

REPORT ON
COUNTY OF COLEMAN
COLEMAN, TEXAS
YEAR ENDED SEPTEMBER 30, 2011

COUNTY OF COLEMAN
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YEAR ENDED SEPTEMBER 30, 2011

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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, 2011, 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, 2011 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended.

Management's discussion and analysis on pages 2 through 7 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Coleman's basic financial statements. The supplemental information on pages 29 through 33 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 the basic financial statements taken as a whole.


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

February 16, 2012

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

This section of the County of Coleman's annual financial report presents our discussion and analysis of the County's financial performance for the fiscal year ended September 30, 2011. Please read it in conjunction with the Independent Auditor's Report and the County's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The County's net assets as presented on the statement of assets, increased by \$372,545 as a result of this year's operations. The County's net assets consists of unrestricted assets of \$1,215,540 which may be used to meet the County's ongoing obligations and net assets invested in capital assets net of related debt of \$772,136 which represent the County's depreciable assets net of notes payable. Restricted net assets consist mainly of funds restricted for specific use of state fees collected by the county. Total assets increased \$292,342 over the prior year, with the biggest increase being in cash due to the increase noted above in net assets. Total liabilities decreased primarily due to the principal repayment on the notes payable for the new equipment in the road and bridge funds.

As shown in the statement of activities the County has combined revenues of \$3,918,647 from charges for services, operating grants and general revenues. This represents an increase of \$343,844 over prior year amounts mainly due to increased revenues from property taxes for general operations as well as road and bridge. This increase is due to an increase in tax rates of 5 cents. The County had \$3,546,102 of total expenses that were offset by \$849,964 of charges for services and \$163,307 of operating grants and contributions. This left net expenses of \$2,532,831 which were funded by general revenues of \$2,905,376. Expenses increased \$125,908 as compared to the prior year. The largest portion of this increase again was in the general funds. Details of the changes by function can be seen in Table II of this document that follows.

Comparing the balance sheet for the current year to the prior year, the following items were noted. Total assets for all governmental funds are \$1,363,235, which is an increase of \$342,717 compared to the prior year. Total cash and certificates of deposit increased by \$346,398. This increase is consistent with the increase in fund balance of \$404,964. The decrease in liabilities of \$62,247 is mainly due to amounts due to the state being paid prior to yearend. Total fund balance increased from \$734,410 to \$1,139,374 as a result of current operations as shown in the statement of revenues, expenditures, and changes in fund balance. The overall increase of \$404,964 represents a combination of an overall increase in the general fund of \$174,996, an increase in the road and bridge fund of \$240,328, and a decrease of \$10,360 in all the other funds combined. A comparison of individual funds shows that general fund revenues were up \$223,787 and general fund expenses were up \$113,614. As mentioned earlier in this discussion, tax revenues represents the increase in revenues in the general fund due to an increase in rates. Road and Bridge revenues were up \$160,724 again due to the increase in tax rates for property tax purposes. Expenses in the Road and Bridge funds were down \$357,045 to significantly less capital additions in the current year as compared to the motor graders financed in the prior year.

The County's budget comparison for the general fund and road and bridge fund is included in the financial statements for further analysis. Actual revenues of the general fund were \$118,689 less than the final budgeted amounts. As can be seen from looking at the comparison the largest decrease is due to the grant from homeland security not received in the current year. Total expenditures in the general fund were \$221,346 less than budgeted amounts. This again is partially due to not spending as many funds on permanent improvements as originally budgeted. This shows that the County is staying within budgeted amounts. The original budget for the general fund projected an increase in fund balance for the general fund of \$102,994. The amended budget projected a increase in fund balance of \$72,339. The actual increase in fund balance was \$174,996 due to not spending the amounts projected in the budget.

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February 16, 2012

County Judge and Commissioner's Court
County of Coleman

In planning and performing our audit of the financial statements of the County of Coleman (the County) as of and for the year ended September 30, 2011, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

This review of internal controls did include an assessment of controls as required by SAS 112. Our review of controls indicated that the management and accounting controls over the financial statements and processing and recording of data was adequate for management to take responsibility for the financial statements.

Follow Up on Prior Management Letter Comments

District Clerk Office

As of September 30, 2011, the District Clerk's accounts and pending documents had been cleaned up with no additional comments to be made. As of September 30, 2011, the District Clerk's cash account contained \$1,967.13 which could not be identified with any particular person. We recommend that this amount be remitted to the County Treasurer.

Current Year Comments

Hot Check Fund

As a result of our audit of the hot check fund it was determined that the roll forward of individual accounts was not being properly handled on the computer details. After discussion with personnel involved, a better understanding of this will improve the accounting in the future. It was noted that of the total accounts listed on the detail that more than 75% of them had no activity for over a year. The total dollar amount of these accounts was \$32,874.87. A review of these accounts should be made to determine if any amounts on these old accounts can be paid out to the merchants.

Sheriff Department

It was determined during the audit that the inmate accounts were not properly being accounted for on the computer details. The proper way to account for these accounts has been discussed with the appropriate personnel and corrections are already in progress.

We would like to take this opportunity to thank the Center's personnel for their help during the audit. If you have any questions about this letter or any other item that we may help you with during the year, please feel free to contact us.


Reed, McKee & Co., P.C.
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**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

A comparison of the Road and Bridge budget to actual shows the following information. Actual revenues were \$26,588 less than budgeted and had slight decreases in each category of revenues. Actual expenses were \$303,032 less than anticipated in the final budget. The original budget showed an anticipated decrease in fund balance of \$35,893 and was subsequently amended to show a decrease of \$36,116. As can be seen, the actual increase in fund balance was \$240,328. The difference in budgeted versus actual is due to less expenditures in each precinct than anticipated. Most of the difference was due to not buying capital purchases that were included in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial report of a business enterprise.

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statement of fiduciary net assets provides financial information about activities for each of the County offices and represents funds that have not been remitted to the Treasurer as of year end.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The supplementary information includes information for further analysis.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the County's overall financial condition and operations begins with the statement of net assets and statement of activities. The primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided from charges for services such as fees and fines collected in each of the various county offices. Operating grants and contributions are separate grants for specific purposes. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

These two statements report the County's net assets and changes in them. The County's net assets (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non financial factors as well, such as changes in the County's property tax base and the condition of the County's equipment and facilities.

In the Statement of Net Assets and the Statement of Activities, we present all the activities of the County as one governmental activity which is defined below.

Governmental activities—Most of the County's basic services are reported here, including the costs of running the individual offices of the County including the tax assessor-collector, district clerk, county clerk, county judge, county treasurer, sheriff's office and other general activities. Also included within the governmental activities would be the road and bridge activities as well as each of the precincts.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Laws and contracts require the County to establish some funds, such as grants and other funds for specific fines mandated by the state. The fund financial statements reflect the general fund and separate columns for all major funds as defined by GASB 34 and all other funds combined in a column referred to as all other funds. All these funds are determined to be governmental funds as defined below.

Governmental funds—Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for money raised by the individual offices in the courthouse and jail area until those funds are remitted to the Treasurer. At the time the monthly fees are remitted by the individual offices they are considered the revenues of the County in the various funds. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. We exclude these resources from the County's other financial statements because the County cannot use these assets to finance its operations until received from these offices.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets of the County's governmental activities increased from \$1,671,307 to \$2,043,852. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – are \$1,215,540 at September 30, 2011.

Table 1 - NET ASSETS

	Governmental Activities 2011	Governmental Activities 2010	Increase (Decrease)
Current and other assets	\$ 1,363,235	\$ 1,020,518	\$ 342,717
Capital assets, net	892,117	942,492	(50,375)
Total assets	2,255,352	1,963,010	292,342
Long-term liabilities	118,981	150,378	(31,397)
Other liabilities	92,519	141,325	(48,806)
Total liabilities	211,500	291,703	(80,203)
Net Assets:			
Invested in capital assets, net of related debt	772,136	792,114	(19,978)
Restricted	56,176	0	56,176
Unrestricted	1,215,540	879,193	336,347
Total Net Assets	\$ 2,043,852	\$ 1,671,307	\$ 372,545

The increases and decreases in the individual categories have been discussed previously in the financial highlights section of this discussion and analysis. As can be seen the increase in total assets of \$292,342 and decrease in liabilities of \$80,203 resulted in the increase to overall fund balance of \$372,545. This again is due to the additional taxes collected due to the rate increase and the decrease in liabilities is due to the repayment of the notes payable.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

Table II - CHANGES IN NET ASSETS

	Governmental Activities 2011	Governmental Activities 2010	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 849,964	\$ 833,585	\$ 16,379
Operating grants and contributions	163,307	231,431	(68,124)
General Revenues:			
Property taxes - Maintenance and operations	1,975,879	1,698,722	277,157
Property taxes - Roads and bridges	848,399	709,131	139,268
Investment earnings	10,171	13,802	(3,631)
Miscellaneous and intermediate revenue	70,927	88,132	(17,205)
Total Revenue	<u>3,918,647</u>	<u>3,574,803</u>	<u>343,844</u>
Expenses:			
General Government	1,241,586	1,168,169	73,417
Roads and Bridges	1,210,155	1,205,393	4,762
Justice System	317,574	293,022	24,552
Public Safety	590,163	576,845	13,318
Public Health and Welfare	186,624	176,765	9,859
Total Expenses	<u>3,546,102</u>	<u>3,420,194</u>	<u>125,908</u>
Increase (Decrease) in net assets	372,545	154,609	217,936
Net assets - beginning	1,671,307	1,595,245	76,062
Prior period adjustment	0	(78,547)	78,547
Net assets - Ending	<u>\$ 2,043,852</u>	<u>\$ 1,671,307</u>	<u>\$ 372,545</u>

This table is provided to show the increases and decreases as compared to the prior year. All significant changes have been previously discussed in the financial highlights section of the discussion and analysis.

A comparison of the governmental activities expenses by function show that approximately \$120,000 more was spent including depreciation with the largest dollar increase in general government. General government expenses as well as road and bridge expenses each were approximately 35% of total expenses. Public safety expenses remained at approximately 16% of expenses with the remaining percentages spent on the justice system and public health and welfare.

**COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
UNAUDITED**

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$1,139,374 compared to a balance of \$734,410 in the prior year. This represents a \$404,964 increase in the fund balance as shown in the table above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the County had \$1,979,189 invested in a broad range of capital assets, including facilities and equipment for general operations of the County and road and bridge repair. Accumulated depreciation related to these assets was \$1,087,072. Total additions to capital assets included two new vehicles, a new server for several offices, and a tractor and shredder.

Debt

At the end of the current year, the County had total long term debt outstanding of \$118,981. This debt consisted of two notes payable to the bank for the motor graders purchased above. For more information refer to the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County has adopted a budget for 2012 which left the general fund tax rate at 56 cents and the road and bridge tax rate at 24.71 cents.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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. If there are questions concerning any of the information provided in this report or a request for additional financial information, please contact the County Treasurer at the County of Coleman, 100 W Liveoak Suite 203, Coleman, TX 76834.

BASIC FINANCIAL STATEMENTS

COUNTY OF COLEMAN
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Governmental Activities
ASSETS	
Cash	\$ 574,435
Certificates of Deposit	561,703
Due from Other Funds	43,814
Accounts Receivable	35,459
Delinquent Taxes Receivable, Net of Allowance	147,824
Capital Assets, Net of Accumulated Depreciation	<u>892,117</u>
Total Assets	<u>2,255,352</u>
LIABILITIES	
Accounts Payable	76,037
Compensated Absences Payable	16,482
Notes Payable	<u>118,981</u>
Total Liabilities	<u>211,500</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	772,136
Restricted	56,176
Unrestricted	<u>1,215,540</u>
Total Net Assets	<u>\$ 2,043,852</u>

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

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities:				Governmental Activities
General Government	\$ 1,241,586	\$ 263,513	\$ 25,124	\$ (952,949)
Roads and Bridges	1,210,155	480,761	30,243	(699,151)
Justice System	317,574	80,991	92,976	(143,607)
Public Safety	590,163	24,699	-	(565,464)
Public Health and Welfare	186,624	-	14,964	(171,660)
Total Governmental Activities	<u>\$ 3,546,102</u>	<u>\$ 849,964</u>	<u>\$ 163,307</u>	<u>(2,532,831)</u>
General Revenues:				
Property Taxes - Maintenance and Operations				1,975,879
Property Taxes - Roads and Bridges				848,399
Investment Earnings				10,171
Miscellaneous				<u>70,927</u>
Total General Revenues				<u>2,905,376</u>
Change in Net Assets				372,545
Net Assets - Beginning				<u>1,671,307</u>
Net Assets - Ending				<u>\$ 2,043,852</u>

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

COUNTY OF COLEMAN
BALANCE SHEET
SEPTEMBER 30, 2011

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 78,030	\$ 366,633	\$ 129,772	\$ 574,435
Certificates of Deposit	401,061	143,451	17,191	561,703
Due from Other Funds	32,216	6,584	5,014	43,814
Accounts Receivable	16,628	18,831	-	35,459
Delinquent Taxes Receivable	227,079	80,397	-	307,476
Allowance for Uncollectible Taxes	(119,495)	(40,157)	-	(159,652)
Total Assets	<u>635,519</u>	<u>575,739</u>	<u>151,977</u>	<u>1,363,235</u>
<u>LIABILITIES</u>				
Accounts Payable	48,432	25,055	2,550	76,037
Deferred Revenue	107,584	40,240	-	147,824
Total Liabilities	<u>156,016</u>	<u>65,295</u>	<u>2,550</u>	<u>223,861</u>
<u>FUND BALANCES</u>				
Restricted	-	-	56,176	56,176
Committed	-	510,444	93,251	603,695
Unassigned	479,503	-	-	479,503
Total Fund Balances	<u>479,503</u>	<u>510,444</u>	<u>149,427</u>	<u>1,139,374</u>
Total Liabilities and Fund Balances	<u>\$ 635,519</u>	<u>\$ 575,739</u>	<u>\$ 151,977</u>	<u>\$ 1,363,235</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, 2011

Total fund balances of governmental funds	\$ 1,139,374
Net capital assets used in governmental activities are not reported in the fund financial statements.	892,117
Net delinquent property taxes receivable are deferred in the fund financial statements.	147,824
Compensated absences payable are not reported in the fund financial statements.	(16,482)
Notes payable are not reported in the fund financial statements.	<u>(118,981)</u>
Total net assets of governmental activities	<u>\$ 2,043,852</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, 2011

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,985,710	\$ 850,765	\$ -	\$ 2,836,475
Fees	206,614	458,271	59,651	724,536
Fines	99,053	-	-	99,053
Intergovernmental	114,717	52,733	18,347	185,797
Interest	7,794	2,146	231	10,171
Miscellaneous	14,147	56,780	3,885	74,812
Total Revenues	2,428,035	1,420,695	82,114	3,930,844
EXPENDITURES				
General Government	1,208,298	-	58,569	1,266,867
Roads and Bridges	-	1,180,367	-	1,180,367
Justice System	278,521	-	33,905	312,426
Public Safety	584,505	-	-	584,505
Public Health and Welfare	181,715	-	-	181,715
Total Expenditures	2,253,039	1,180,367	92,474	3,525,880
Net Change in Fund Balances	174,996	240,328	(10,360)	404,964
Fund Balances - Beginning	304,507	270,116	159,787	734,410
Fund Balances - Ending	\$ 479,503	\$ 510,444	\$ 149,427	\$ 1,139,374

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, 2011

Total net change in fund balances of governmental funds	\$ 404,964
Capital outlays are capitalized in the government-wide financial statements.	83,007
Depreciation of capital assets is recognized in the government-wide financial statements.	(133,382)
Net delinquent property taxes receivable are not deferred in the government-wide financial statements. The current year decrease has been recognized in the Statement of Activities.	(12,197)
Compensated absences payable are reported in the government-wide financial statements. The current year decrease has been recognized in the Statement of Activities.	(1,244)
Repayments of principal on notes payable are reported as a decrease in liabilities in the government-wide financial statements.	<u>31,397</u>
Change in net assets of governmental activities	<u>\$ 372,545</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, 2011

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes				
Ad Valorem Taxes-Current	\$ 1,895,503	\$ 1,895,503	\$ 1,869,825	\$ (25,678)
Ad Valorem Taxes-Delinquent	50,000	79,483	79,482	(1)
Penalty and Interest Taxes	28,000	36,404	36,403	(1)
Total Taxes	1,973,503	2,011,390	1,985,710	(25,680)
Fees				
Alcoholic Beverages	3,000	3,934	3,934	-
Law Library	5,000	5,612	5,611	(1)
Jury Fees	250	250	90	(160)
9-1-95 to 8-31-97 Fees	10	10	-	(10)
Defensive Driving Fees	1,000	1,404	1,404	-
9-1-97 to 8-30-99 Fees	50	50	-	(50)
Bail Bond Fee	300	300	287	(13)
Judicial Support Fee-Criminal	-	300	-	(300)
D.P.S. Arrest Fees	2,100	2,760	2,760	-
T.P.W. Arrest Fees	300	300	138	(164)
8-31-99 to 8-31-01 Fees	50	50	13	(37)
9-1-01 to 12-31-03 Fees	50	50	8	(42)
Indigent Legal Services Fee	25	25	24	(1)
Judicial Support Fee	300	534	534	-
Time Payment Fee	500	763	763	-
Local Judicial Education	300	300	125	(175)
Child Safety	50	50	-	(50)
1-1-04 Forward Fees	3,000	3,785	3,784	(1)
Drug Court Program	100	120	119	(1)
Indigent Defense Fee	50	50	11	(39)
Jury Reimbursement Fee	300	343	343	-
Justice Court-Indigent	10	10	4	(6)
EMS Trauma Fund	200	200	170	(30)
Local Traffic Fee	1,200	1,644	1,644	-
Probate-Indigent	20	20	13	(7)
County Court-Civil-Indigent	10	10	9	(1)
D. Court-Divorce-Indigent	20	25	24	(1)
District Court-Other Indigent	50	68	68	-
J.P. Dismissal Fee	200	240	240	-
State Traffic Fees	500	806	806	-
Tax Assessor-Collector Fees	50,000	50,000	48,293	(1,707)
District Clerk Fees	19,000	24,771	24,771	-
County Clerk Fees	65,000	65,000	64,593	(407)
Sheriff's Fees	20,000	20,651	20,650	(1)
County Judge Fees	500	500	182	(318)
County Attorney Fees	500	577	577	-
Constable Fees	500	1,185	1,185	-
Dist.Clerk-Atty.General Fees	9,000	9,000	8,973	(27)
Prisoner Transport Reimb.	1,500	4,842	4,841	(1)
Septic System Permit Fees	3,000	4,125	4,125	-
Septic System Inspection Fees		5,501	5,500	(1)
Total Fees	187,945	210,165	206,614	(3,551)

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, 2011

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
Fines				
District Clerk-Fines	25,000	25,000	18,374	(6,626)
County Clerk-Fines	25,000	25,000	19,421	(5,579)
Justice of Peace Fines	53,000	58,396	58,395	(1)
Sheriff-Fines	1,500	2,863	2,863	-
Moving Violation Fees	-	1	-	(1)
Total Fines	104,500	111,260	99,053	(12,207)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	9,000	9,802	9,801	(1)
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	500	500	323	(177)
State Juror Reimbursement	4,000	4,000	3,332	(668)
Indigent Defense Grant	9,500	9,500	8,797	(703)
Homeland Security Grant	70,000	70,000	7,984	(62,036)
Texas Year Grant	-	7,000	7,000	-
SECO Grant	41,000	-	-	-
Total Intergovernmental	211,500	178,302	114,717	(63,585)
Interest - Interest Earned	9,200	9,200	7,794	(1,406)
Miscellaneous				
Oil and Gas Royalties	300	300	221	(79)
Insurance Proceeds	-	3,400	3,400	-
Other Revenue	5,000	5,000	-	(5,000)
Tower Rental	8,900	8,900	6,720	(2,180)
Sale of Assets	-	2,750	2,750	-
Voting Equipment Rental	-	1,057	1,056	(1)
Other Revenue-Elections	5,000	5,000	-	(5,000)
Total Miscellaneous	19,200	26,407	14,147	(12,260)
Total Revenues	2,505,848	2,546,724	2,428,035	(118,689)

EXPENDITURES

General Government				
Non-Departmental	502,812	515,055	495,983	19,072
Tax Assessor-Collector	91,662	94,356	92,172	2,184
District Clerk	82,894	82,894	79,527	3,367
County Clerk	91,048	92,855	92,754	101
County Judge	75,449	76,656	65,513	11,143
Commissioners Court	19,000	20,050	19,281	769
County Treasurer	64,724	65,893	64,764	1,129
Veterans Service Officer	16,420	16,466	15,684	782
County Extension Office	96,018	97,199	93,778	3,421
Courthouse and Jail Buildings	100,510	103,937	87,148	16,789
Elections	19,000	19,000	9,603	9,397
Permanent Improvements	133,000	133,000	92,091	40,909
Total General Government	1,292,537	1,317,361	1,208,298	109,063

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, 2011

	Budget Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
Justice System				
County Attorney	91,219	91,349	90,264	1,085
District Attorney	8,400	9,039	9,038	1
Justice of Peace	61,724	61,959	59,452	2,507
Adult Probation	5,600	5,600	5,499	101
Juvenile Probation	6,500	6,500	6,383	117
District Court	98,428	112,823	106,755	6,068
Permanent Improvements	3,000	3,000	1,130	1,870
Total Justice System	<u>274,871</u>	<u>290,270</u>	<u>278,521</u>	<u>11,749</u>
Public Safety				
Sheriff	555,580	567,118	545,231	21,887
Constable	13,816	13,995	13,944	51
Permanent Improvements	30,000	30,000	25,330	4,670
Total Public Safety	<u>599,396</u>	<u>611,113</u>	<u>584,505</u>	<u>26,608</u>
Public Health and Welfare				
Donations	154,850	174,441	166,600	7,841
Welfare	11,200	11,200	7,150	4,050
Permanent Improvements	70,000	70,000	7,965	62,035
Total Public Health and Welfare	<u>236,050</u>	<u>255,641</u>	<u>181,715</u>	<u>73,926</u>
Total Expenditures	<u>2,402,854</u>	<u>2,474,385</u>	<u>2,253,039</u>	<u>221,346</u>
Net Change in Fund Balance	102,994	72,339	174,996	102,657
Fund Balance - Beginning	<u>304,507</u>	<u>304,507</u>	<u>304,507</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 407,501</u>	<u>\$ 376,846</u>	<u>\$ 479,503</u>	<u>\$ 102,657</u>

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

COUNTY OF COLEMAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>General</u>
<u>ASSETS</u>	
Cash	\$ 514,597
Certificates of Deposit	<u>55,424</u>
Total Assets	<u>570,021</u>
<u>LIABILITIES</u>	
Due to Other Funds	43,814
Due to Others	<u>526,207</u>
Total Liabilities	<u>\$ 570,021</u>

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

COUNTY OF COLEMAN
Notes to the Financial Statements
September 30, 2011

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, 2011

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, 2011

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, 2011

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 – In the fund financial statements, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies or prepaid amounts. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the county commissioners. However, the commissioners do develop a policy for the three unrestricted classifications – *committed*, *assigned*, and *unassigned*.

From time to time, the county commissioners may commit fund balances by a majority vote in a scheduled meeting. The commissioners' commitment may be modified or rescinded by a majority vote in a scheduled meeting. Commissioners' commitments cannot exceed the amount of fund balance that is greater than the sum of *nonspendable* and *restricted* fund balances since that practice would commit funds that the county does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Commissioners.

The Commissioners may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Commissioners may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Commissioners by a majority vote in a scheduled meeting.

When the county makes expenditures that can be made from either restricted or unrestricted balances, the expenditure should be charged to restricted balances. When the county incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditure should be charged to committed if directly associated with the specific commitment, to assigned if directly associated with the specific assignment, and to unassigned.

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.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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.

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:

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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

Deposits and Investments – Continued

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, 2011, 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.

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, 2011, 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, 2011, approximates fair value and consisted of the following:

Cash on Hand and in Bank	\$ 574,435
Certificates of Deposit	561,703
Total Cash and Temporary Investments	<u>\$ 1,136,138</u>

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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

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>\$ 33,212</u>	<u>\$ 0</u>	Unremitted Fees
Nonmajor Governmental Funds			
Fiduciary Funds	<u>\$ 10,602</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	<u>\$ 0</u>	<u>\$33,212</u>	Unremitted Fees
Nonmajor Governmental Funds	<u>0</u>	<u>10,602</u>	Unremitted Fees
Totals:	<u>\$ 43,814</u>	<u>\$ 43,814</u>	

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Buildings and Improvements	\$ 84,299	\$ 8,400	\$ 0	\$ 92,699
Machinery and Equipment	<u>1,868,720</u>	<u>74,607</u>	<u>(56,837)</u>	<u>1,886,490</u>
Total Capital Assets	<u>\$ 1,953,019</u>	<u>\$ 83,007</u>	<u>\$ (56,837)</u>	<u>\$ 1,979,189</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (57,597)	\$ (4,732)	\$ 0	\$ (62,329)
Machinery and Equipment	<u>(952,930)</u>	<u>(128,650)</u>	<u>56,837</u>	<u>(1,024,743)</u>
Total Acc Depreciation	<u>\$ (1,010,527)</u>	<u>\$ (133,382)</u>	<u>\$ 56,837</u>	<u>(1,087,072)</u>
Capital Assets, Net	<u>\$ 942,492</u>	<u>\$ (50,375)</u>	<u>\$ 0</u>	<u>\$ 892,117</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 10,475
Road and Bridges	84,119
Justice System	4,650
Public Safety	29,229
Public Health & Welfare	<u>4,909</u>
Total	<u>\$ 133,382</u>

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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

Compensated Absences Payable – Compensated absences payable consists of an accrual of earned vacation leave that has not been taken as of September 30, 2011 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	\$ 15,238	\$ 1,244	\$ 0	\$ 16,482

Notes Payable – Notes payable as of September 30, 2011 consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
6% Note payable to a bank, with monthly payments of \$1,358, secured by equipment, maturing January 15, 2015	\$ 61,920	\$ 0	\$ 12,928	\$ 48,992
6% Note payable to a bank, with monthly payments of \$1,937, secured by equipment, maturing January 15, 2015	88,458	0	18,469	69,989
Total	\$ 150,378	\$ 0	\$ 31,397	\$118,981

Combined debt service requirements on these notes payable is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 33,198	\$ 6,310	\$ 39,508
2013	35,272	4,236	39,508
2014	37,474	2,034	39,508
2015	13,037	133	13,170
Total	\$ 118,981	\$ 12,713	\$131,694

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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 TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 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 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 6.50% for the months those months ending December 31, 2010 and a rate of 5.96% was used for the months ending September 30, 2011.

The deposit rate payable by the employee members for fiscal year 2011 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.

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

Note 4 – OTHER INFORMATION – Continued

Retirement Plan - Continued

Annual Pension Cost – The required contribution was determined as part of the December 31, 2010 actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 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, 2010 was 20 years. For the employer's accounting year ended September 30, 2011, the pension cost for the TCDRS plan for its employees was \$194,706, and the actual contribution was \$194,706.

The December 31, 2010 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

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 in Years	20	20	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%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

COUNTY OF COLEMAN
Notes to the Financial Statements – Continued
September 30, 2011

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)
12-31-07	\$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%
12-31-09	\$3,331,889	\$3,469,986	\$ 138,097	96.02%	\$1,440,013	9.59%
12-31-10	\$3,276,255	\$3,461,851	\$ 185,596	94.64%	\$1,456,273	12.74%

*See to how
unfunded
the unfunded
liability*

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, 2011

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes				
Taxes-Lateral Road and FM	\$ 736,644	\$ 736,644	\$ 725,769	\$ (10,875)
Taxes-Flood Control	81,812	81,812	80,641	(1,171)
Delinquent Ad Valorem Taxes	20,000	30,915	30,915	-
Penalty and Interest-Taxes	11,000	13,441	13,440	(1)
Total Taxes	849,456	862,812	850,765	(12,047)
Fees				
Vehicle Registration	375,000	375,000	368,992	(6,008)
Vehicle Registration-Supple.	90,000	90,000	89,279	(721)
Total Fees	465,000	465,000	458,271	(6,729)
Intergovernmental				
U.S. Treasury in Lieu of Taxes	6,500	6,500	4,323	(2,177)
State Lateral Road & FM Funds	26,500	26,500	25,920	(580)
NRCS Work	7,000	22,490	22,490	-
Total Intergovernmental	40,000	55,490	52,733	(2,757)
Interest - Interest Earned	4,200	4,200	2,148	(2,054)
Miscellaneous				
Other Revenue	15,000	20,753	20,753	-
Sale of Equipment	14,000	39,028	36,027	(3,001)
Total Miscellaneous	29,000	59,781	56,780	(3,001)
Total Revenues	1,387,656	1,447,283	1,420,695	(26,588)
EXPENDITURES				
General Road & Bridge				
Salaries Commissioners	143,832	143,832	143,832	-
Social Security Taxes	36,740	36,740	36,664	76
Retirement	62,891	67,681	62,806	4,875
Health Insurance	95,500	95,741	95,740	1
Workers Compensation	25,835	25,835	6,459	19,376
Tax Appraisal District	30,000	31,003	31,003	-
Other Expenses	4,000	4,000	442	3,558
Insurance	20,000	20,000	14,747	5,253
General Precinct Expenses	3,500	23,076	23,075	1
Outside Audit	3,750	3,750	3,500	250
Flood Control-Repairs	10,000	10,000	-	10,000
Flood Control-S.W.C.D.	11,000	11,000	11,000	-
Total General Road & Bridge	447,048	472,658	429,268	43,390

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, 2011

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Precinct 1				
Operators Salaries Precinct 1	76,908	76,908	76,908	-
Interest Paid	3,500	3,500	3,340	160
Capital Purchases	70,000	70,000	5,400	64,600
Equipment Maintenance	30,000	30,000	16,810	13,190
Pickup Allowance	7,200	7,200	7,200	-
Fuel	30,000	31,609	31,609	-
Supplies	24,000	24,000	17,106	6,894
Other Precinct Expenses	3,500	3,500	2,154	1,346
Debt Service	12,769	-	12,928	(12,928)
Total Precinct 1	257,877	246,717	173,455	73,262
Precinct 2				
Operators Salaries Precinct 2	76,908	76,908	76,908	-
Capital Purchases	20,000	20,000	-	20,000
Equipment Maintenance	20,000	57,597	57,796	(199)
Pickup Allowance	7,200	7,200	7,200	-
Fuel	30,000	35,208	35,207	1
Supplies	30,000	30,000	9,518	20,482
Other Precinct Expenses	4,000	4,000	3,636	364
Total Precinct 2	188,108	230,913	190,265	40,648
Precinct 3				
Operators Salaries Precinct 3	76,908	76,908	76,908	-
Interest Paid	4,770	4,771	4,771	-
Capital Purchases	15,000	15,000	-	15,000
Equipment Maintenance	30,000	40,216	40,216	-
Pickup Allowance	7,200	7,200	7,200	-
Fuel	30,000	36,659	36,658	1
Supplies	50,000	50,000	14,336	35,664
Other Precinct Expenses	3,500	3,500	1,694	1,806
Debt Service	18,530	-	18,469	(18,469)
Total Precinct 3	235,908	234,254	200,252	34,002
Precinct 4				
Operators Salaries Precinct 4	76,908	76,908	75,898	1,010
Capital Purchases	100,000	100,000	9,800	90,200
Equipment Maintenance	25,000	29,249	29,249	-
Pickup Allowance	7,200	7,200	7,200	-
Fuel	35,000	35,000	25,699	9,301
Supplies	44,000	44,000	35,875	8,125
Other Precinct Expenses	6,500	6,500	3,406	3,094
Total Precinct 4	294,608	298,857	187,127	111,730

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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, 2011

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Total Expenditures	1,423,549	1,483,399	1,180,367	303,032
Net Change in Fund Balance	(35,893)	(36,116)	240,328	276,444
Fund Balance - Beginning	270,116	270,116	270,116	-
Fund Balance - Ending	<u>\$ 234,223</u>	<u>\$ 234,000</u>	<u>\$ 510,444</u>	<u>\$ -</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, 2011

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Fees				
Hot Check Fees	\$ 6,000	\$ 6,000	\$ 4,220	\$ (1,780)
Courthouse Security Fee	7,000	7,623	7,623	-
Justice Court Technology Fund	2,700	3,096	3,096	-
District Clerk Fees	2,300	2,889	2,887	(2)
County Clerk Fees	1,500	1,500	962	(538)
Law Enf.Education Fund-Sheriff	1,300	1,368	1,367	(1)
Law Enf.Education Fd-Constable	650	663	663	-
Workers Comp-General Fund	18,029	18,029	4,506	(13,523)
Workers Comp-R&B Fund	25,835	25,835	6,459	(19,376)
PVS Funds	1,000	1,000	904	(96)
County Clerk Archive Fees	10,500	11,525	11,525	-
District Clerk Criminal Technology Fees	500	500	25	(475)
County Clerk Criminal Technology Fees	500	500	186	(314)
Dist Clerk Civil Record Preservation Fees	1,000	1,848	1,846	-
Cty Clerk Civil Record Preservation Fees	500	500	420	(80)
District Clerk Archive Fees	800	940	940	-
County Clerk Records Management Fees	10,600	11,523	11,522	(1)
Supplemental Guardianship Fees	800	800	500	(300)
Total Fees	91,514	96,137	59,651	(36,486)
Intergovernmental				
Victim Coordinator Grant	20,000	20,000	18,347	(1,653)
HAVA Grant-Education Funds	3,000	3,000	-	(3,000)
HAVA Grant-Gen HAVA Compliance	19,523	19,523	-	(19,523)
SECO Grant	-	41,000	-	(41,000)
Total Intergovernmental	42,523	83,523	18,347	(65,176)
Interest - Interest Earned	800	800	231	(569)
Miscellaneous - Seized Funds Received	-	3,885	3,885	-
Total Revenues	134,837	184,345	82,114	(102,231)

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, 2011

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government				
Workers Compensation Fund	43,864	43,864	18,588	25,276
Records Management Fund	35,000	35,000	3,370	31,630
Historical Society Fund	3,000	3,000	45	2,955
District Clerk Records Management Fund	3,000	4,522	4,522	-
HAVA Grant Fund	22,523	22,523	-	22,523
Preservation of Vital Statistics Fund	4,000	4,000	1,883	2,117
County Clerk Archive Fund	11,550	11,550	11,419	131
District Clerk Criminal Technology Fund	500	500	-	500
County Clerk Criminal Technology Fund	500	500	-	500
District Clerk Civil Records Preserv Fund	1,000	1,000	-	1,000
County Clerk Civil Records Preserv Fund	800	800	-	800
District Clerk Archive Fund	800	800	-	800
County Clerk Record Management Fund	12,000	12,000	9,554	2,446
Supplemental Guardianship Fund	800	800	-	800
SECO Stimulus Grant Fund	-	5,505	5,505	-
Forfeiture and Seizure Fund	-	3,684	3,683	1
Total General Government	139,137	149,848	58,569	91,279
Justice System				
Law Enforcement Education Fund	3,000	3,000	2,259	741
Courthouse Security Fund	37,000	37,000	-	37,000
Justice Court Technology Fund	6,500	6,500	482	6,018
County Attorney Hot Check Fund	22,000	22,023	12,406	9,617
Victim Coordinator Grant Fund	20,000	20,000	18,758	1,242
Total Justice System	88,500	88,523	33,905	54,618
Total Expenditures	227,637	238,371	92,474	145,897
Net Change in Fund Balance	(92,800)	(54,026)	(10,360)	43,668
Fund Balance - Beginning	159,787	159,787	159,787	-
Fund Balance - Ending	\$ 66,987	\$ 105,761	\$ 149,427	\$ 43,668

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