

BOSQUE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2011

**BOSQUE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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INTRODUCTORY SECTION

**BOSQUE COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2011**

COLE WORD	COUNTY JUDGE
KENT HARBISON	COMMISSIONER, PRECINCT 1
DURWOOD KOONSMAN	COMMISSIONER, PRECINCT 2
GARY ARNOLD	COMMISSIONER, PRECINCT 3
JIMMY SCHMIDT	COMMISSIONER, PRECINCT 4
ARLENE SWINEY	TAX ASSESSOR-COLLECTOR
B. J. SHEPHERD	DISTRICT ATTORNEY
NATALIE KOEHLER	COUNTY ATTORNEY
JUANITA MILLER	DISTRICT CLERK
BETTY OUTLAW	COUNTY CLERK
DIANA WELLBORN	COUNTY TREASURER
ANTHONY MALOTT	COUNTY SHERIFF
JANE MURPHEY	COUNTY AUDITOR

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the Commissioners' Court
Bosque County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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


In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of the Bosque County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension funding progress information on pages 4 through 9, and Page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Stephenville, Texas
May 4, 2012

The image shows three handwritten signatures in black ink. The first signature on the left is 'Baubel', the middle one is 'Morgan', and the one on the right is 'Lang'. Each signature is written in a cursive, flowing style.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

**BOSQUE COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2011**

The management of Bosque County presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011.

FINANCIAL HIGHLIGHTS

- The assets of Bosque County exceed its liabilities at the close of the most recent fiscal year by \$8.6 million. Of this amount, \$302 thousand in unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the County's fiscal policies.
- The County's total net assets increased by \$400 thousand. Much of the increase is attributed to a spending and hiring freeze implemented by the commissioners court.
- As of the close of the current fiscal year, the Bosque County's governmental funds reported an ending fund balance of \$1,105,571 of which \$1,070,707 is reserved for special purposes, \$105,116 has been applied to prepaid expenses, and there is a remaining deficit fund balance of \$70,252 unassigned that will be recovered from future County resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements — The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. This includes the statement of net assets and the statement of activities.

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

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs (accrual basis), regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused compensation absences.

Fund Financial Statements — A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities for objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

legal requirements. All of the funds of the County can be categorized as governmental funds. The focus of the fund financial statements is on major funds that meet minimum criteria (a percentage of assets, liabilities, revenue or expenditures of fund category and of the governmental funds combined), or those that the County wishes to report as major.

Nonmajor funds are aggregated and shown in a single column. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge, and Capital Projects, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages 14-18 of this report.

Fiduciary Funds — Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

The Fiduciary Fund financial statement can be found on page 20 of this report.

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

Required Supplementary Information Other than MD&A — Auditing standards generally accepted in the United States of America require, in addition to the basic financial statements and accompanying notes, the report present certain required supplementary information. Retirement plan funding progress is included in this section along with schedules of actual and budgetary comparisons of the County's General Fund and major Special Revenue Funds.

Combining Statements and Schedules — The combining statements in connection with nonmajor governmental funds are presented immediately following required supplementary information in the County's financials.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$8.6 million of September 30, 2011.

The largest portion of the County's net assets (82%) reflected its investments in capital assets (e.g., land, building, and equipment), less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

BOSQUE COUNTY'S NET ASSETS

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 1,904,066	\$ 1,482,364
Capital assets	7,505,369	7,710,894
Total Assets	<u>\$ 9,409,435</u>	<u>\$ 9,193,258</u>
Current liabilities	\$ 437,966	\$ 235,832
Noncurrent liabilities	349,378	735,037
Total Liabilities	<u>\$ 787,344</u>	<u>\$ 970,869</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 7,054,789	\$ 7,036,677
Restricted	1,264,903	999,041
Unrestricted	302,399	186,671
Total Net Assets	<u>\$ 8,622,091</u>	<u>\$ 8,222,389</u>

As of September 30, 2011, the County is able to report positive balances in all government wide categories of net assets as well as for the separate governmental activities. During the current fiscal year, the County's net assets increased by \$400 thousand. This increase was caused principally by a spending and hiring freeze implemented by the commissioners court .

BOSQUE COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues		
Charges for Services	\$2,310,889	\$ 1,563,397
Operating Grants & Contributions	308,263	923,806
Capital Grants	253,208	51,645
General Revenues		
Property Taxes	4,926,789	4,349,162
Other Taxes	437,867	417,322
Investment Earnings	2,146	4,877
Miscellaneous	57,147	16,996
Total Revenues	8,296,309	7,327,205
Expenses:		
Governmental activities	7,896,607	8,317,245
Change in net assets	399,702	(990,040)
Net assets-beginning	8,222,389	9,180,600
Prior period adjustments	-	31,829
Net assets-ending	\$ 8,622,091	\$ 8,222,389

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS:

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the General Fund was \$40,465, while total fund balance for all governmental funds was \$1,105,571.

During the current fiscal year, the fund balance of the County's General Fund increased by \$160,396 primarily due to a spending and hiring freeze implemented by the commissioners court.

General Fund Budgetary Highlights - Differences between the original budget and the final amended budget resulted in no effect to the planned change in fund balance. Deficit budgets were adopted by the County for the year ended September 30, 2011.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2011, amounts to \$7.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

Major capital asset events during the current fiscal year included the following:

- Radio Tower contributed by another governmental entity
- Software for District Clerk and Tax Assessor/Collector

Capital assets at year-end, net of accumulated depreciation were as follows:

BOSQUE COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities	
	2011	2010
Land	\$ 82,479	\$ 82,479
Buildings & improvements	5,612,655	5,797,439
Furniture and equipment	1,748,371	1,761,738
Infrastructure	61,864	69,238
Total	<u>\$7,505,369</u>	<u>\$ 7,710,894</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the County's total long-term debt outstanding, was solely comprised of capital leases payable with maturity dates from 2012 through 2016. Lease balances outstanding for leased equipment, were as follows:

	Governmental Activities	
	2011	2010
Cars	\$ 40,085	\$ 96,984
120 motorgrader	35,284	71,913
140 motorgrader	44,448	90,581
Trailer mounted spray patcher	5,182	25,434
Cab tractor	3,277	16,103
670D motorgrader	98,635	128,016
NetData software	195,073	208,509
Tractor	16,364	27,339
Shredder	5,590	9,338
	<u>\$ 443,938</u>	<u>\$ 674,217</u>

During the current fiscal year, Bosque County's total debt decreased by \$230,279 (35%), This decrease was due primarily to scheduled repayment of leases.

Additional information on Bosque County's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the fiscal year 2011-12 budget, General Fund revenues are budgeted to increase by 7.62% from the 2010-11 budget. The increase is due to increases in budgeted tax and intergovernmental revenues. Property taxes make up 70.34% of the General Fund budgeted revenues. Budgeted General Fund expenditures decreased by 3.14% in the 2011-12 budget.

The 2011-12 budget for Road and Bridge Fund revenues decreased by 11.16% from the 2010-11 budget due to the economic slow-down. Budgeted expenditures similarly were decreased for 2011-12 by 9.31% through personnel reductions.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the County's finances. If you have any questions about this report or need any additional information, contact the County Auditor, P.O. Box 874, Meridian, Texas 76665, or call (254) 435-2611.

BASIC FINANCIAL STATEMENTS

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

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 301,421
Investments-current	405,081
Taxes receivable (net of allowances for uncollectible)	336,950
Fines receivable	240,999
Due from agency fund	205,606
Due from other governments	274,023
Prepaid items	139,986
Capital Assets (net of accumulated depreciation):	
Land	82,479
Infrastructure	61,864
Buildings, net	5,612,655
Furniture and equipment, net	1,748,371
Total Assets	<u>9,409,435</u>
LIABILITIES	
Accounts payable	99,376
Accrued liabilities	47,081
Deferred revenues	74,090
Noncurrent liabilities	
Due within one year	217,419
Due in more than one year	349,378
Total Liabilities	<u>787,344</u>
NET ASSETS:	
Invested in capital assets, net of related debt	7,054,789
Restricted for:	
Restricted for prepaid items	139,986
Restricted for special revenue funds	348,222
Restricted for capital projects	776,695
Unrestricted net assets	302,399
Total Net Assets	<u>\$ 8,622,091</u>

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

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

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
Public finance	\$ 641,066	\$ 534,145	\$ -
General administration	2,593,420	281,045	216,940
Judicial	1,102,197	901,442	28,846
Law enforcement	2,216,699	145,358	62,477
Roads	1,315,196	448,899	-
Other debt interest	28,029	-	-
Total Governmental Activities	<u>\$ 7,896,607</u>	<u>\$ 2,310,889</u>	<u>\$ 308,263</u>

General Revenues:

Property Taxes, levied for general purposes

Sales and other taxes

Miscellaneous revenue

Investment earnings

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Capital Grants and Contributions</u>		<u>Primary Governmental Activities</u>	
\$	-	\$	(106,921)
	253,208		(1,842,227)
	-		(171,909)
	-		(2,008,864)
	-		(866,297)
	-		(28,029)
<u>\$</u>	<u>253,208</u>	<u>\$</u>	<u>(5,024,247)</u>

4,926,789
437,867
57,147
2,146
<u>5,423,949</u>
399,702
<u>8,222,389</u>
<u>8,622,091</u>

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

**BOSQUE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	General Fund	Road and Bridge	Capital Projects
ASSETS			
Cash and cash equivalents	\$ -	\$ 305,161	\$ 700,123
Investments-current	200,817	67,452	40,919
Taxes receivable	341,427	31,057	12,456
Intergovernmental receivables	147,501	90,792	27,844
Due from other funds	205,606	-	-
Prepaid items	105,116	32,285	-
Total Assets and Other Debits	<u>\$ 1,000,467</u>	<u>\$ 526,747</u>	<u>\$ 781,342</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficit cash	\$ 502,820	\$ 366,656	\$ -
Accounts payable	80,306	7,863	4,647
Wages and salaries payable	35,449	8,373	-
Deferred revenues	341,427	105,146	12,456
Total Liabilities	<u>960,002</u>	<u>488,038</u>	<u>17,103</u>
Fund Balances:			
Nonspendable	105,116	-	-
Restricted	-	38,709	764,239
Unassigned	(64,651)	-	-
Total Fund Balances	<u>40,465</u>	<u>38,709</u>	<u>764,239</u>
Total Liabilities and Fund Balances	<u>\$ 1,000,467</u>	<u>\$ 526,747</u>	<u>\$ 781,342</u>

	Nonmajor Governmental Funds	Total Governmental Funds
\$	186,635	1,191,919
	95,893	405,081
	83	385,023
	7,886	274,023
	-	205,606
	2,585	139,986
<u>\$</u>	<u>293,082</u>	<u>2,601,638</u>

\$	21,022	890,498
	6,560	99,376
	3,259	47,081
	83	459,112
<u>\$</u>	<u>30,924</u>	<u>1,496,067</u>

	-	105,116
	267,759	1,070,707
	(5,601)	(70,252)
<u>\$</u>	<u>262,158</u>	<u>1,105,571</u>
<u>\$</u>	<u>293,082</u>	<u>\$ 2,601,638</u>

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

**BOSQUE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

Total Fund Balances - Governmental Funds	\$ 1,105,571
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$13,661,454 and the accumulated depreciation was \$5,950,560. In addition, long-term liabilities, including capital lease payables, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	6,975,857
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets with reductions in long-term debt in the Statement of Net Assets. Lease proceeds are reported as other financing sources in the fund financial statements but are increases in long-term debt in the government wide financial statements. The net effect of including the 2011 capital outlays and debt principal changes is to increase net assets.	608,192
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	515,909
The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(583,438)
Net Assets of Governmental Activities	<u>\$ 8,622,091</u>

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Road and Bridge	Capital Projects
REVENUE			
Taxes:			
Property taxes	\$ 4,354,903	\$ 369,549	\$ 150,823
General sales and use taxes	437,867	-	-
Auto registrations	-	374,400	-
Intergovernmental revenue and grants	505,868	99,585	-
Fines and fees	651,685	589,178	-
Forfeitures	3,472	-	-
Investment earnings	1,101	152	291
Other revenue	37,611	19,536	-
Total Revenues	<u>5,992,507</u>	<u>1,452,400</u>	<u>151,114</u>
EXPENDITURES			
Current:			
General Government:			
Public finance	636,700	-	-
General administration	2,098,882	-	49,171
Judicial	842,108	-	-
Law Enforcement	2,097,270	-	-
Roads	-	1,128,276	-
Debt Service:			
Debt principal-capital leases	101,325	153,303	-
Debt interest-capital leases	12,770	15,259	-
Capital Outlay:			
Capital Outlay	79,490	14,500	5,250
Total Expenditures	<u>5,868,545</u>	<u>1,311,338</u>	<u>54,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>123,962</u>	<u>141,062</u>	<u>96,693</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from capital leases	30,989	-	-
Transfers in	-	298,276	-
Transfers out (use)	-	(298,276)	-
Insurance proceeds	5,445	-	-
Total Other Financing Sources (Uses)	<u>36,434</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	160,396	141,062	96,693
Fund Balances - Beginning	(119,931)	(102,353)	667,546
Fund Balances - Ending	<u>\$ 40,465</u>	<u>\$ 38,709</u>	<u>\$ 764,239</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 997	\$ 4,876,272
-	437,867
-	374,400
259,998	865,451
107,226	1,348,089
1,225	4,697
602	2,146
-	57,147
<u>370,048</u>	<u>7,966,069</u>
4,366	641,066
100,989	2,249,042
297,444	1,139,552
-	2,097,270
-	1,128,276
-	-
-	254,628
-	28,029
-	-
-	99,240
<u>402,799</u>	<u>7,637,103</u>
<u>(32,751)</u>	<u>328,966</u>
-	30,989
-	298,276
-	(298,276)
-	5,445
<u>-</u>	<u>36,434</u>
(32,751)	365,400
<u>294,909</u>	<u>740,171</u>
<u>\$ 262,158</u>	<u>\$ 1,105,571</u>

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

BOSQUE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Total Net Change in Fund Balances-Governmental Funds	\$ 365,400
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Proceeds from capital leases are shown as financial resources in fund financial statements but are increases in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and changes in long-term debt principal is to increase net assets.	608,192
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(583,438)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, net of uncollectible taxes, eliminating interfund transactions, and recognizing the liabilities associated with long-term debt interest. The net effect of these reclassifications and recognitions is to increase net assets.	9,548
Change in Net Assets of Governmental Activities	<u>\$ 399,702</u>

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

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

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,268,111
Investments-current	36,067
Total Assets	<u>\$ 1,304,178</u>
LIABILITIES	
Due to other funds	\$ 205,606
Due to others	1,098,572
Total Liabilities	<u>\$ 1,304,178</u>

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

NOTES TO FINANCIAL STATEMENTS

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bosque County was created in 1854 by the Texas Legislature under the provisions of Article 9, Section 1, of the Texas Constitution. The County operates under a commission form of government in which the Commissioners' Court composed of four County Commissioners presided over by the County Judge, is the governing body. The Commissioners' Court is a court of limited jurisdiction empowered to do only those things which are specifically authorized by the State Constitution or by statute.

The financial statements of Bosque County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of these accounting policies are described below with subsequent pronouncements referred.

A. REPORTING ENTITY

The County is an independent political subdivision of the State of Texas governed by an elected four-member Commissioners' Court and County Judge and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity. Based on these considerations, no other entities have been included in the County's reporting entity. Additionally, as the County is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity is based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are to be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County has no business-type activities or any component units.

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of general major capital assets. Financing is provided primarily by the sale of general obligation bonds and grants.

Additionally, the County reports the following fund types:

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

Agency Funds are used to account for assets that the County holds on behalf of others as their agent.

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Investments

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

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

Receivables and Payables

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

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

The County's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraisal values are established by the Appraisal District at market value and assessed at 100% of appraised value less exemptions. The County's property taxes are billed and collected by the Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are prorated between operations, road and bridge, and debt service based on rates adopted for the year of the levy. For the current year, the County levied property taxes of \$0.415 per \$100 of assessed valuation that were prorated between General, Road and Bridge, Capital Projects and Jury Funds. The resulting adjusted tax levies were based on a total adjusted taxable valuation of approximately \$11,378,890 for the 2010 tax year.

Prepaid Expenditures

When payment is made to a supplier of goods or services prior to the receipt of the goods or realization of the service, then the amount expended in excess of value received is recorded as a prepaid item.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, construction in progress, and infrastructure (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities for the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets	Years
Buildings	40
Furniture and Equipment	5-15
Infrastructure	20

Compensated Absences

The county's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation and sick leave pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The current policy for vacation pay is that vacation pay accrues as of the "annual" anniversary date of each employee. Vacation leave from 10 to 15 days per year may be earned, based on longevity. Personal leave accrues at 5 days a year up to a maximum paid benefit for entitlement of 10 days.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, would be deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable would be reported net of the applicable bond premium or discount. There was no bonded debt of the County as of September 30, 2011.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current periods. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. There was no bonded indebtedness payments made by the County during the year ended September 30, 2011.

Net Assets and Fund Equity

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Net

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are considered unrestricted.

When both restricted and unrestricted sources are available for use, it is the County's policy to use restricted first, then unrestricted resources as they are needed. The government-wide statement of net assets reports \$1,264,903 of restricted assets, primarily restricted by enabling legislation.

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

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or ; b) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Directors or an official to which the Board of Directors has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. There are no governmental funds that reported a positive unassigned fund balance amount at year end. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets* provides a summary of differences in accounting for funds and the total government net assets. The primary elements reported differently are capital assets which are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. Following are details of the summarized reconciliation amounts:

Beginning of year capital assets and debt:	
Capital assets	\$ 13,661,454
Accumulated depreciation	(5,950,560)
Long-term capital leases	(674,217)
Accumulated compensated absences	(60,820)
Total capital asset debt adjustment beginning of year	<u>\$ 6,975,857</u>
Current year capital outlay and debt service:	
Capital outlay	\$ 124,705
Contributed assets	253,208
Other changes	6,640
Proceeds capital leases	(30,989)
Debt principal payments	254,628
Total capital asset debt adjustment current year	<u>\$ 608,192</u>
Other reclassification reconciliation items:	
Increase in compensated absences	\$ (62,039)
Record allowance for uncollectible taxes	(48,073)
Record fines receivable	240,999
Eliminate deferred revenue on taxes	385,022
Total other summarized adjustments	<u>\$ 515,909</u>

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The *Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities* provides summarized reconciliation amounts indicating differences in accounting methods between the net changes in fund balance as shown on the governmental fund statement and the changes in net assets of governmental activities as reported on the government-wide statement of activities. The differences are again primarily related to current year capital outlays and debt principal payments presented as expenditures in the fund financial statements, but shown as increases in capital assets and decreases in long-term debt in the government-wide statements. Details of the various summarized amounts from the reconciliation are as follows:

Current year capital outlay and debt service:	
Capital outlay	\$ 124,705
Contributed assets	253,208
Other changes	6,640
Proceeds capital leases	(30,989)
Debt principal payments	254,628
Total capital asset debt adjustment current year	<u>\$ 608,192</u>
Various other reclassifications current year changes:	
Change in deferred revenue	\$ 56,319
Increase in allowance for uncollectible taxes	(5,802)
Change in fines receivable	21,070
Change in compensated absences	(62,039)
Total other reclassifications	<u>\$ 9,548</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET DATA

The budget amounts presented in the required supplementary information include the original and final authorized amounts as amended during the year. In accordance with state statutes, an annual budget is adopted for certain governmental funds of the County in accordance with generally accepted accounting principles. The procedures followed by Bosque County in establishing the budgetary data reflected in the financial statements are presented below.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget Preparation

The County Judge, as the responsible budget officer, causes budget guidelines to be issued. Upon receiving operating requests from County officials, the County Judge submits a proposed operating budget covering the General, Road and Bridge, Special Revenue, and Debt Service Funds to the Commissioners' Court. The budget includes the proposed expenditures and the means of financing them.

Public Hearings

After proper publication of notices in compliance with various state statutes, a budget hearing for the purpose of obtaining public and taxpayer comments is conducted by the Commissioners' Court. Related public hearings are held regarding the proposed tax rates required to finance the proposed budget.

Budget Adoption

Following the public hearings, the Commissioners' Court makes such changes as may be warranted in the budget and adopts the budget through the passage of an order at one of its regularly scheduled meetings.

Budget Amendments

The Commissioners' Court, at its discretion, can transfer expenditures from one appropriation to another. The total expenditures may not be increased without additional public hearings.

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The County's deposits as of September 30, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and 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, (10) and 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.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Investments held by the County at September 30, 2011 consisted of the following:

<u>Investment Type</u>	<u>Historic Cost</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Tex Pool	<u>\$405,081</u>	<u>\$405,081</u>	<u>AAAm</u>

Policies Governing Deposits and Investments

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

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2011 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County's securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other Credit Risk - There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2011 TexPool's investments credit quality rating was AAAM (Standard & Poor's).

The County's general policy is to report nonparticipating interest-earning investment contracts using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with the market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

B. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables at September 30, 2011 except an agency fund of the County Treasurer owed \$205,606 to the general fund. The interfund receivable has not been eliminated from the statement of net assets because agency funds assets and liabilities are not reported as assets owned by the government.

A pooled cash account is used to account for many of the governmental funds cash in bank. Several of the funds have a deficit cash balance included in the pooled cash account. The governmental fund financial statements present the negative cash balances as deficit cash rather than as having temporarily borrowed the cash from other governmental funds with positive cash balances. The government-wide financial statements present the cash at the consolidated balance of cash in the bank at year end.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2011, government-wide were as follows:

	General	Road and Bridge	Capital Projects	Nonmajor Funds	Totals
Receivables:					
Taxes receivable, net of uncollectible	\$ 293,354	\$ 31,057	\$ 12,456	\$ 83	\$ 336,950
Intergovernmental	147,501	90,792	27,844	7,886	274,023
Net total receivables	<u>\$ 440,855</u>	<u>\$ 121,849</u>	<u>\$ 40,300</u>	<u>\$ 7,969</u>	<u>\$ 610,973</u>

Current liabilities and deferred revenue, government-wide at September 30, 2011 were as follows:

	General	Road and Bridge	Capital Projects	Nonmajor Funds	Totals
Liabilities and deferred deferred revenue:					
Accounts payable	\$ 80,306	\$ 7,863	\$ 4,647	\$ 6,560	\$ 99,376
Wages payable	35,449	8,373	-	3,259	47,081
Deferred revenues	-	74,090	-	-	74,090
Total	<u>\$ 115,755</u>	<u>\$ 90,326</u>	<u>\$ 4,647</u>	<u>\$ 9,819</u>	<u>\$ 220,547</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and government-wide financial statements report deferred revenues for amounts received that have not been earned. The deferred revenues above were grant proceeds not earned as of September 30, 2011. The amounts presented as deferred revenues in the governmental funds balance sheet included the amount above and, in addition, \$331,147 relative to delinquent property taxes receivable unavailable to liquidate liabilities of the current period.

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. CAPITAL ASSET ACTIVITY

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

	October 1, <u>2010</u>	<u>Increase</u>	<u>Decrease</u>	September 30, <u>2011</u>
Government activities capital assets:				
Non-depreciable assets:				
Land	\$ 82,479	\$ -	\$ -	\$ 82,479
Total non-depreciable assets	<u>82,479</u>	<u>-</u>	<u>-</u>	<u>82,479</u>
Depreciable assets:				
Buildings	8,147,589	-	-	8,147,589
Furniture and equipment	5,111,467	377,913	-	5,489,380
Infrastructure	319,919	-	-	319,919
Total depreciable assets	<u>13,578,975</u>	<u>377,913</u>	<u>-</u>	<u>13,956,888</u>
Totals at historic cost	<u>13,661,454</u>	<u>377,913</u>	<u>-</u>	<u>14,039,367</u>
Less accumulated depreciation:				
Buildings	2,350,150	184,784	-	2,534,934
Furniture and equipment	3,349,729	391,280	-	3,741,009
Infrastructure	250,681	7,374	-	258,055
Total accumulated depreciation	<u>5,950,560</u>	<u>583,438</u>	<u>-</u>	<u>6,533,998</u>
Total capital assets, being depreciated, net	<u>7,628,415</u>	<u>(205,525)</u>	<u>-</u>	<u>7,422,890</u>
Governmental capital assets, net	<u>\$ 7,710,894</u>	<u>\$ (205,525)</u>	<u>\$ -</u>	<u>\$ 7,505,369</u>

Fixed asset additions included capital outlays of \$99,240, voting expense of \$25,465 used for the purchase of voting machines, and contributed equipment from Heart of Texas Council of Governments, a radio tower at cost, \$253,208.

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

There were no disposals of depreciable capital assets during the year ended September 30, 2011.

Current year depreciation expense was charged to governmental functions as follows:

General administration	\$ 277,089
Law enforcement	119,429
Road and bridge	186,291
Total Depreciation Expense	<u>\$ 583,438</u>

E. ACCUMULATED UNPAID ANNUAL LEAVE

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Assets. At September 30, 2011, accrued employee benefits recorded on the Statement of Net Assets were for accumulated vacation pay and amounted to \$122,859, an increase of \$62,039 from the previous year end.

F. LONG-TERM DEBT

During the year ended September 30, 2011, the County entered into an agreement with a financial institution in the amount of \$30,990 for the purchase NetData Software. Monthly principal and interest payments will be \$599. The term is from 2011 to 2016.

Capital lease agreements made in previous years are also secured by equipment and continue to require payments expiring between 2012 and 2016. The required payments were made as scheduled for the year that ended September 30, 2011.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Capital lease debt service requirements are as follows:

<u>Year Ended September 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2012	\$ 217,419	\$ 19,088	\$ 236,507
2013	103,429	8,551	111,980
2014	92,357	3,443	95,800
2015	24,329	769	25,098
2016	6,404	187	6,591
Total	<u>\$ 443,938</u>	<u>\$ 32,038</u>	<u>\$ 475,976</u>

Long-term debt activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases payable, secured by equipment	\$ 674,217	\$ 30,990	\$ 261,269	\$ 443,938	\$ 217,419
Other Liabilities:					
Compensated absences	<u>60,820</u>	<u>62,039</u>	<u>-</u>	<u>122,859</u>	<u>33,714</u>
Total governmental activities long-term liabilities	<u>\$ 735,037</u>	<u>\$ 93,029</u>	<u>\$ 261,269</u>	<u>\$ 566,797</u>	<u>\$ 251,133</u>

G. RISK MANAGEMENT

Health Insurance

During the year ended September 30, 2011 employees of Bosque County were covered by a health insurance plan (the Plan). The County paid annual health insurance premiums of \$499,667. Employees, at their option, authorized payroll to pay any additional cost for dependent coverage. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Workers' Compensation

During the year ended September 30, 2011, employees of Bosque County were covered by a workers' compensation plan administered by the Texas Association of Counties. The County paid a contribution of \$41,108 for the year ended September 30, 2011. These figures are subject to change based upon actual payroll figures.

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Contingencies

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

Litigation

The County's Attorney has indicated that there are various claims and lawsuits filed and pending against the County. The claims are being strongly defended by the County. As of September 30, 2011, the potential liability of the County cannot be reasonably estimated, but are not expected to have a material impact on the County's financial position.

H. RETIREMENT PLAN

Plan Description:

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for 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, TX 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by

BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy:

The employer has elected the annually determined contribution rate (Variable Rate) plan provision 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 7% for the months of the accounting year in 2010 and 2.5% for the months of the accounting year in 2011.

The deposit rate payable by the employee members for calendar year 2011 is the rate of 5% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 30 years or to reduce benefits earned in the future.

Annual Pension Cost:

For the employer's accounting year ending September 30, 2011, the annual pension cost for the TCDRS plan was \$126,205 which equaled the actual contributions made by the County.

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age 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 payrolls on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

Employee contributions to the retirement plan for the years ended September 30, 2011, 2010 and 2009, amount to approximately \$177,531, \$180,839 and \$175,984, respectively.

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Funded Status and Funding Progress:

As of December 31, 2010, the most recent actuarial valuation date, the plan was 116.15 percent funded. The actuarial accrued liability for benefits was \$4,385,300, and the actuarial value of assets was \$5,093,551, resulting in an overfunded actuarial accrued liability (OAAL) of \$708,251. The covered payroll (annual payroll of active employees covered by the plan) was \$3,605,722, and the ratio of the OAAL to the covered payroll was -19.64 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period	30 years	30 years	30 years
Asset valuation method	SAF: 10 years smoothed value EFS: Fund value	SAF: 10 years smoothed value EFS: Fund value	SAF: 10 years smoothed value EFS: 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%
Actuarial value of assets	\$3,984,238	\$4,615,238	\$5,093,551
Actuarial accrued liability (AAL)	\$3,479,924	\$3,983,763	\$4,385,300
Overfunded (OAAL)	\$ (504,314)	\$ (631,475)	\$ (708,251)
Funded ratio	114.49%	115.85%	116.15%
Annual covered payroll	\$3,182,250	\$3,517,872	\$3,605,722
OAAL as % of covered payroll	(15.85)%	(17.95)%	(19.64)%

**BOSQUE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Trend Information for the Retirement Plan for the Employees of Bosque County, Texas:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/08	\$154,387	100%	\$ -
9/30/09	177,593	100%	-
9/30/10	236,313	100%	-
9/30/11	126,205	100%	-

I. FEDERAL AND STATE EXPENDITURES

The County did not incur federal or state expenditures of \$500,000 during the year ended September 30, 2011. As a result, the County is not required to undergo a compliance audit following the federal government OMB Circular A-133 or the State of Texas UGMA guidelines for single audits.

REQUIRED SUPPLEMENTARY INFORMATION

BOSQUE COUNTY, TEXAS

Required Supplementary Information

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS - RETIREMENT PLAN
FOR THE EMPLOYEES OF THE COUNTY**

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	3,788,116	3,156,236	(631,880)	120.02%	2,812,073	-22.47%
12/31/07	4,275,571	3,546,063	(729,508)	120.57%	2,946,780	-24.76%
12/31/08	3,984,238	3,479,924	(504,314)	114.49%	3,182,250	-15.85%
12/31/09	4,615,238	3,983,763	(631,475)	115.85%	3,517,872	-17.95%
12/31/10	5,093,551	4,385,300	(708,251)	116.15%	3,605,722	-19.64%

Historical trend information designed to illustrate the Government's progress made in accumulating sufficient assets to pay benefits when due is available for plan years 2006 through 2010.

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 4,398,124	\$ 4,398,124	\$ 4,354,903	\$ (43,221)
General sales and use taxes	483,200	410,000	437,867	27,867
Intergovernmental revenue and grants	663,981	663,981	505,868	(158,113)
Fines and fees	399,400	399,400	651,685	252,285
Forfeitures	10,000	10,000	3,472	(6,528)
Investment earnings	1,190	1,190	1,101	(89)
Other revenue	46,533	46,533	37,611	(8,922)
Total Revenues	<u>6,002,428</u>	<u>5,929,228</u>	<u>5,992,507</u>	<u>63,279</u>
EXPENDITURES:				
Current:				
General Government:				
Public finance	434,025	434,025	636,700	(202,675)
General administration	2,704,832	2,704,832	2,098,882	605,950
Judicial	875,779	875,779	842,108	33,671
Law enforcement	2,208,319	2,208,319	2,097,270	111,049
Debt Service:				
Debt principal-capital leases	197,507	197,507	101,325	96,182
Debt interest-capital leases	-	-	12,770	(12,770)
Capital Outlay:				
Capital outlay	5,000	5,000	79,490	(74,490)
Total Expenditures	<u>6,425,462</u>	<u>6,425,462</u>	<u>5,868,545</u>	<u>556,917</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(423,034)</u>	<u>(496,234)</u>	<u>123,962</u>	<u>620,196</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	-	-	30,989	30,989
Transfers in	250,000	250,000	-	(250,000)
Insurance proceeds	100	100	5,445	5,345
Total Other Financing Sources (Uses)	<u>250,100</u>	<u>250,100</u>	<u>36,434</u>	<u>(213,666)</u>
Change in Fund Balance	(172,934)	(246,134)	160,396	406,530
Fund Balance-Beginning	<u>(119,931)</u>	<u>(119,931)</u>	<u>(119,931)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (292,865)</u>	<u>\$ (366,065)</u>	<u>\$ 40,465</u>	<u>\$ 406,530</u>

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 374,000	\$ 374,000	\$ 369,549	\$ (4,451)
Auto registrations	440,000	440,000	374,400	(65,600)
Intergovernmental revenue and grants	30,000	30,000	99,585	69,585
Fines and fees	680,000	680,000	589,178	(90,822)
Investment earnings	625	625	152	(473)
Total Revenues	<u>1,524,625</u>	<u>1,524,625</u>	<u>1,432,864</u>	<u>(91,761)</u>
EXPENDITURES:				
Current:				
Roads	1,706,922	1,706,922	1,128,276	578,646
Debt Service:				
Debt principal-capital leases	186,524	186,524	153,303	33,221
Debt interest-capital leases	-	-	15,259	(15,259)
Capital Outlay:				
Capital outlay	56,000	56,000	14,500	41,500
Total Expenditures	<u>1,949,446</u>	<u>1,949,446</u>	<u>1,311,338</u>	<u>638,108</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(424,821)</u>	<u>(424,821)</u>	<u>121,526</u>	<u>546,347</u>
OTHER FINANCING SOURCES (USES):				
Other revenue	-	-	19,536	19,536
Proceeds from capital leases	-	-	-	-
Transfers in	500,000	500,000	298,276	(201,724)
Transfers out (use)	(500,000)	(500,000)	(298,276)	201,724
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19,536</u>	<u>19,536</u>
Change in Fund Balance	(424,821)	(424,821)	141,062	565,883
Fund Balance-Beginning	(102,353)	(102,353)	(102,353)	-
Fund Balance-Ending	<u>\$ (527,174)</u>	<u>\$ (527,174)</u>	<u>\$ 38,709</u>	<u>\$ 565,883</u>

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

BOSQUE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 150,000	\$ 150,000	\$ 150,823	\$ 823
Investment earnings	300	300	291	(9)
Total Revenues	<u>150,300</u>	<u>150,300</u>	<u>151,114</u>	<u>814</u>
EXPENDITURES:				
Current:				
General Government:				
Major repairs	51,000	51,000	49,171	1,829
Capital Outlay:				
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>5,250</u>	<u>(44,750)</u>
Total Expenditures	<u>101,000</u>	<u>101,000</u>	<u>54,421</u>	<u>(42,921)</u>
Change in Fund Balance	49,300	49,300	96,693	(42,107)
Fund Balance-Beginning	<u>667,546</u>	<u>667,546</u>	<u>667,546</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 716,846</u>	<u>\$ 716,846</u>	<u>\$ 764,239</u>	<u>\$ (42,107)</u>

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

BOSQUE COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011

GENERAL BUDGET POLICIES

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

- The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means for financing them for the fiscal year beginning October 1, and submits the proposed budget, to Commissioners' Court. The budget is prepared on the modified accrual basis, which is consistent with the fund financial statements.
- The Commissioners' Court holds budget hearings for the public to make comments.
- The Commissioners' Court prior to October 1, formally adopts the budget in an open court meeting.
- The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.

The formally adopted budget may be legally amended by commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

The County maintains its legal level of budgetary control at the department level. Amendments to the 2011 budget were approved by the Commissioners' Court as provided by law throughout the year. All departmental expenditures remained within the appropriations budgets for the year.

ENCUMBRANCES

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget. There were no end-of year outstanding encumbrances that were provided for in the subsequent year's budget.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

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

	Probation	Record Preservation	Jury	Law Library
ASSETS				
Cash and cash equivalents	\$ 20	\$ -	\$ 4,732	\$ 12,680
Investments-current	307	18,419	16,689	23,923
Taxes receivable	-	-	83	-
Due from other government	-	4,527	60	875
Prepaid items	-	2	3	-
Total Assets	\$ 327	\$ 22,948	\$ 21,567	\$ 37,478
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deficit cash	\$ -	\$ 1,982	\$ -	\$ -
Accounts payable	-	4,162	-	214
Wages and salaries payable	-	128	-	-
Deferred revenues	-	-	83	-
Total Liabilities	-	6,272	83	214
Fund Balances:				
Restricted	327	16,676	21,484	37,264
Unassigned	-	-	-	-
Total Fund Balances	327	16,676	21,484	37,264
Total Liabilities and Fund Balances	\$ 327	\$ 22,948	\$ 21,567	\$ 37,478

County Attorney's Hot Check	Drug Forfeiture	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security
\$ 3,493	\$ 1,896	\$ -	\$ 7,774	\$ 43,605	\$ 5,705	\$ 11,490
-	-	2,876	-	-	10,503	-
-	-	-	-	-	-	-
-	-	-	-	-	300	1,469
-	-	2,455	-	-	-	125
<u>\$ 3,493</u>	<u>\$ 1,896</u>	<u>\$ 5,331</u>	<u>\$ 7,774</u>	<u>\$ 43,605</u>	<u>\$ 16,508</u>	<u>\$ 13,084</u>
\$ -	\$ -	\$ 5,206	\$ -	\$ -	\$ -	\$ 13,834
-	-	1,845	-	300	-	-
-	-	2,629	-	-	-	502
-	-	-	-	-	-	-
-	-	9,680	-	300	-	14,336
3,493	1,896	-	7,774	43,305	16,508	-
-	-	(4,349)	-	-	-	(1,252)
<u>3,493</u>	<u>1,896</u>	<u>(4,349)</u>	<u>7,774</u>	<u>43,305</u>	<u>16,508</u>	<u>(1,252)</u>
<u>\$ 3,493</u>	<u>\$ 1,896</u>	<u>\$ 5,331</u>	<u>\$ 7,774</u>	<u>\$ 43,605</u>	<u>\$ 16,508</u>	<u>\$ 13,084</u>

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

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

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
ASSETS				
Cash and cash equivalents	\$ 4,852	\$ 3,802	\$ 1,263	\$ -
Investments-current	-	-	-	-
Taxes receivable	-	-	-	-
Due from other government	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	<u>\$ 4,852</u>	<u>\$ 3,802</u>	<u>\$ 1,263</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deficit cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	39	-
Wages and salaries payable	-	-	-	-
Deferred revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>39</u>	<u>-</u>
Fund Balances:				
Restricted	4,852	3,802	1,224	-
Unassigned	-	-	-	-
Total Fund Balances	<u>4,852</u>	<u>3,802</u>	<u>1,224</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,852</u>	<u>\$ 3,802</u>	<u>\$ 1,263</u>	<u>\$ -</u>

Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 Tech Fees	Voting Machines	Pre-Trial Fees	Total Nonmajor Governmental Funds
\$ 24,317	\$ 43,201	\$ 6,326	\$ 697	\$ 10,782	\$ 186,635
-	-	23,176	-	-	95,893
-	-	-	-	-	83
-	-	655	-	-	7,886
-	-	-	-	-	2,585
<u>\$ 24,317</u>	<u>\$ 43,201</u>	<u>\$ 30,157</u>	<u>\$ 697</u>	<u>\$ 10,782</u>	<u>\$ 293,082</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,022
-	-	-	-	-	6,560
-	-	-	-	-	3,259
-	-	-	-	-	83
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,924</u>
24,317	43,201	30,157	697	10,782	267,759
-	-	-	-	-	(5,601)
<u>24,317</u>	<u>43,201</u>	<u>30,157</u>	<u>697</u>	<u>10,782</u>	<u>262,158</u>
<u>\$ 24,317</u>	<u>\$ 43,201</u>	<u>\$ 30,157</u>	<u>\$ 697</u>	<u>\$ 10,782</u>	<u>\$ 293,082</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Probation	Record Preservation	Jury	Law Library
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ 997	\$ -
Intergovernmental revenue and grants	-	-	1,564	-
Fines and fees	-	60,104	-	14,910
Forfeitures	-	-	1,225	-
Investment earnings	-	28	22	29
Total Revenues	<u>-</u>	<u>60,132</u>	<u>3,808</u>	<u>14,939</u>
EXPENDITURES:				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	-	58,400	-	-
Judicial	-	-	7,728	10,904
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>58,400</u>	<u>7,728</u>	<u>10,904</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>-</u>	<u>1,732</u>	<u>(3,920)</u>	<u>4,035</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	1,732	(3,920)	4,035
Fund Balance-Beginning	<u>327</u>	<u>14,944</u>	<u>25,404</u>	<u>33,229</u>
Fund Balance-Ending	<u>\$ 327</u>	<u>\$ 16,676</u>	<u>\$ 21,484</u>	<u>\$ 37,264</u>

County Attorney's Hot Check	Drug Forfeiture	District Attorney	Districts Attorney's Hot Check	D.A. Drug Forfeiture	Court Reporter	Security
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	251,944	-	-	-	-
3,450	-	-	294	-	4,425	15,263
-	-	-	-	-	-	-
<u>1</u>	<u>1</u>	<u>5</u>	<u>3</u>	<u>15</u>	<u>15</u>	<u>20</u>
<u>3,451</u>	<u>1</u>	<u>251,949</u>	<u>297</u>	<u>15</u>	<u>4,440</u>	<u>15,283</u>
-	-	-	-	4,366	-	-
2,786	-	255,239	3,372	-	1,744	42,289
-	-	-	-	-	-	-
<u>2,786</u>	<u>-</u>	<u>255,239</u>	<u>3,372</u>	<u>4,366</u>	<u>1,744</u>	<u>42,289</u>
<u>665</u>	<u>1</u>	<u>(3,290)</u>	<u>(3,075)</u>	<u>(4,351)</u>	<u>2,696</u>	<u>(27,006)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
665	1	(3,290)	(3,075)	(4,351)	2,696	(27,006)
2,828	1,895	(1,059)	10,849	47,656	13,812	25,754
<u>\$ 3,493</u>	<u>\$ 1,896</u>	<u>\$ (4,349)</u>	<u>\$ 7,774</u>	<u>\$ 43,305</u>	<u>\$ 16,508</u>	<u>\$ (1,252)</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Forfeiture	Constable 1 Education	Constable 2 Education	Law Enforcement Education
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	-	663	663	2,457
Fines and fees	-	-	-	-
Forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Total Revenues	<u>-</u>	<u>663</u>	<u>663</u>	<u>2,457</u>
EXPENDITURES:				
Current:				
General Government:				
Public finance	-	-	-	-
General administration	300	-	-	-
Judicial	-	442	91	6,488
Capital Outlay:				
Capital outlay	-	-	-	-
Total Expenditures	<u>300</u>	<u>442</u>	<u>91</u>	<u>6,488</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(300)</u>	<u>221</u>	<u>572</u>	<u>(4,031)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(300)	221	572	(4,031)
Fund Balance-Beginning	<u>5,152</u>	<u>3,581</u>	<u>652</u>	<u>4,031</u>
Fund Balance-Ending	<u>\$ 4,852</u>	<u>\$ 3,802</u>	<u>\$ 1,224</u>	<u>\$ -</u>

Constable 1 Special Forfeiture	D.A. Art 18 Special Forfeiture	JP 1 & 2 Tech Fees	Voting Machines	Pre-Trial Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997.00
2,707	-	-	-	-	259,998
-	-	8,780	-	-	107,226
-	-	-	-	-	1,225
-	422	35	-	6	602
<u>2,707</u>	<u>422</u>	<u>8,815</u>	<u>-</u>	<u>6</u>	<u>370,048</u>
-	-	-	-	-	4,366
-	-	-	-	-	100,989
-	-	7,450	-	1,200	297,444
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>7,450</u>	<u>-</u>	<u>1,200</u>	<u>402,799</u>
<u>2,707</u>	<u>422</u>	<u>1,365</u>	<u>-</u>	<u>(1,194)</u>	<u>(32,751)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,707</u>	<u>422</u>	<u>1,365</u>	<u>-</u>	<u>(1,194)</u>	<u>(32,751)</u>
<u>21,610</u>	<u>42,779</u>	<u>28,792</u>	<u>697</u>	<u>11,976</u>	<u>294,909</u>
<u>\$ 24,317</u>	<u>\$ 43,201</u>	<u>\$ 30,157</u>	<u>\$ 697</u>	<u>\$10,782</u>	<u>\$ 262,158</u>

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

ROAD AND BRIDGE FUND

**BOSQUE COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2011**

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
ASSETS			
Cash and cash equivalents	\$ -	\$ 62,389	\$ -
Investments-current	-	51,748	-
Taxes receivable	6,617	8,870	8,870
Intergovernmental receivables	11,011	11,011	11,011
Prepaid items	8,154	9,397	7,177
	<u>\$ 25,782</u>	<u>\$ 143,415</u>	<u>\$ 27,058</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficit cash	\$ 200,471	\$ -	\$ 147,621
Accounts payable	1,033	302	4,202
Wages and salaries payable	1,753	2,607	1,975
Deferred revenues	6,617	8,870	8,870
	<u>209,874</u>	<u>11,779</u>	<u>162,668</u>
Fund Balances:			
Restricted	-	131,636	-
Unassigned	(184,092)	-	(135,610)
	<u>(184,092)</u>	<u>131,636</u>	<u>(135,610)</u>
	<u>\$ 25,782</u>	<u>\$ 143,415</u>	<u>\$ 27,058</u>

Road and Bridge #4	Road ad Bridge Maintenance	Fema Funds	ORCA Funds	Total Road and Bridge Funds
\$ -	\$ 168,683	\$ 74,089	\$ -	\$ 305,161
4	15,700	-	-	67,452
6,617	83	-	-	31,057
11,011	46,748	-	-	90,792
7,557	-	-	-	32,285
<u>\$ 25,189</u>	<u>\$ 231,214</u>	<u>\$ 74,089</u>	<u>\$ -</u>	<u>\$ 526,747</u>
\$ 18,564	\$ -	\$ -	\$ -	\$ 366,656
1,094	1,232	-	-	7,863
2,038	-	-	-	8,373
6,617	83	74,089	-	105,146
<u>28,313</u>	<u>1,315</u>	<u>74,089</u>	<u>-</u>	<u>488,038</u>
-	229,899	-	-	361,535
<u>(3,124)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,826)</u>
<u>(3,124)</u>	<u>229,899</u>	<u>-</u>	<u>-</u>	<u>38,709</u>
<u>\$ 25,189</u>	<u>\$ 231,214</u>	<u>\$ 74,089</u>	<u>\$ -</u>	<u>\$ 526,747</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ROAD AND BRIDGE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
REVENUES:			
Taxes:			
Property taxes	\$ 78,664	\$ 105,612	\$ 105,612
Auto registrations	93,600	93,600	93,600
Intergovernmental revenue and grants	34,313	7,424	47,424
Fines and fees	47,908	47,908	47,908
Investment earnings	-	78	-
Total Revenues	<u>254,485</u>	<u>254,622</u>	<u>294,544</u>
EXPENDITURES:			
Current:			
Roads	260,126	311,375	274,568
Debt Service:			
Debt principal - capital leases	53,938	-	57,158
Debt interest - capital leases	3,860	-	5,371
Capital Outlay:			
Capital outlay	-	8,500	6,000
Total Expenditures	<u>317,924</u>	<u>319,875</u>	<u>343,097</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>(63,439)</u>	<u>(65,253)</u>	<u>(48,553)</u>
OTHER FINANCING SOURCES (USES):			
Other revenue	19,536	-	-
Proceeds from capital leases			
Transfers in	74,569	74,569	74,569
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>94,105</u>	<u>74,569</u>	<u>74,569</u>
Net Change in Fund Balance	30,666	9,316	26,016
Fund Balance-Beginning	<u>(214,758)</u>	<u>122,320</u>	<u>(161,626)</u>
Fund Balance-Ending	<u>\$ (184,092)</u>	<u>\$ 131,636</u>	<u>\$ (135,610)</u>

Road and Bridge #4	Road ad Bridge Maintenance	Fema Funds	ORCA Funds	Total Road and Bridge Funds
\$ 78,664	\$ 997	\$ -	\$ -	\$ 369,549
93,600	-	-	-	374,400
7,424	-	-	3,000	99,585
47,908	397,546	-	-	589,178
1	73	-	-	152
<u>227,597</u>	<u>398,616</u>	<u>-</u>	<u>3,000</u>	<u>1,432,864</u>
244,356	34,851	-	3,000	1,128,276
42,207	-	-	-	153,303
6,028	-	-	-	15,259
-	-	-	-	-
-	-	-	-	14,500
<u>292,591</u>	<u>34,851</u>	<u>-</u>	<u>3,000</u>	<u>1,311,338</u>
(64,994)	363,765	-	-	121,526
-	-	-	-	19,536
74,569	-	-	-	298,276
-	(298,276)	-	-	(298,276)
<u>74,569</u>	<u>(298,276)</u>	<u>-</u>	<u>-</u>	<u>19,536</u>
9,575	65,489	-	-	141,062
(12,699)	164,410	-	-	(102,353)
<u>\$ (3,124)</u>	<u>\$ 229,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,709</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 1
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 79,680	\$ 79,680	\$ 78,664	\$ (1,016)
Auto registrations	110,000	110,000	93,600	(16,400)
Intergovernmental revenue and grants	7,500	7,500	34,313	26,813
Fines and fees	45,000	45,000	47,908	2,908
Investment earnings	25	25	-	(25)
Total Revenues	<u>242,205</u>	<u>242,205</u>	<u>254,485</u>	<u>12,280</u>
EXPENDITURES:				
Current:				
Roads	388,106	388,106	260,126	127,980
Debt Service:				
Debt principal-capital leases	64,000	64,000	53,938	10,062
Debt interest-capital leases	-	-	3,860	(3,860)
Capital Outlay:				
Capital outlay	5,000	5,000	-	5,000
Total Expenditures	<u>457,106</u>	<u>457,106</u>	<u>317,924</u>	<u>139,182</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(214,901)</u>	<u>(214,901)</u>	<u>(63,439)</u>	<u>151,462</u>
OTHER FINANCING SOURCES (USES):				
Other Revenue	-	-	19,536	19,536
Sale of real and personal property	100	100	-	(100)
Transfers in	125,000	125,000	74,569	(50,431)
Total Other Financing Sources (Uses)	<u>125,100</u>	<u>125,100</u>	<u>94,105</u>	<u>(30,995)</u>
Change in Fund Balance	(89,801)	(89,801)	30,666	120,467
Fund Balance-Beginning	<u>(214,758)</u>	<u>(214,758)</u>	<u>(214,758)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (304,559)</u>	<u>\$ (304,559)</u>	<u>\$ (184,092)</u>	<u>\$ 120,467</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 2
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 106,820	\$ 106,820	\$ 105,612	\$ (1,208)
Auto registrations	110,000	110,000	93,600	(16,400)
Intergovernmental revenue and grants	7,500	7,500	7,424	(76)
Fines and fees	45,000	45,000	47,908	2,908
Investment earnings	100	100	78	(22)
Total Revenues	<u>269,420</u>	<u>269,420</u>	<u>254,622</u>	<u>(14,798)</u>
EXPENDITURES:				
Current:				
Roads	470,318	470,318	311,375	158,943
Debt Service:				
Debt principal-capital leases	10,000	10,000	-	10,000
Capital Outlay:				
Capital outlay	40,000	40,000	8,500	31,500
Total Expenditures	<u>520,318</u>	<u>520,318</u>	<u>319,875</u>	<u>200,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(250,898)</u>	<u>(250,898)</u>	<u>(65,253)</u>	<u>185,645</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	100	100	-	(100)
Transfers in	125,000	125,000	74,569	(50,431)
Transfers out (use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>125,100</u>	<u>125,100</u>	<u>74,569</u>	<u>(50,531)</u>
Change in Fund Balance	(125,798)	(125,798)	9,316	135,114
Fund Balance-Beginning	<u>122,320</u>	<u>122,320</u>	<u>122,320</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (3,478)</u>	<u>\$ (3,478)</u>	<u>\$ 131,636</u>	<u>\$ 135,114</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 3
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 106,820	\$ 106,820	\$ 105,612	\$ (1,208)
Auto registrations	110,000	110,000	93,600	(16,400)
Intergovernmental revenue and grants	7,500	7,500	47,424	39,924
Fines and fees	45,000	45,000	47,908	2,908
Investment earnings	100	100	-	(100)
Total Revenues	<u>269,420</u>	<u>269,420</u>	<u>294,544</u>	<u>25,124</u>
EXPENDITURES:				
Current:				
Roads	346,720	346,720	274,568	72,152
Debt Service:				
Debt principal-capital leases	62,524	62,524	57,158	5,366
Debt interest-capital leases	-	-	5,371	(5,371)
Capital Outlay:				
Capital outlay	-	-	6,000	(6,000)
Total Expenditures	<u>409,244</u>	<u>409,244</u>	<u>343,097</u>	<u>66,147</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(139,824)</u>	<u>(139,824)</u>	<u>(48,553)</u>	<u>91,271</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	100	100	-	(100)
Transfers in	125,000	125,000	74,569	(50,431)
Total Other Financing Sources (Uses)	<u>125,100</u>	<u>125,100</u>	<u>74,569</u>	<u>(50,531)</u>
Change in Fund Balance	(14,724)	(14,724)	26,016	40,740
Fund Balance-Beginning	<u>(161,626)</u>	<u>(161,626)</u>	<u>(161,626)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (176,350)</u>	<u>\$ (176,350)</u>	<u>\$ (135,610)</u>	<u>\$ 40,740</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE PRECINCT 4
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 79,680	\$ 79,680	\$ 78,664	\$ (1,016)
Auto registrations	110,000	110,000	93,600	(16,400)
Intergovernmental revenue and grants	7,500	7,500	7,424	(76)
Fines and fees	45,000	45,000	47,908	2,908
Investment earnings	100	100	1	(99)
Total Revenues	<u>242,280</u>	<u>242,280</u>	<u>227,597</u>	<u>(14,683)</u>
EXPENDITURES:				
Current:				
Roads	421,778	421,778	244,356	177,422
Debt Service:				
Debt principal-capital leases	50,000	50,000	42,207	7,793
Debt interest-capital leases	-	-	6,028	(6,028)
Capital Outlay:				
Capital outlay	<u>11,000</u>	<u>11,000</u>	-	<u>11,000</u>
Total Expenditures	<u>482,778</u>	<u>482,778</u>	<u>292,591</u>	<u>190,187</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(240,498)</u>	<u>(240,498)</u>	<u>(64,994)</u>	<u>175,504</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	100	100	-	(100)
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>74,569</u>	<u>(50,431)</u>
Total Other Financing Sources (Uses)	<u>125,100</u>	<u>125,100</u>	<u>74,569</u>	<u>(50,531)</u>
Change in Fund Balance	(115,398)	(115,398)	9,575	124,973
Fund Balance-Beginning	<u>(12,699)</u>	<u>(12,699)</u>	<u>(12,699)</u>	-
Fund Balance-Ending	<u>\$ (128,097)</u>	<u>\$ (128,097)</u>	<u>\$ (3,124)</u>	<u>\$ 124,973</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 1,000	\$ 1,000	\$ 997	\$ (3)
Fines and fees	500,000	500,000	397,546	(102,454)
Investment earnings	300	300	73	(227)
Total Revenues	<u>501,300</u>	<u>501,300</u>	<u>398,616</u>	<u>(102,684)</u>
EXPENDITURES:				
Current:				
Roads	80,000	80,000	34,851	45,149
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>34,851</u>	<u>45,149</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>421,300</u>	<u>421,300</u>	<u>363,765</u>	<u>(57,535)</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	100	100	-	(100)
Transfers out (use)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(298,276)</u>	<u>201,724</u>
Total Other Financing Sources (Uses)	<u>(499,900)</u>	<u>(499,900)</u>	<u>(298,276)</u>	<u>201,624</u>
Change in Fund Balance	(78,600)	(78,600)	65,489	144,089
Fund Balance-Beginning	<u>164,410</u>	<u>164,410</u>	<u>164,410</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 85,810</u>	<u>\$ 85,810</u>	<u>\$ 229,899</u>	<u>\$ 144,089</u>

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEMA FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS	Final Budget
			(See Note)	Positive
				(Negative)
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
Roads				
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance-Beginning				
Fund Balance-Ending	\$ -	\$ -	\$ -	\$ -

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ORCA FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	GAAP BASIS	Final Budget
			(See Note)	Positive
				(Negative)
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
EXPENDITURES:				
Current:				
Roads	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

**BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	BALANCE OCTOBER 1 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2011
SHERIFF'S DEPARTMENT				
Assets:				
Cash and cash equivalents	\$ 9,301	\$ 63,336	\$ 65,342	\$ 7,295
Liabilities:				
Due to others	\$ 9,301	\$ 63,336	\$ 65,342	\$ 7,295
COUNTY ATTORNEY				
Assets:				
Cash and cash equivalents	\$ 24,762	\$ 29,840	\$ 28,950	\$ 25,652
Liabilities:				
Due to others	\$ 24,762	\$ 29,840	\$ 28,950	\$ 25,652
COUNTY CASH BOND				
Assets:				
Cash and cash equivalents	\$ 23,871	\$ -	\$ 3,778	\$ 20,093
Liabilities:				
Due to others	\$ 23,871	\$ -	\$ 3,778	\$ 20,093
DISTRICT CASH BOND				
Assets:				
Cash and cash equivalents	\$ 14,376	\$ -	\$ 5,089	\$ 9,287
Liabilities:				
Due to others	\$ 14,376	\$ -	\$ 5,089	\$ 9,287
DISTRICT CLERK				
Assets:				
Cash and cash equivalents	\$ 299,475	\$ 316,095	\$ 292,976	\$ 322,594
Liabilities:				
Due to others	\$ 299,475	\$ 316,095	\$ 292,976	\$ 322,594
COUNTY CLERK				
Assets:				
Cash and cash equivalents	\$ 162,971	\$ 399,037	\$ 392,339	\$ 169,669
Liabilities:				
Due to others	\$ 162,971	\$ 399,037	\$ 392,339	\$ 169,669

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BALANCE OCTOBER 1 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2011
TAX ASSESSOR/COLLECTOR				
Assets:				
Cash and cash equivalents	\$ 351,803	\$ 22,423,654	\$ 22,365,880	\$ 409,577
Liabilities:				
Due to others	\$ 351,803	\$ 22,423,654	\$ 22,365,880	\$ 409,577
HISTORICAL COMMISSION				
Assets:				
Cash and cash equivalents	\$ 17,973	\$ 3,252	\$ 7,695	\$ 13,530
Liabilities:				
Due to others	\$ 17,973	\$ 3,252	\$ 7,695	\$ 13,530
JUSTICE OF THE PEACE #1				
Assets:				
Cash and cash equivalents	\$ 23,454	\$ 228,470	\$ 227,085	\$ 24,839
Liabilities:				
Due to others	\$ 23,454	\$ 228,470	\$ 227,085	\$ 24,839
JUSTICE OF THE PEACE #2				
Assets:				
Cash and cash equivalents	\$ 16,322	\$ 157,569	\$ 158,531	\$ 15,360
Liabilities:				
Due to others	\$ 16,322	\$ 157,569	\$ 158,531	\$ 15,360
DISTRICT ATTORNEY				
Assets:				
Cash and cash equivalents	\$ 1,030	\$ 15	\$ 14	\$ 1,031
Liabilities:				
Due to others	\$ 1,030	\$ 15	\$ 14	\$ 1,031
TREASURER'S COURT COSTS				
Assets:				
Cash and cash equivalents	\$ 230,993	\$ 397,840	\$ 388,096	\$ 240,737
Investments	18,977	182,090	165,000	36,067
Total Assets	\$ 249,970	\$ 579,930	\$ 553,096	\$ 276,804
Liabilities:				
Due to general fund	\$ 186,395	\$ 19,211	\$ -	\$ 205,606
Due to others	63,575	560,719	553,096	71,198
Total Liabilities	\$ 249,970	\$ 579,930	\$ 553,096	\$ 276,804

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

BOSQUE COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BALANCE OCTOBER 1 2010	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2011
CONSTABLE #1				
Assets:				
Cash and cash equivalents	\$ 4,909	\$ 67	\$ 1,107	\$ 3,869
Liabilities:				
Due to others	\$ 4,909	\$ 67	\$ 1,107	\$ 3,869
BOSQUE CO. AGRICULTURE				
Assets:				
Cash and cash equivalents	\$ 4,059	\$ 4,116	\$ 3,597	\$ 4,578
Liabilities:				
Due to others	\$ 4,059	\$ 4,116	\$ 3,597	\$ 4,578
TOTAL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,185,299	\$ 24,023,291	\$ 23,940,479	\$ 1,268,111
Investments	18,977	182,090	165,000	36,067
Total Assets	\$ 1,204,276	\$ 24,205,381	\$ 24,105,479	\$ 1,304,178
Liabilities:				
Due to other funds	\$ 186,395	\$ 19,211	\$ -	\$ 205,606
Due to others	1,017,881	24,186,170	24,105,479	1,098,572
Total Liabilities	\$ 1,204,276	\$ 24,205,381	\$ 24,105,479	\$ 1,304,178

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

INTERNAL CONTROL AND COMPLIANCE



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

To the Honorable Members
of the Commissioners' Court
Bosque County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bosque County, Texas, as of and for the year ended September 30, 2011, which collectively comprise the Bosque County, Texas basic financial statements and have issued our report thereon dated May 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

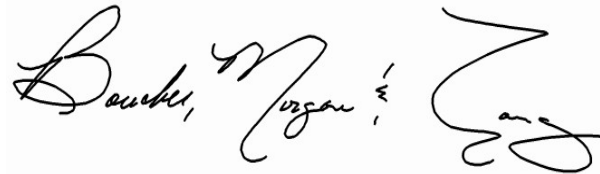
As part of obtaining reasonable assurance about whether Bosque County, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

We noted certain matters that we reported to management of Bosque County, Texas, in a separate letter dated May 4, 2012.

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

Stephenville, Texas

May 4, 2012

The image shows three handwritten signatures in black ink on a light background. From left to right, the signatures are: 'Banks', 'Morgan', and 'Lang'. Each signature is written in a cursive, flowing style.