfers out	(3,161,636)	(3,137)	(3,164,773)
Sale of capital assets and timber	<u>1,168,481</u>	<u>-</u>	<u>1,168,481</u>
Total other financing sources and uses	<u>109,533</u>	<u>3,160,710</u>	<u>3,270,243</u>
NET CHANGE IN FUND BALANCES	<u>(2,717,354)</u>	164,363	<u>(2,552,991)</u>
FUND BALANCES, BEGINNING	<u>5,729,596</u>	<u>1,267,483</u>	<u>6,997,079</u>
FUND BALANCES, ENDING	<u>\$ 3,012,242</u>	<u>\$ 1,431,846</u>	<u>\$ 4,444,088</u>

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

BOWIE COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Net change in fund balances - total governmental funds:	\$(2,552,991)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(818,919)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	109,126
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,863,004
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,192,795)</u>
Change in net assets of governmental activities	<u><u>\$(2,592,575)</u></u>

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

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BOWIE COUNTY, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget Comparison		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 13,110,125	\$ 13,110,125	\$ 13,618,956	\$ 508,831
Sales tax	5,522,000	5,522,000	5,375,121	(146,879)
Other taxes	168,100	168,100	154,390	(13,710)
Total taxes	<u>18,800,225</u>	<u>18,800,225</u>	<u>19,148,467</u>	<u>348,242</u>
Intergovernmental revenue	639,500	639,500	334,387	(305,113)
Total intergovernmental	<u>639,500</u>	<u>639,500</u>	<u>334,387</u>	<u>(305,113)</u>
Charges for services:				
General government	2,255,760	2,255,760	2,304,583	48,823
Public safety	8,649,081	8,649,081	3,801,015	(4,848,066)
Public works	841,200	841,200	823,792	(17,408)
Total charges for services	<u>11,746,041</u>	<u>11,746,041</u>	<u>6,929,390</u>	<u>(4,816,651)</u>
Investment earnings	80,250	80,250	53,427	(26,823)
Miscellaneous	394,850	394,850	444,495	49,645
Total revenues	<u>31,660,866</u>	<u>31,660,866</u>	<u>26,910,166</u>	<u>(4,750,700)</u>
EXPENDITURES				
General government:				
Personnel services	2,293,552	2,293,552	2,072,338	221,214
Supplies and materials	307,300	307,300	292,593	14,707
Contractual services	4,851,205	4,777,205	5,499,889	(722,684)
Total general government	<u>7,452,057</u>	<u>7,378,057</u>	<u>7,864,820</u>	<u>(486,763)</u>
Public safety:				
Personnel services	7,608,815	7,511,949	7,625,079	(113,130)
Supplies and materials	1,357,310	1,369,161	1,279,798	89,363
Contractual services	9,758,827	9,760,939	6,633,724	3,127,215
Miscellaneous	-	-	2,058	(2,058)
Total public safety	<u>18,724,952</u>	<u>18,642,049</u>	<u>15,540,659</u>	<u>3,101,390</u>
Public works:				
Personnel services	2,177,607	2,151,607	1,857,242	294,365
Supplies and materials	615,170	646,012	789,624	(143,612)
Contractual services	663,843	621,369	799,758	(178,389)
Total public works	<u>3,456,620</u>	<u>3,418,988</u>	<u>3,446,624</u>	<u>(27,636)</u>
Welfare:				
Indigent medical	753,697	753,697	1,198,428	(444,731)
Total welfare	<u>753,697</u>	<u>753,697</u>	<u>1,198,428</u>	<u>(444,731)</u>
Debt service:				
Principal	25,000	228,043	157,338	70,705
Interest	-	-	13,971	(13,971)
Total debt service	<u>25,000</u>	<u>228,043</u>	<u>171,309</u>	<u>56,734</u>
Capital outlay:				
General government	17,100	17,100	3,674	13,426
Public safety	203,350	164,350	20,229	144,121
Public works	145,100	175,592	1,491,310	(1,315,718)
Total capital outlay	<u>365,550</u>	<u>357,042</u>	<u>1,515,213</u>	<u>(1,158,171)</u>
Total expenditures	<u>30,024,179</u>	<u>30,024,179</u>	<u>29,737,053</u>	<u>287,126</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	2,101,762	2,101,762
Transfers out	(120,000)	(120,000)	(3,161,636)	(3,041,636)
Transfers in	-	-	926	926
Sale of capital assets and timber	-	-	1,168,481	1,168,481
Total other financing sources (uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>109,533</u>	<u>229,533</u>
Net change in fund balance	<u>\$ 1,516,687</u>	<u>\$ 1,516,687</u>	<u>\$(2,717,354)</u>	<u>\$(4,234,041)</u>

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

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BOWIE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>3,687,921</u>
Total assets	\$ <u>3,687,921</u>
LIABILITIES	
Due to others	\$ <u>3,687,921</u>
Total liabilities	\$ <u>3,687,921</u>

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

BOWIE COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bowie County, Texas (the “County”) was formed in 1841 and operates using a commission form of government under the laws and statutes of the Constitution of the State of Texas. The County provides various services to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants.

The accounting and reporting policies of the County relating to the funds and account groups included in the accompanying financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present Bowie County, Texas (the primary government) and its component units. There are no component units which meet the criteria for inclusion in the County’s reporting entity.

Related Organizations

The County’s officials are also responsible for appointing the members of the boards of other organizations, but the County’s accountability for these organizations does not extend beyond making the appointments. The Commissioners’ Court or specific committees of the Commissioners’ Court appoint members of the following organizations: Bowie County Child Protective Services, Northeast Texas Mental Health Mental Retardation Center, Red River Redevelopment Authority and Ark-Tex Council of Governments. Positions on these boards are appointed in certain instances in entirety, partially, or with Commissioners’ Court members.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Ventures

Bi-State Justice Center – the County is a participant in a joint venture in the Bi-State Justice Center with the City of Texarkana, Arkansas and the City of Texarkana, Texas. The Bi-State Justice Center is jointly occupied by law enforcement and criminal justice agencies of Bowie County, Texas; the City of Texarkana, Texas; and the City of Texarkana, Arkansas. The facility is located on the state line, half in Texarkana, Texas and half in Texarkana, Arkansas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven-member committee is comprised of the Bowie County Judge, one Bowie County Commissioner, two members from the City of Texarkana, Texas City Council, two members from the Texarkana, Arkansas Board of Directors, and one independent member. The Center accounts only for the operations of its own law enforcement and criminal justice agencies. The annual budget is underwritten by the participating entities based on a formula which uses floor space occupied, number of 911 calls received by the Building Information Center and the number of prisoners in the detention facility for each entity.

Bowie County, Texas' net investment, which consists of net assets in the Bi-State Justice Center, is reported in the County's government-wide financial statements. The County's equity interest at September 30, 2011, was \$185,902 based on the Bi-state Justice Center's audited financial statements at December 31, 2010, (the latest available). Complete financial statements for the Bi-State Justice Center can be obtained from the City of Texarkana, Arkansas Finance Department.

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 government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government has no business-like activities, or component units.

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. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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 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:

General Fund – This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenue and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

(continued)

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

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

Additionally, the County reports the following fund types:

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

Debt Service Funds are used to account for accumulation of resources for and the payment of long-term debt principal and interest.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

Fiduciary Fund Types:

These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of government. These funds are as follows:

Agency Funds account for resources held for others in a custodial capacity.

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, mutual funds, repurchase agreements, and the Texas Local Government Investment Pool.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits and Investments (Continued)

Investments for the government are reported at fair value. The State Treasurer’s Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” There were no “advances to/from other funds” at September 30, 2011.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 4% of the current year tax levy. Trade collectibility is defined by the following schedule:

0 – 30 days	85% Probability of Collection
31 – 60 days	65% Probability of Collection
61 – 90 days	45% Probability of Collection
91 – 120 days	25% Probability of Collection
121 – 180 days	10% Probability of Collection
181 + days	1% Probability of Collection

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

Capital Assets

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

(continued)

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

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

Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20
Infrastructure (streets and drainage)	35-50

Compensated Absences

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

Long-term Obligations

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

(continued)

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

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

Net Assets

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

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

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(818,919) difference are as follows:

Capital outlay	\$ 1,575,331
Depreciation expense	(1,267,922)
Retirement of fixed assets	(1,126,328)
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>\$(818,919)</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$109,126 difference are as follows:

Property taxes	\$(1,829)
Court fines	<u>110,955</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>\$ 109,126</u>

(continued)

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

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

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Neither transaction, however, has any effect on net assets.” The details of this \$1,863,004 difference are as follows:

Issuance of certificates of obligation	\$(2,101,762)
Payment of certificates of obligation	3,968,766
Amortization of issuance costs	<u>(4,000)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,863,004</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(1,192,795) difference are as follows:

Change in compensated absences	\$(16,273)
Accrued interest	3,527
Change in investment in joint venture	76,193
Change in net OPEB obligation	<u>(1,256,242)</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>\$(1,192,795)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Encumbrances represent purchase orders, contracts and other commitments for the expenditure of funds. Encumbrances do not constitute expenditures or liabilities. The County does not employ encumbrance accounting. As it is the County’s intention to honor all commitments, the subsequent year’s appropriation will provide authority to complete these transactions. Generally, the County’s commitments at year-end do not constitute a material amount.

(continued)

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The Commissioners' Court follow the general provisions outlined below in establishing the budgetary data reflected in the financial statements.

1. The County Judge, serving as the budget officer, submits to the Commissioners' Court a proposed budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them for governmental fund types.
2. Public hearings are conducted, at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the Commissioners' Court, usually by the end of September.
4. The budget, as compared to actual, is reviewed on a monthly basis, and periodically, budget amendments are made.
5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Commissioners' Court.
6. Appropriations lapse at year-end. Since the County intends to honor all commitments, subsequent year's appropriations provide authority to complete any transactions not completed in any year. Appropriations lapsing at September 30, 2011, were not material.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2011, expenditures exceeded appropriations in the following functions (the legal level of budgetary control) of the General Fund:

General government	\$(486,763)
Public works	(27,636)

Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance of \$346,013 as of September 30, 2011. The County will fund this deficit with operating transfers from the General Fund.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2011, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 41,223	48
Certificates of Deposit	<u>4,972,468</u>	183
Total portfolio	<u>\$ 5,013,691</u>	

The County's investment pool is 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 manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2011, \$3,810,921 of the County's \$4,205,714 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$394,793, was covered 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 County’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Receivables:		
Ad valorem taxes	\$ 1,367,755	\$ -
Sales tax	897,732	-
Adjudicated fines	7,965,565	-
Accounts	14,974	-
Interest	13,490	-
Intergovernmental	<u>155,509</u>	<u>76,574</u>
Gross receivables	10,415,025	76,574
Less: allowance for uncollectibles	<u>7,357,850</u>	<u>-</u>
Net total receivables	<u>\$ 3,057,175</u>	<u>\$ 76,574</u>

Deferred Revenue

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	\$ 1,262,758	\$ -
Adjudicated fines	<u>607,715</u>	<u>-</u>
Governmental Funds	<u>\$ 1,870,473</u>	<u>\$ -</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 484,044	\$ -	\$ -	\$ 484,044
Total capital assets not being depreciated	<u>484,044</u>	<u>-</u>	<u>-</u>	<u>484,044</u>
Capital assets, being depreciated:				
Buildings and improvements	20,281,532	10,124	-	20,291,656
Machinery and equipment	8,227,858	1,569,631	(1,998,018)	7,799,471
Infrastructure	<u>36,191,231</u>	<u>-</u>	<u>-</u>	<u>36,191,231</u>
Total capital assets being depreciated	<u>64,700,621</u>	<u>1,579,755</u>	<u>(1,998,018)</u>	<u>64,282,358</u>
Less accumulated depreciation:				
Buildings and improvements	7,932,517	395,345	-	8,327,862
Machinery and equipment	3,126,519	422,901	(867,266)	2,682,154
Infrastructure	<u>32,849,864</u>	<u>449,676</u>	<u>-</u>	<u>33,299,540</u>
Total accumulated depreciation	<u>43,908,900</u>	<u>1,267,922</u>	<u>(867,266)</u>	<u>44,309,556</u>
Total capital assets, being depreciated, net	<u>20,791,721</u>	<u>311,833</u>	<u>(1,130,752)</u>	<u>19,972,802</u>
Governmental activities capital assets, net	<u>\$ 21,275,765</u>	<u>\$ 311,833</u>	<u>\$ (1,130,752)</u>	<u>\$ 20,456,846</u>

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

Governmental activities:	
General government	\$ 173,780
Public safety	325,205
Public works	<u>768,937</u>
Total depreciation expense - governmental activities	<u>\$ 1,267,922</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2011, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 414,587

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (Continued)

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

Interfund Transfers:

<u>Transfers out</u>	<u>Transfers in</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 3,161,636
Nonmajor governmental	General	926
Nonmajor governmental	Nonmajor governmental	2,211

Transfers are used to (1) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) transfer funds out of a nonmajor fund to help finance the General Fund.

Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$11,110,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15 to 10-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government activities - refunding	3.47 - 5.25%	\$ <u>1,865,000</u>
		\$ <u><u>1,865,000</u></u>

Notes Payable

The County annually issues various installment loans in the form notes payable that are used to purchase equipment. These notes vary in amounts monthly and annually and have interest rates ranging from 1.59% to 1.72%. This debt is considered long-term because the County has the intention and ability to refinance the notes each year, thus extending the due date beyond 2012. The total amount of notes payable outstanding at September 30, 2011, is \$2,101,762.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Installment Loans

In 2005, an installment loan in the amount of \$1,139,948 was issued to finance a project to make various County offices more energy efficient. The loan will be paid over seven years with equal monthly payments. The total amount of the loan outstanding at September 30, 2011, is \$277,938.

Annual debt service requirements to maturity for general obligation bonds, notes payable, and installment loans are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,984,700	\$ 106,005
2013	405,000	36,695
2014	420,000	22,382
2015	435,000	7,547
Totals	\$ <u>4,244,700</u>	\$ <u>172,629</u>

Compensated Absences

County employees earn annual leave up to a maximum of 15 days per year based on months of service. Fulltime regular employees earn 10 days of sick leave per year. Employees who have been employed for six or more months are eligible to be paid for all unused annual leave at their regular rate of pay upon termination of employment. Unused sick leave is not paid upon termination of employment.

At September 30, 2011, the County had accrued compensated absences in the amount of \$183,723.

Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General obligation bonds	\$ 2,445,000	\$ -	\$ 580,000	\$ 1,865,000	\$ 605,000
Installment loans and notes payable	3,666,704	2,101,762	3,388,766	2,379,700	2,143,060
Compensated absences	167,450	116,161	99,888	183,723	165,351
Net OPEB obligation	<u>2,254,799</u>	<u>1,256,242</u>	<u>-</u>	<u>3,511,041</u>	<u>-</u>
Governmental activity long-term liabilities	\$ <u>8,533,953</u>	\$ <u>3,474,165</u>	\$ <u>4,068,654</u>	\$ <u>7,939,464</u>	\$ <u>2,913,411</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Information

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage. The County currently provides health benefits for its employees.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

Change in Accounting Principles

For fiscal year 2011, Bowie County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the County reclassifying fund balances of its governmental funds.

Commitments and Contingencies

On October 16, 2001, the County entered into a contract with Civigenics for the operation and management of the bi-state jail and detention center. The agreement allows for cancellation without cause after 90 days prior written notice with no penalty incurred by the County. Otherwise, the agreement is for three consecutive years with three one-year options for renewal. The County is responsible for payment of Civigenics a per diem rate of \$28.19 per male prisoner and \$39.19 per female prisoner for County prisoners housed at the facility. In addition, the County is responsible for providing basic medical and emergency health services, optical, dental care at a cost of \$71,800 and all food, beverage, commissary, and related support services at a cost of \$69,975. This excludes any inmates housed in the 720-bed facility under third-party contracts or being housed under the authority of jurisdictions outside of the County. A \$10 per inmate fee is credited to the County's monthly bill based on these third-party housing agreements. Charges from third-party contracts will be billed and payable by those entities to Civigenics. Civigenics will be responsible for providing monthly financial information to the County as support for payment requested or remitted. The contract with Civigenics expires in October 2011.

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Commitments and Contingencies (Continued)

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2011, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Pension Plans – Primary Government

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

Plan Description

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Pension Plans – Primary Government (Continued)

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

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 employer contributed using the actuarially determined rate of 8.35% for the months of the accounting year in 2011, and 8.64% for the months of the accounting year in 2010.

The contribution rate payable by the employee members for calendar year 2011 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer’s accounting year ended September 30, 2011, the annual pension cost for the TCDRS plan for its employees was \$785,548, and the actual contributions were \$785,548.

Annual Pension Cost

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, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2010, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/08	12/31/09	12/31/10
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	20	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	8.00%	8.00%	8.00%
Projected salary increases	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

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

Pension Plans – Primary Government (Continued)

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

Annual Pension Cost (Continued)

**Trend Information for the
Retirement Plan for the Employees of Bowie County**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/09	\$ 778,031	100%	\$ -
09/30/10	776,026	100%	-
09/30/11	785,548	100%	-

**Schedule of Funding Progress for the Retirement Plan
For the Employees of Bowie 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)
2008	\$ 30,190,114	\$ 33,131,173	\$ 2,941,059	91.12%	\$ 9,954,714	29.54%
2009	33,120,489	35,758,394	2,637,905	92.62%	10,605,974	24.87%
2010	32,666,944	36,351,079	3,684,135	89.87%	11,131,450	33.10%

- 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.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Postemployment Benefits

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 1,446,125
Interest on Net Pension Obligation	90,192
Adjustment to the ARC	<u>(135,317)</u>
Annual Pension Cost	1,401,000
Contributions Made	<u>(144,758)</u>
Increase (Decrease) in Net Pension Obligation	1,256,242
Net Pension Obligation/(Asset), beginning of year	<u>2,254,799</u>
Net Pension Obligation/(Asset), ending of year	<u>\$ 3,511,041</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years (4.0% discount rate, and level percent of pay amortization).

Fiscal Year Ended	Annual OPEB Cost	Employers Contribution	Percentage Contributed	Net OPEB Obligation
09/30/09	\$ 1,150,402	\$ 48,394	4.2%	\$ 1,102,008
09/30/10	1,150,402	47,201	4.1%	2,254,799
09/30/11	1,401,000	144,758	10.3%	3,511,041

Funding Status and Funding Progress

As of October 1, 2009, the actuarial accrued liability for benefits was \$10,454,409, all of which was unfunded. The amortization of the Unfunded Actuarial Accrued Liability is calculated assuming 30 level annual payments. GASB 45 allows for these payments to be calculated as a level percent of payroll. If this were done, the current year annual required contribution would be lower, but the contribution would be higher in future years as payroll increases. A schedule of the prior three years' activity is as follows:

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Other Postemployment Benefits (Continued)

Funding Status and Funding Progress (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities ⁽¹⁾	Unfunded Actuarial Accrued Liabilities ⁽²⁾	Funded Ratio (a/b)
October 1, 2008	\$ -	4.00%	\$ 9,902,499	\$ 9,302,499	- %
October 1, 2009	-	4.00%	9,302,499	9,302,499	- %
October 1, 2010	-	4.00%	10,454,409	10,454,409	- %

1) Actuarial accrued liability determined under the projected unit credit cost method.

2) Actuarial accrued liability less actuarial value of assets.

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of investment expenses) and an annual health care costs trend rate of 6.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after a number of years. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2011, is 27 years.

**COMBINING
FUND STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account primarily for revenue from specific taxes and federal grant revenue which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by trust funds.

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the County's programs.

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account primarily for revenue from specific taxes and federal grant revenue which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Federal Emergency Management Agency (FEMA) Grant – This fund is used to account for the revenue and expenditures associated with the ice storm disaster which occurred in December 2000. This disaster was funded with federal grant monies received from FEMA. In addition to reimbursement of actual outlays, federal assistance was received for administrative expenditures as well as use of the county personnel and equipment.

Inmate Benefit – This fund is used to account for the County's share of commissary proceeds which may be used to develop a program addressing the social needs of the County prisoners; supply prisoners with certain supplies; establish, staff and equip the commissary operations; or fund, staff and equip a library for the educational use of County prisoners.

Road and Bridge Lateral – This fund is used to account for receipts of state gasoline taxes allocated by the State of Texas. The monies are transferred to the General Fund as costs are accumulated for the maintenance of certain County roads. Since revenue is generally matched in a short time period by expenditures, this fund normally does not have any assets, liabilities or fund balance.

Law Library – This fund is used to account for the cost of maintaining the County's law library for public use. Financing is provided through fees charged as a part of court costs for cases processed through the Justice and District Courts.

Texas VINE – This fund is used to account for grant monies received from the State of Texas Office of the Attorney General.

Homeland Security – This fund is used to account for grant monies received from Ark-Tex Council of Governments, which receives a grant from the U. S. Department of Homeland Security.

Title IV-E – This fund is used to account for grant monies received to reimburse the County for expenditures associated with administering Title IV-E child support payments.

Drug Court Grant – This fund is used to account for grant monies received to reimburse the County for expenditures associated with the Edward Byrne Memorial Justice Assistance Grant.

Energy and Conservation Efficient Block Grant – This fund is used to account for grant monies received to reimburse the County for expenditures associated with the Energy and Conservation Efficient Block Grant.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by trust funds.

Capital Projects – This fund is used to account for the proceeds of General Obligation Certificates of Obligation Debt. These bonds were issued for the purpose of providing funds to purchase right-of-ways, macadamize, gravel, or pave roads.

Certificates of Obligation Series 2005 – This fund is used to account for the proceeds of the Certificates of Obligation Series 2005. These bonds were issued for the purpose of providing matching funds for state road projects in Bowie County.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of debt for governmental funds.

Certificates of Obligation, Series 1996 – This fund is used to account for the payment of principal, interest, and fiscal charges on the outstanding long-term debt of the Certificates of Obligation and General Obligation Refunding Bonds, Series 1996. Financing is to be provided by ad valorem taxes.

Certificates of Obligation, Series 2005 Debt Service – This fund is used to account for the payment of principal, interest, and fiscal charges on the outstanding long-term debt of the Certificates of Obligation, Series 2005. Financing is to be provided by ad valorem taxes.

Installment Loans – This fund is used to accumulate monies for payment of various installment loan contracts entered into by Bowie County. Financing is provided by transfers from the General Fund.

NONMAJOR PERMANENT FUNDS

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the County's programs.

Permanent School – This fund is used to account for the distribution of the resulting income to school districts in the County.

BOWIE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	Special Revenue			
	Fema Grant	Inmate Benefit	ROW Work	Road and Bridge Lateral
ASSETS				
Cash and investments	\$ 744,720	\$ 240,257	\$ -	\$ 303,096
Due from other governments	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 752,720</u>	<u>\$ 240,257</u>	<u>\$ -</u>	<u>\$ 303,096</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 32,150	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
Natural disaster repairs	720,570	-	-	-
Road improvement	-	-	-	303,096
Law library	-	-	-	-
Health and welfare	-	240,257	-	-
Foster care	-	-	-	-
Debt service payments	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>720,570</u>	<u>240,257</u>	<u>-</u>	<u>303,096</u>
Total liabilities and fund balances	<u>\$ 752,720</u>	<u>\$ 240,257</u>	<u>\$ -</u>	<u>\$ 303,096</u>

Special Revenue						Capital Projects	
Law Library	Texas VINE	Homeland Security	Title IV-E	Drug Court Grant	Energy and Conservation Efficient Block Grant	Capital Projects	Certificates of Obligation Series 2005
\$ 96,365	\$ -	\$ -	\$ 155,013	\$ -	\$ -	\$ -	\$ 232,317
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,527</u>	<u>55,047</u>	<u>-</u>	<u>-</u>
<u>\$ 96,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,013</u>	<u>\$ 13,527</u>	<u>\$ 55,047</u>	<u>\$ -</u>	<u>\$ 232,317</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,527</u>	<u>55,047</u>	<u>346,013</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,527</u>	<u>55,047</u>	<u>346,013</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
96,365	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	155,013	-	-	-	-
-	-	-	-	-	-	-	232,317
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,013)</u>	<u>-</u>
<u>96,365</u>	<u>-</u>	<u>-</u>	<u>155,013</u>	<u>-</u>	<u>-</u>	<u>(346,013)</u>	<u>232,317</u>
<u>\$ 96,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,013</u>	<u>\$ 13,527</u>	<u>\$ 55,047</u>	<u>\$ -</u>	<u>\$ 232,317</u>

(continued)

BOWIE COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2011

	Debt Service			Permanent	
	Certificates of Obligation Series 1996	Certificates of Obligation Series 2005 Debt Service	Installment Loans	Permanent School	Total Governmental Funds
ASSETS					
Cash and investments	\$ -	\$ 30,241	\$ -	\$ -	\$ 1,802,009
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,574</u>
Total assets	<u>\$ -</u>	<u>\$ 30,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,878,583</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 32,150
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,587</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,737</u>
Fund balances:					
Restricted:					
Natural disaster repairs	-	-	-	-	720,570
Road improvement	-	-	-	-	303,096
Judicial and law enforcement	-	-	-	-	96,365
Health and welfare	-	-	-	-	240,257
Capital outlay	-	-	-	-	155,013
Debt service payments	-	30,241	-	-	262,558
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,013)</u>
Total fund balances	<u>-</u>	<u>30,241</u>	<u>-</u>	<u>-</u>	<u>1,431,846</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 30,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,878,583</u>

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BOWIE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue			
	Fema Grant	Inmate Benefit	ROW Work	Road and Bridge Lateral
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 43,208
Charges for services	-	73,792	-	-
Investment earnings	-	-	-	-
Intergovernmental	169,470	-	-	-
Total revenues	169,470	73,792	-	43,208
EXPENDITURES				
Current:				
General government	39,150	-	-	-
Public safety	-	64,247	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	39,150	64,247	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	130,320	9,545	-	43,208
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(3,137)	-
Total other financing sources and uses	-	-	(3,137)	-
NET CHANGE IN FUND BALANCES	130,320	9,545	(3,137)	43,208
FUND BALANCES, BEGINNING	590,250	230,712	3,137	259,888
FUND BALANCES, ENDING	\$ 720,570	\$ 240,257	\$ -	\$ 303,096

Special Revenue						Capital Projects	
Law Library	Texas VINE	Homeland Security	Title IV-E	Drug Court Grant	Energy and Conservation Efficient Block Grant	Capital Projects	Certificates of Obligation Series 2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,514
27,539	-	-	-	-	-	-	-
-	-	-	-	-	-	8,089	917
-	18,283	87,485	1,552	170,139	115,153	-	-
<u>27,539</u>	<u>18,283</u>	<u>87,485</u>	<u>1,552</u>	<u>170,139</u>	<u>115,153</u>	<u>8,089</u>	<u>444,431</u>
-	-	-	-	-	115,153	-	-
2,639	18,283	87,485	-	170,139	-	-	-
-	-	-	-	-	-	6,113	-
-	-	-	-	-	-	-	380,000
-	-	-	-	-	-	-	63,514
<u>2,639</u>	<u>18,283</u>	<u>87,485</u>	<u>-</u>	<u>170,139</u>	<u>115,153</u>	<u>6,113</u>	<u>443,514</u>
<u>24,900</u>	<u>-</u>	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>-</u>	<u>1,976</u>	<u>917</u>
-	-	-	-	-	-	2,211	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,211	-
24,900	-	-	1,552	-	-	4,187	917
<u>71,465</u>	<u>-</u>	<u>-</u>	<u>153,461</u>	<u>-</u>	<u>-</u>	<u>(350,200)</u>	<u>231,400</u>
<u>\$ 96,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (346,013)</u>	<u>\$ 232,317</u>

(continued)

BOWIE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Debt Service</u>			<u>Permanent</u>	
	<u>Certificates</u>	<u>Certificates</u>			
	<u>of Obligation</u>	<u>of Obligation</u>	<u>Installment</u>	<u>Permanent</u>	<u>Total</u>
	<u>Series 1996</u>	<u>Series 2005</u>	<u>Loans</u>	<u>School</u>	<u>Governmental</u>
		<u>Debt Service</u>			<u>Funds</u>
REVENUES					
Taxes	\$ 216,435	\$ -	\$ -	\$ -	\$ 703,157
Charges for services	-	-	-	-	101,331
Investment earnings	-	-	-	303	9,309
Intergovernmental	-	-	-	-	562,082
Total revenues	<u>216,435</u>	<u>-</u>	<u>-</u>	<u>303</u>	<u>1,375,879</u>
EXPENDITURES					
Current:					
General government	-	-	-	47,432	201,735
Public safety	-	-	-	-	342,793
Capital outlay	-	-	-	-	6,113
Debt service:					
Principal retirement	200,000	-	3,108,848	-	3,688,848
Interest and fiscal charges	<u>16,435</u>	<u>-</u>	<u>52,788</u>	<u>-</u>	<u>132,737</u>
Total expenditures	<u>216,435</u>	<u>-</u>	<u>3,161,636</u>	<u>47,432</u>	<u>4,372,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(3,161,636)</u>	<u>(47,129)</u>	<u>(2,996,347)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,161,636	-	3,163,847
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,137)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>3,161,636</u>	<u>-</u>	<u>3,160,710</u>
NET CHANGE IN FUND BALANCES	-	-	-	(47,129)	164,363
FUND BALANCES, BEGINNING	<u>-</u>	<u>30,241</u>	<u>-</u>	<u>47,129</u>	<u>1,267,483</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 30,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,431,846</u>

FIDUCIARY FUNDS

State of Texas – This fund is used to account for the collection and payment of auto registration fees, sales taxes on automobiles, and court costs included in the collection of fines assessed by the courts for misdemeanors and felonies on behalf of the State of Texas.

Levee and Drainage – This fund is used to account for earnings on a time deposit of the Bowie County Levee and Drainage Fund and to periodically pay expenditures authorized by the Levee and Drainage Board.

District Attorney Evidence – This fund is used to account for evidence money obtained by the County and held until disposition as directed by the Courts.

Inmate Escrow – This fund is used to account for monies of County inmates held in escrow on their behalf. The monies are disbursed to the jail commissary and other parties upon direction from the inmates.

Food Service – This fund is used to account for the County's collection of food service permit fees on behalf of the Texarkana-Bowie County Family Health Center.

County Clerk Guardianship – This fund is used to account for interest earnings and principal cash established by the Court for various minors within the Court's jurisdiction. Upon attainment of the age of majority, the funds are remitted to the individuals.

District Clerk "Trust" – These funds are used to account for monies of various individuals or firms in connection with litigation in progress in the District Courts. Although entitled "trusts" funds, the County acts only as a custodian of these funds.

Other Agency – This fund is used to account for various monies collected or deposited with the County associated with activities such as bail bonds of individuals, restitution and attorneys' fees awarded by the Courts, and miscellaneous fees collected by the County Sheriff for various other local governments. The monies are disbursed to the parties for whom the assets are held by order of the Courts.

Tax Office Clearing – This fund is used to account for funds held by the Tax office prior to submission to the County Treasurer.

Adult Probation – This fund is used to account for monies held by the County for the Bowie County Community Supervision and Corrections Department.

Juvenile Probation – This fund is used to account for monies held by the County for the Bowie County Juvenile Probation Department.

BOWIE COUNTY, TEXAS

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2011

	<u>Agency Funds</u>			
	<u>State of Texas</u>	<u>Levee and Drainage</u>	<u>District Attorney Evidence</u>	<u>Inmate Escrow</u>
ASSETS				
Cash and investments	\$ <u>191,746</u>	\$ <u>37,192</u>	\$ <u>149,111</u>	\$ <u>138,507</u>
Total assets	\$ <u><u>191,746</u></u>	\$ <u><u>37,192</u></u>	\$ <u><u>149,111</u></u>	\$ <u><u>138,507</u></u>
LIABILITIES				
Liabilities:				
Due to others	\$ <u>191,746</u>	\$ <u>37,192</u>	\$ <u>149,111</u>	\$ <u>138,507</u>
Total liabilities	\$ <u><u>191,746</u></u>	\$ <u><u>37,192</u></u>	\$ <u><u>149,111</u></u>	\$ <u><u>138,507</u></u>

Agency Funds

<u>Food Service</u>	<u>County Clerk Guardianship</u>	<u>District Clerk Trust</u>	<u>Other Agency</u>	<u>Tax Office Clearing</u>	<u>Adult Probation</u>	<u>Juvenile Probation</u>	<u>Totals</u>
\$ <u>68,891</u>	\$ <u>355,638</u>	\$ <u>670,389</u>	<u>334,662</u>	\$ <u>210,349</u>	\$ <u>1,382,955</u>	\$ <u>148,481</u>	\$ <u>3,687,921</u>
\$ <u>68,891</u>	\$ <u>355,638</u>	\$ <u>670,389</u>	\$ <u>334,662</u>	\$ <u>210,349</u>	\$ <u>1,382,955</u>	\$ <u>148,481</u>	\$ <u>3,687,921</u>
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