

REPORT ON
COUNTY OF COLEMAN
COLEMAN, TEXAS
YEAR ENDED SEPTEMBER 30, 2009

COUNTY OF COLEMAN
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YEAR ENDED SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT

County Judge and Commissioner's Court
County of Coleman
Coleman, Texas 76834

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coleman (the County) as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 of the County of Coleman as of September 30, 2009 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended.

The County has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has deemed necessary as supplemental information, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The supplemental information on pages 22 through 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Reed, McKee & Co., P.C.

Reed, McKee & Co., P.C.
Certified Public Accountants

June 15, 2010

BASIC FINANCIAL STATEMENTS

COUNTY OF COLEMAN
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Governmental Activities
ASSETS	
Cash	\$ 438,095
Certificates of Deposit	390,486
Due from Other Funds	28,546
Accounts Receivable	28,502
Delinquent Taxes Receivable, Net of Allowance	152,859
Capital Assets, Net of Accumulated Depreciation	<u>645,708</u>
Total Assets	<u>1,684,196</u>
LIABILITIES	
Accounts Payable	72,326
Compensated Absences Payable	<u>16,625</u>
Total Liabilities	<u>88,951</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	645,708
Unrestricted	<u>949,537</u>
Total Net Assets	<u><u>\$ 1,595,245</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 1,165,129	\$ 271,185	\$ 26,067	\$ (867,877)
Roads and Bridges	1,088,551	462,173	35,583	(590,795)
Justice System	280,712	62,775	99,568	(118,369)
Public Safety	534,088	25,793	-	(508,295)
Public Health and Welfare	204,852	-	51,402	(153,450)
Total Governmental Activities	<u>\$ 3,273,332</u>	<u>\$ 821,926</u>	<u>\$ 212,620</u>	<u>(2,238,786)</u>
General Revenues:				
Property Taxes - Maintenance and Operations				1,572,844
Property Taxes - Roads and Bridges				656,313
Investment Earnings				16,904
Miscellaneous				<u>52,040</u>
Total General Revenues				<u>2,298,101</u>
Change in Net Assets				59,315
Net Assets - Beginning				<u>1,535,930</u>
Net Assets - Ending				<u>\$ 1,595,245</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
BALANCE SHEET
SEPTEMBER 30, 2009

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 48,445	\$ 244,213	\$ 145,437	\$ 438,095
Certificates of Deposit	205,821	140,136	44,529	390,486
Due from Other Funds	21,167	5,032	2,347	28,546
Accounts Receivable	18,311	8,270	3,921	28,502
Delinquent Taxes Receivable	286,326	106,207	-	392,533
Allowance for Uncollectible Taxes	(173,961)	(65,713)	-	(239,674)
	<u>406,109</u>	<u>436,145</u>	<u>196,234</u>	<u>1,038,488</u>
Total Assets				
<u>LIABILITIES</u>				
Accounts Payable	54,060	18,094	172	72,326
Deferred Revenue	112,365	40,494	-	152,859
Total Liabilities	<u>166,425</u>	<u>58,588</u>	<u>172</u>	<u>225,185</u>
<u>FUND BALANCES</u>				
Unreserved, Reported in:				
General Fund	239,684	-	-	239,684
Special Revenue Funds	-	377,557	196,062	573,619
Total Fund Balances	<u>239,684</u>	<u>377,557</u>	<u>196,062</u>	<u>813,303</u>
Total Liabilities and Fund Balances	<u>\$ 406,109</u>	<u>\$ 436,145</u>	<u>\$ 196,234</u>	<u>\$ 1,038,488</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Total fund balances of governmental funds	\$ 813,303
Net capital assets used in governmental activities are not reported in the fund financial statements.	645,708
Net delinquent property taxes receivable are deferred in the fund financial statements.	152,859
Compensated absences payable are not reported in the fund financial statements.	<u>(16,825)</u>
Total net assets of governmental activities	<u>\$ 1,595,245</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,560,352	\$ 652,019	\$ -	\$ 2,212,371
Fees	174,921	462,173	84,759	721,853
Fines	100,073	-	-	100,073
Intergovernmental	158,831	35,583	18,206	212,620
Interest	12,817	3,079	1,008	16,904
Miscellaneous	20,312	31,728	-	52,040
Total Revenues	<u>2,027,306</u>	<u>1,184,582</u>	<u>103,973</u>	<u>3,315,861</u>
EXPENDITURES				
General Government	1,094,003	-	53,037	1,147,040
Roads and Bridges	-	1,004,513	-	1,004,513
Justice System	247,894	-	32,818	280,712
Public Safety	533,270	-	-	533,270
Public Health and Welfare	204,852	-	-	204,852
Total Expenditures	<u>2,080,019</u>	<u>1,004,513</u>	<u>85,855</u>	<u>3,170,387</u>
Net Change in Fund Balances	(52,713)	180,069	18,118	145,474
Fund Balances - Beginning	<u>292,397</u>	<u>197,488</u>	<u>177,944</u>	<u>667,829</u>
Fund Balances - Ending	<u>\$ 239,684</u>	<u>\$ 377,557</u>	<u>\$ 196,062</u>	<u>\$ 813,303</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2009

Total net change in fund balances of governmental funds:	\$ 145,474
Capital outlays are capitalized in the government-wide financial statements.	52,450
Depreciation of capital assets is recognized in the government-wide financial statements.	(149,907)
Net delinquent property taxes receivable are not deferred in the government-wide financial statements. The current year increase has been recognized in the Statement of Activities.	16,786
Compensated absences payable are reported in the government-wide financial statements. The current year increase has been recognized in the Statement of Activities.	<u>(5,488)</u>
Change in net assets of governmental activities	<u>\$ 59,315</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Ad Valorem Taxes-Current	\$ 1,505,114	\$ 1,505,114	\$ 1,476,669	\$ (28,445)
Ad Valorem Taxes-Delinquent	54,000	55,253	55,253	-
Penalty and Interest Taxes	28,000	28,430	28,430	-
Total Taxes	1,587,114	1,588,797	1,560,352	(28,445)
Fees				
Alcoholic Beverages	2,000	3,183	3,183	-
Law Library	4,000	4,992	4,992	-
Jury Fees	200	370	320	(50)
9-1-95 to 8-31-97 Fees	10	10	8	(4)
Defensive Driving Fees	1,500	1,500	922	(578)
9-1-97 to 8-30-99 Fees	50	50	8	(42)
Bail Bond Fee	500	500	333	(167)
D.P.S. Arrest Fees	2,100	2,100	1,996	(104)
T.P.W. Arrest Fees	300	304	304	-
8-31-99 to 8-31-01 Fees	100	100	21	(79)
9-1-01 to 12-31-03 Fees	100	100	48	(52)
Indigent Legal Services Fee	-	31	31	-
Judicial Support Fee	-	277	277	-
Time Payment Fee	500	700	700	-
Local Judicial Education	250	265	265	-
Child Safety	50	50	-	(50)
1-1-04 Forward Fees	4,500	4,500	3,148	(1,352)
Indigent Defense Fee	10	10	8	(4)
Jury Reimbursement Fee	2,100	2,100	264	(1,836)
Justice Court-Indigent	10	10	8	(4)
EMS Trauma Fund	300	300	90	(210)
Local Traffic Fee	2,000	2,000	1,125	(875)
Probate-Indigent	10	11	11	-
County Court-Civil-Indigent	5	5	2	(3)
D. Court-Divorce-Indigent	20	20	10	(10)
District Court-Other Indigent	30	47	47	-
J.P. Dismissal Fee	100	160	160	-
State Traffic Fees	1,000	1,000	562	(438)
Tax Assessor-Collector Fees	45,000	45,000	38,845	(6,155)
District Clerk Fees	17,000	18,009	18,009	-
County Clerk Fees	70,000	70,777	70,777	-
Sheriff's Fees	20,000	22,670	22,670	-
County Judge Fees	500	500	305	(195)
County Attorney Fees	900	900	225	(675)
Constable Fees	500	555	555	-
Dist.Clerk-Atty.General Fees	9,000	9,000	4,698	(4,302)
Prisoner Transport Reimb.	1,500	1,500	-	(1,500)
Total Fees	186,145	193,606	174,921	(18,685)

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With Final Budget Positive: (Negative)
	Original	Final	Amounts	
Fines				
District Clerk-Fines	27,500	27,500	24,765	(2,735)
County Clerk-Fines	30,000	30,000	27,059	(2,941)
Justice of Peace Fines	60,000	60,000	45,681	(14,319)
Sheriff-Fines	11,000	11,000	2,588	(8,432)
Total Fines	128,500	128,500	100,073	(28,427)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	7,300	9,069	9,069	-
State Salary Supplement	67,500	67,500	67,500	-
Tier Two Salary Supplement	5,000	5,000	5,000	-
Tier Three Salary Supplement	5,000	5,000	5,000	-
State Excess Contribution	1,000	1,000	461	(539)
State Juror Reimbursement	2,100	11,390	11,390	-
Indigent Defense Grant	9,500	9,500	9,009	(491)
Domestic Preparedness Grant	60,000	60,000	51,402	(8,598)
Title 19 Funds	2,000	2,000	-	(2,000)
Total Intergovernmental	159,400	170,459	158,831	(11,628)
Interest - Interest Earned	25,000	25,000	12,817	(12,183)
Miscellaneous				
Oil and Gas Royalties	500	500	192	(308)
Workers Comp. Salary Reimb.	-	923	923	-
Other Revenue	-	363	363	-
Tower Rental	8,900	11,240	11,240	-
Voting Equipment Rental	3,500	4,100	4,100	-
Other Revenue-Elections	5,000	5,000	3,494	(1,506)
Total Miscellaneous	17,900	22,126	20,312	(1,814)
Total Revenues	2,104,050	2,128,488	2,027,306	(101,182)

EXPENDITURES

General Government				
Non-Departmental	419,933	431,071	425,191	5,880
Tax Assessor-Collector	86,299	86,654	86,402	252
District Clerk	79,326	79,326	72,512	6,814
County Clerk	86,577	86,640	88,163	477
County Judge	66,263	66,954	62,266	4,688
Commissioners Court	18,500	17,748	14,439	3,309
County Treasurer	58,338	59,861	57,441	2,420
Veterans Service Officer	15,257	15,257	14,711	546
County Extension Office	90,436	90,436	83,581	6,855
Courthouse and Jail Buildings	102,350	108,096	95,569	12,527

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
General Government (Continued)				
Elections	25,000	27,828	23,279	4,549
Permanent Improvements	60,000	75,032	72,449	2,583
Total General Government	1,106,279	1,144,903	1,094,003	50,900
Justice System				
County Attorney	89,269	89,614	89,606	8
District Attorney	1,500	2,760	2,760	-
Justice of Peace	58,988	58,988	52,942	6,046
Adult Probation	5,500	5,500	5,452	48
Juvenile Probation	8,300	8,300	6,338	1,962
District Court	68,415	96,637	88,216	8,421
Permanent Improvements	4,000	4,000	2,580	1,420
Total Justice System	235,972	265,799	247,894	17,905
Public Safety				
Sheriff	510,770	519,890	493,413	26,277
Constable	13,431	13,431	12,794	637
Permanent Improvements	30,000	30,000	27,063	2,937
Total Public Safety	554,201	563,121	533,270	29,851
Public Health and Welfare				
Donations	145,750	155,615	145,627	9,988
Welfare	6,200	6,200	6,900	(700)
Permanent Improvements	60,000	60,000	52,325	7,675
Total Public Health and Welfare	211,950	221,815	204,852	16,963
Total Expenditures	2,108,402	2,195,638	2,080,019	115,619
Net Change in Fund Balance	(4,343)	(87,150)	(52,713)	14,437
Fund Balance - Beginning	292,397	292,397	292,397	-
Fund Balance - Ending	\$ 288,054	\$ 225,247	\$ 239,684	\$ 14,437

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

	<u>General</u>
<u>ASSETS</u>	
Cash	\$ 209,549
Certificates of Deposit	<u>80,949</u>
Total Assets	<u><u>290,498</u></u>
<u>LIABILITIES</u>	
Due to Other Funds	28,546
Due to Others	<u>261,952</u>
Total Liabilities	<u><u>\$ 290,498</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
Notes to the Financial Statements
September 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Coleman County ("the County") is a political subdivision of the State of Texas and is governed by the Commissioner's Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements – The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services – payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions – payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net assets.

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. All remaining governmental funds are aggregated and reported as other funds.

Measurement Focus and Basis of Accounting – Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The government-wide financial statements are presented using the economic resources, measurement focus, as well as the fiduciary fund financial statements. The fund financial statements are reported using the current financial resources measurement focus.

COUNTY OF COLEMAN
Notes to the Financial Statements - Continued
September 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

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

Governmental fund financial statements use the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the year. Other revenues are recorded when collected by the various County officials.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting.

The government reports the following major governmental funds:

General Fund – This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund – This fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting – Continued

Additionally, the government reports the following fund type;

Fiduciary Funds – These funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individual, private organizations, other governments, or other County funds.

Interfund Receivables and Payables – Activity between individual funds may result in amounts owed between funds which are classified as due to and from other funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net assets.

Capital Assets - In the government-wide financial statements, capital assets arising from modified accrual transactions are reported in the statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. These capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-20
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified accrual transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences – County employees are entitled to vacation and sick leave based upon their length of employment. Sick leave is earned at a rate of 10 days per year and can be accumulated up to 45 days but must be used and is not payable at termination. Vacation pay is earned after one year of employment at various levels depending upon the length of employment. This pay is payable upon termination and has been reflected in the government-wide financial statements.

Fund Equity - Fund equity is presented in the fund financial statements as follows:

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

Property Tax Revenues – Property taxes are assessed on January 1 of each year at which time a tax lien attaches to the property to secure the payment of taxes. Property taxes are levied on October 1 of each year. The taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the following year at which time they become subject to penalties and interest. Property taxes are recognized as revenues when they are collected.

Interfund Transfers – Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget – The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified accrual basis and cover a one-year period. Appropriations lapse at year end.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 3 – DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

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

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

Custodial Credit Risk – Deposits and Investments. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2009, all of the County's investments are in certificates of deposit with its depository bank. The certificates of deposit are completely covered by pledged securities as described in the preceding paragraph.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 3 – DETAIL NOTES ON ALL ACTIVITIES AND FUNDS – Continued

Deposits and Investments – Continued

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2009, was not significantly exposed to credit risk.

Interest Rate Risk: The County's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

Foreign Currency Risk: Not applicable.

The carrying amount of the County's cash and temporary investments at September 30, 2009, approximates fair value and consisted of the following:

Cash in Bank	\$ 647,014
Certificates of Deposit	<u>471,435</u>
Total Cash and Temporary Investments	<u>\$ 1,118,449</u>

Interfund Receivables and Payables – The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Fiduciary Funds	<u>\$ 21,167</u>	<u>\$ 0</u>	Unremitted Fees
Road and Bridge			
Fiduciary Funds	<u>\$ 5,032</u>	<u>\$ 0</u>	Unremitted Fees
Nonmajor Governmental Funds			
Fiduciary Funds	<u>\$ 2,347</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	\$ 0	\$ 21,167	Unremitted Fees
Road and Bridge Funds	0	5,032	Unremitted Fees
Nonmajor Governmental Funds	<u>0</u>	<u>2,347</u>	Unremitted Fees
Totals	<u>\$ 28,546</u>	<u>\$ 28,546</u>	

All amounts due are expected to be repaid within one year.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 3 – DETAIL NOTES ON ALL ACTIVITIES AND FUNDS – Continued

Capital Assets – Capital asset activity for the year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets:				
Buildings and Improvements	\$ 84,299	\$ 0	\$ 0	\$ 84,299
Machinery and Equipment	<u>1,571,505</u>	<u>52,450</u>	<u>(23,246)</u>	<u>1,600,709</u>
Total Capital Assets	<u>\$ 1,655,804</u>	<u>\$ 52,450</u>	<u>\$ (23,246)</u>	<u>\$ 1,685,008</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (45,785)	\$ (5,906)	\$ 0	\$ (51,691)
Machinery and Equipment	<u>(866,854)</u>	<u>(144,001)</u>	<u>23,246</u>	<u>(987,609)</u>
Total Acc Depreciation	<u>\$ (912,639)</u>	<u>\$ (149,907)</u>	<u>\$ 23,246</u>	<u>\$ (1,039,300)</u>
Capital Assets, Net	<u>\$ 743,165</u>	<u>\$ (97,457)</u>	<u>\$ 0</u>	<u>\$ 645,708</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 16,266
Road and Bridges	106,819
Public Safety	<u>26,822</u>
Total	<u>\$ 149,907</u>

Compensated Absences Payable – Compensated absences payable consists of an accrual of earned vacation leave that has not been taken as of September 30, 2009 and is payable to employees at that date. Below is a summary of the activity for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>\$ 11,137</u>	<u>\$ 5,488</u>	<u>\$ 0</u>	<u>\$ 16,625</u>

Note 4 – OTHER INFORMATION

Retirement Plan

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

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 4 – OTHER INFORMATION – Continued

Retirement Plan - Continued

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

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

Funding Policy – The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.28% for the months those months ending December 31, 2008 and a rate of 4.97% was used for the months ending September 30, 2009.

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

Annual Pension Cost – The required contribution was determined as part of the December 31, 2008 actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.3 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 20 years. For the employer's accounting year ended September 30, 2009, the pension cost for the TCDRS plan for its employees was \$169,482, and the actual contribution was \$169,482.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 4 – OTHER INFORMATION – Continued

Retirement Plan – Continued

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

Actuarial Valuation Information

Actuarial Valuation Date	12-31-06	12-31-07	12-31-08
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage Of Payroll, Closed	Level Percentage Of Payroll, Closed	Level Percentage Of Payroll, Closed
Amortization Period in Years	15	30	20
Asset Valuation Method	SAF: 10-Year Smoothed Value- ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value
Actuarial Assumptions:			
Investment Return	8.0%	8.0%	8.0%
Projected Salary Increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

Trend Information

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
09-30-09	\$ 169,482	100%	\$ 0

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2009

Note 4 – OTHER INFORMATION – Continued

Retirement Plan - Continued

**Schedule of Funding Progress for the Retirement Plan
for the Employees of Coleman County**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll (Actuarial)	UAAL as a Percentage Of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12-31-06	\$2,989,016	\$3,120,327	\$ 131,311	95.79%	\$1,138,590	11.53%
12-31-07	\$3,014,785	\$3,007,457	\$ (7,328)	100.24%	\$1,238,769	(0.59)%
12-31-08	\$2,962,370	\$3,158,184	\$ 195,814	93.80%	\$1,343,292	14.58%

SUPPLEMENTAL INFORMATION

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Taxes-Lateral Road and FM	\$ 566,269	\$ 566,269	\$ 556,820	\$ (9,449)
Taxes-Flood Control	62,822	62,822	62,360	(462)
Delinquent Ad Valorem Taxes	20,000	21,994	21,994	-
Penalty and Interest-Taxes	11,000	11,000	10,845	(155)
Total Taxes	660,091	662,085	652,019	(10,066)
Fees				
Vehicle Registration	375,000	375,000	372,400	(2,600)
Vehicle Registration-Supple.	90,000	90,000	89,773	(227)
Total Fees	465,000	465,000	462,173	(2,827)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	3,100	6,489	6,489	-
State Lateral Road & FM Funds	26,500	26,500	26,094	(406)
9 1 1 Funds	2,500	2,500	-	(2,500)
O R C A Grant Funds	56,031	56,031	3,000	(53,031)
Total Intergovernmental	88,131	91,520	35,583	(55,937)
Interest - Interest Earned	8,400	8,400	3,079	(5,321)
Miscellaneous				
Insurance Proceeds	-	2,009	2,009	-
Other Revenue	20,000	20,009	20,009	-
Sale of Equipment	9,000	14,710	9,710	(5,000)
Total Miscellaneous	29,000	36,728	31,728	(5,000)
Total Revenues	1,250,622	1,263,733	1,184,582	(79,151)
EXPENDITURES				
General Road & Bridge				
Salaries Commissioners	129,482	129,482	129,479	3
Social Security Taxes	33,552	34,130	34,130	-
Retirement	53,934	54,765	54,765	-
Health Insurance	76,000	76,000	73,649	2,351
Workers Compensation	29,965	29,965	24,970	4,995
Tax Appraisal District	28,500	28,689	28,689	-
9 1 1 Expenses	2,500	2,500	278	2,222
Other Expenses	4,000	4,000	3,568	432
Insurance	20,000	20,000	17,082	2,918
General Precinct Expenses	3,000	3,000	2,491	509
Flood Control-S.W.C.D.	11,000	11,000	11,000	-
Total General Road & Bridge	391,933	393,531	380,101	13,430

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
Precinct 1				
Operators Salaries Precinct 1	72,474	72,474	72,473	1
Capital Purchases	25,000	25,000	14,030	10,970
Equipment Maintenance	30,000	30,000	21,102	8,898
Pickup Allowance	7,200	7,200	7,200	-
Fuel	40,000	40,000	23,649	16,351
Supplies	24,000	24,000	9,071	14,929
Other Precinct Expenses	2,500	2,500	2,332	168
Total Precinct 1	201,174	201,174	149,857	51,317
Precinct 2				
Operators Salaries Precinct 2	72,474	72,474	65,644	8,830
Part time Salaries Precinct 2	-	4,800	4,800	-
Capital Purchases	20,000	20,000	-	20,000
Equipment Maintenance	20,000	20,000	17,829	2,171
Pickup Allowance	7,200	7,200	7,200	-
Fuel	40,000	40,000	22,519	17,481
Supplies	35,400	35,400	7,032	28,368
Other Precinct Expenses	2,700	2,772	2,772	-
Total Precinct 2	197,774	202,646	127,796	74,850
Precinct 3				
Operators Salaries Precinct 3	72,474	72,474	72,473	1
Capital Purchases	100,000	100,000	9,044	90,956
Equipment Maintenance	20,000	20,000	17,676	2,324
Pickup Allowance	7,200	7,200	7,200	-
Fuel	48,000	48,000	21,650	26,350
Supplies	75,000	75,000	29,294	45,706
Other Precinct Expenses	2,000	2,195	2,195	-
Total Precinct 3	324,674	324,869	159,532	165,337
Precinct 4				
Operators Salaries Precinct 4	72,474	72,474	72,473	1
Interest Paid	1,140	1,140	221	919
Capital Purchases	-	29,050	29,050	-
Equipment Maintenance	28,000	34,863	34,863	-
Pickup Allowance	7,200	7,200	7,200	-
Fuel	40,000	40,000	24,564	15,436
Supplies	44,000	44,000	13,880	30,120
Other Precinct Expenses	5,500	5,500	4,976	524
Total Precinct 4	198,314	234,227	187,227	47,000

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts:	Final Budget Positive (Negative)
Total Expenditures	<u>1,313,869</u>	<u>1,358,447</u>	<u>1,004,513</u>	<u>351,934</u>
Net Change in Fund Balance	(63,247)	(92,714)	180,069	272,783
Fund Balance - Beginning	<u>197,488</u>	<u>197,488</u>	<u>197,488</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 134,241</u>	<u>\$ 104,774</u>	<u>\$ 377,557</u>	<u>\$ 272,783</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Fees				
Hot Check Fees	\$ 7,500	\$ 7,500	\$ 5,095	\$ (2,405)
Courthouse Security Fee	7,500	7,500	6,964	(536)
Justice Court Technology Fund	3,500	3,500	2,400	(1,100)
District Clerk Fees	2,100	2,308	2,443	135
County Clerk Fees	15,000	15,000	11,870	(3,130)
Law Enf Education Fund-Sheriff	1,500	1,500	1,429	(71)
Law Enf Education Fd-Constable	700	700	661	(39)
Workers Comp-General Fund	20,666	20,666	17,220	(3,446)
Workers Comp-R&B Fund	29,965	29,965	24,970	(4,995)
P V S Funds	1,700	1,700	1,212	(488)
County Clerk Archive Fees	8,000	10,450	10,450	-
District Clerk Archive Fees	-	-	45	45
Total Fees	98,131	100,789	84,759	(16,030)
Intergovernmental				
Victim Coordinator Grant	29,170	29,170	16,668	(12,502)
H A V A Grant-Education Funds	1,484	1,538	1,538	-
Total Intergovernmental	30,654	30,708	18,206	(12,502)
Interest - Interest Earned	2,000	2,000	1,008	(992)
Total Revenues	130,785	133,497	103,973	(29,524)
EXPENDITURES				
General Government				
Workers Compensation Fund	50,631	50,631	18,688	31,943
Records Management Fund	52,000	52,000	18,425	33,575
Historical Society Fund	3,800	3,800	921	2,879
H A V A Grant Fund	1,484	3,303	3,303	-
Preservation of Vital Statistics Fund	4,000	4,175	4,175	-
County Clerk Archive Fund	8,000	11,850	7,525	4,325
Total General Government	119,915	125,759	53,037	72,722
Justice System				
Law Enforcement Education Fund	2,200	3,022	3,022	-
Justice Court Technology Fund	6,000	6,000	3,196	2,804
County Attorney Hot Check Fund	16,435	16,713	9,327	7,386
Victim Coordinator Grant Fund	29,170	29,542	17,273	12,269
Total Justice System	53,805	55,277	32,818	22,459

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Total Expenditures	173,720	181,036	85,855	95,181
Net Change in Fund Balance	(42,935)	(47,539)	18,118	65,657
Fund Balance - Beginning	177,944	177,944	177,944	-
Fund Balance - Ending	<u>\$ 135,009</u>	<u>\$ 130,405</u>	<u>\$ 196,062</u>	<u>\$ 65,657</u>

The accompanying notes are an integral part of this financial statement.