

ANNUAL FINANCIAL REPORT
FOR
HARTLEY COUNTY, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

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Hartley County, Texas
Annual Financial Report
For the Year Ended September 30, 2009

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INTRODUCTORY SECTION

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HARTLEY COUNTY, TEXAS

Principal County Officials
September 30, 2009

Ronnie Gordon

David Vincent

Jim Hill

Carl Kuper

Butch Owens

Shane Turner

Diane Thompson

County Judge

Commissioner, Precinct 1

Commissioner, Precinct 2

Commissioner, Precinct 3

Commissioner, Precinct 4

County Attorney

District Clerk

Diane Thompson

Dinkie Parman

Franky Scott

Edwyna Womble

David Green

Ron Enns

C.J. Kuper

County Clerk

County Treasurer

County Sheriff/Tax Assessor
Collector

Justice of the Peace

District Attorney

Judge, 69th Judicial
District Court

Constable

FINANCIAL SECTION

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Independent Auditors' Report on Financial Statements

To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Hartley County, Texas
Channing, Texas 79018

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hartley County as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartley 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hartley County as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2010, on our

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

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hartley County's basic financial statements. The introductory section, combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, individual fund financial statements and supporting schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

Gaskill, Pharis & Pharis, L.L.P.
Dalhart, Texas

January 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Hartley County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2009. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2009

The County's total combined net assets were \$2,295,037 at September 30, 2009.

During the year, the County's expenses were \$324,286 less than the \$2,823,268 generated in taxes and other revenues for governmental activities.

The total cost of the County's programs decreased from last year. No new programs were added this year. Expenses in four departments decreased this year and overall expenses were slightly lower than in the prior year. The Road and Bridge department expenses decreased by 13.6% from the prior year.

The general fund reported a fund balance this year of \$472,674.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.

The governmental funds statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and

provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The *other supplementary information* section is not required but contains information needed for additional analysis only.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net assets and how they have changed. Net assets—the difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as administration, public safety, county roads, judicial public facilities and public services. Property taxes, fines and fees, and grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law.

The County Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

Governmental funds—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explain the relationship (or differences) between them.

Fiduciary funds—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net assets were \$2,295,037 at September 30, 2009.

Table A-1
County's Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 899,262	\$ 751,410
Other receivables	<u>525,048</u>	<u>445,676</u>
Total current assets	<u>1,424,310</u>	<u>1,197,086</u>
Noncurrent assets:		
Capital assets	3,489,330	3,343,733
Less accumulated depreciation	<u>(1,062,793)</u>	<u>(983,489)</u>
Total noncurrent assets	<u>2,426,537</u>	<u>2,360,244</u>
Total Assets <u>3,850,847</u>	<u>3,557,330</u>	
Current liabilities:		
Accounts payable and accrued liabilities	441,421	322,840
Capital lease payable	-0-	13,826
Bank loan	955,570	1,110,675
Due to other governments	<u>158,819</u>	<u>139,238</u>
Total current liabilities	<u>1,555,810</u>	<u>1,586,579</u>
Total Liabilities	<u>1,555,810</u>	<u>1,586,579</u>
Net Assets:		
Invested in capital assets	1,470,967	1,249,569
Unrestricted 824,070	721,182	
Restricted _____ -	<u>-</u>	
Total Net Assets	<u>\$ 2,295,037</u>	<u>\$ 1,970,751</u>

Changes in net assets. The County's total revenues were \$2,823,268. A significant portion, 61.9 percent of the County's revenue comes from taxes. 2.9 percent comes from grants, 16.7 percent relates to charges for services and the balance 18.5 percent is from vehicle registrations, investment earnings and other miscellaneous revenues.

The total cost of all programs and services was \$2,498,982, 80.6 percent of these costs are for services.

Governmental Activities

Property tax revenue increased by \$113,991 or 7.0% over the prior year as a result of the increasing tax base and an overall property tax rate decrease of .37%.

Table A-2

Changes in County's Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Program revenues:		
Charges for services	\$ 472,501	\$ 403,032
Operating Grants and Capital Grants and Contributions	84,234	86,504
General revenues:		
Property taxes	1,744,443	1,630,452
Mixed beverage tax	2,146	2,157
Motor vehicle registration	339,137	335,932
Investment earnings	12,844	36,865
Other	<u>167,963</u>	<u>90,287</u>
Total revenues	<u>2,823,268</u>	<u>2,585,229</u>

Expenses:		
Administration	485,963	492,675
Judicial	433,580	417,534
Public safety	794,483	833,635
Public facilities	151,339	162,190
Public services	118,115	100,462
Road and bridge	<u>515,502</u>	<u>596,529</u>
Total expenses	<u>2,498,982</u>	<u>2,603,025</u>
Changes in net assets	<u>\$ 324,286</u>	<u>\$ (17,796)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled \$2,690,224, an increase of 4.1% over the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget two times. Actual total revenues and total expenditures were within budgeted amounts for departments.

Resources available were \$45,303 above the final budgeted amount. Actual expenditures were below the final budgeted amounts by \$180,082. The positive variances resulted in an excess of revenues over expenditures for the year of \$256,848, which is \$225,385 more favorable than the expected surplus according to the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the County had invested \$3,489,330 in a broad range of capital assets, including land, machinery and equipment and buildings. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$145,596 or 4.4 percent over last year. The increase is primarily due to machinery and equipment purchased in the Road and Bridge fund.

Table A-3

County's Capital Assets

		Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Land	\$ 22,129	\$ 22,129	
Buildings and improvements		357,890	357,890
Machinery and equipment		1,486,486	1,340,890
Jail		<u>1,622,825</u>	<u>1,622,825</u>
Totals at historical cost		3,489,330	3,343,734
Total accumulated depreciation		<u>(1,062,793)</u>	<u>(983,489)</u>
Net capital assets		<u>\$ 2,426,537</u>	<u>\$ 2,360,245</u>

More detailed information about the County's capital assets is presented in the notes to the financial statements.

Long Term Debt

The County has no loans recorded classified as long-term. More detailed information about the County's debt is presented in the notes to the financial statements.

Table A-4

County's Long Term Debt

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Leases payable	\$ -0-	\$ 13,826
Total leases payable	<u>\$ -0-</u>	<u>\$ 13,826</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2010 budget preparation is \$543,192,159, up 7% from last year.

General operating fund expenditures increased in the 2010 budget to \$2,135,496, a 6.6% increase.

If these estimates are realized, the County's budgetary general fund balance is not expected to change appreciably by the close of 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the county's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's Treasurers Offices.

BASIC FINANCIAL STATEMENTS

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HARTLEY COUNTY, TEXAS
Statement of Net Assets
September 30, 2009

	<u>Primary Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ -0-
Investments	899,262
Receivables (net of allowances for uncollectibles of \$57,610)	525,042
Capital assets (net of accumulated depreciation):	
Land	22,129
Jail	1,490,970
Buildings and improvements	124,333
Machinery and equipment	<u>789,105</u>
Total assets	<u>3,850,841</u>
LIABILITIES:	
Overdraft	22,939
Accounts payable	372,979
Accrued liabilities	45,497
Due to other governments	158,819
Noncurrent Liabilities:	
Due within one year	955,570
Due in more than one year	<u>-0-</u>
Total liabilities	<u>1,555,804</u>
NET ASSETS:	

Invested in capital assets, net of related debt	1,470,967
Restricted	-0-
Unrestricted	<u>824,070</u>
Total net assets	<u>\$ 2,295,037</u>

The accompanying notes are an integral part of this statement.

HARTLEY COUNTY, TEXAS
Statement of Activities
Year Ended September 30, 2009

Program Revenues

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities:				
Administration	\$ 485,963	\$ 121,376	\$ 27,714	\$ -0-
Judicial	433,580	285,564	40,833	-0-
Public safety	794,483	56,334	-0-	-0-
Public facilities	151,339	-0-	-0-	-0-
Public services	118,115	-0-	-0-	-0-
Road and bridge	515,502	9,227	15,687	-0-
Total governmental activities	<u>\$ 2,498,982</u>	<u>\$ 472,501</u>	<u>\$ 84,234</u>	<u>\$ -0-</u>

General Revenues:
Property taxes
Mixed beverage taxes
Motor vehicle registration
Unrestricted investment earnings
Miscellaneous income
Total general revenues
Change in net assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expense)
Revenue and
Changes in
Net Assets
Governmental
Activities

\$ (336,873)
(107,183)
(738,149)
(151,339)
(118,115)
(490,588)
(1,942,247)

1,744,443
2,146

339,137
 12,844
167,963
2,266,533
 324,286
1,970,751
\$ 2,295,037

HARTLEY COUNTY, TEXAS
Balance Sheet - Governmental Funds
September 30, 2009

	General Fund	Road & Bridge Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS					
Assets:					
Cash and cash equivalents	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Investments 899,262	-0-	-0-	-0-	899,262	
Other receivables 770	-0-	-0-	-0-	770	
Taxes receivable - delinquent	11,459	-0-	-0-	-0-	11,459
Due from other funds	-0-	22,886	-0-	73,190	96,076
Total assets and other debits	<u>\$ 911,491</u>	<u>\$ 22,886</u>	<u>\$ -0-</u>	<u>\$ 73,190</u>	<u>\$ 1,007,567</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Overdraft \$ 22,939	\$ -0-	\$ -0-	\$ -0-	\$ 22,939	
Accounts payable 278,891	-0-	-0-	-0-	278,891	
Due to other governments	-0-	-0-	-0-	-0-	-0-
Due to other funds 95,998	-0-	-0-	-0-	95,998	
Accrued expenses 15,567	5,955	-0-	-0-	21,522	
Payroll liabilities 19,199	-0-	-0-	-0-	19,199	
Other	6,223	-0-	-0-	6,223	

Total liabilities	<u>438,817</u>	<u>5,955</u>	<u>-0-</u>	<u>-0-</u>	<u>444,772</u>
Fund Balances:					
Unreserved, reported in:					
Special revenue funds	-0-	16,931	-0-	73,190	90,121
General fund	<u>472,674</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>472,674</u>
Total fund balances	<u>472,674</u>	<u>16,931</u>	<u>-0-</u>	<u>73,190</u>	<u>562,795</u>
Total liabilities and fund balances	<u>\$ 911,491</u>	<u>\$ 22,886</u>	<u>\$ -0-</u>	<u>\$ 73,190</u>	<u>\$ 1,007,567</u>

The accompanying notes are an integral part of this statement.

HARTLEY COUNTY, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
September 30, 2009

Total fund balances - governmental funds balance sheet	\$ 562,795
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds	2,426,537
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines and fees receivable - net of allowance for uncollectible	513,589
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Court costs and other payables not in expense	(955,570)
Debt service payment not in expense	(158,175)
Collection Service Payable	(94,139)
Net assets of governmental activities - statements of net assets	<u>\$ 2,295,037</u>

The accompanying notes are an integral part of this statement.

HARTLEY COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Governmental Funds
September 30, 2009

	General Fund	Road & Bridge Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue:					
Property taxes	\$ 1,737,268	\$ -0-	\$ -0-	\$ -0-	\$ 1,737,268
Motor vehicle registration	-0-	339,137	-0-	-0-	339,137
Mixed beverage	2,146	-0-	-0-	-0-	2,146
Penalty and interest	7,174	-0-	-0-	-0-	7,174
Gross weight and axle	-0-	9,227	-0-	-0-	9,227
Licenses and fees	165,598	-0-	40,613	206,211	
Intergovernmental	68,549	-0-	-0-	84,236	
Fines and forfeitures	245,208	-0-	-0-	-0-	245,208
Investment earnings	8,826	-0-	-0-	-0-	8,826
Miscellaneous	44,180	3,085	-0-	3,626	50,891
Total revenues	<u>2,278,949</u>	<u>367,136</u>	<u>-0-</u>	<u>44,239</u>	<u>2,690,324</u>
Expenditures:					
Current:					
Administration	420,833	-0-	-0-	49,668	470,501
Judicial	434,226	-0-	-0-	-0-	434,226
Public safety	876,776	-0-	-0-	876,776	
Public facilities	134,576	-0-	-0-	-0-	134,576
Public service	118,116	-0-	-0-	-0-	118,116
Road and bridge	-0-	413,013	-0-	-0-	413,013
Capital outlay	37,574	155,768	-0-	-0-	193,342
Total expenditures	<u>2,022,101</u>	<u>568,781</u>	<u>-0-</u>	<u>49,668</u>	<u>2,640,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>256,848</u>	<u>(201,645)</u>	<u>-0-</u>	<u>(5,429)</u>	<u>49,774</u>
Other Financing Sources (Uses):					
Operating transfers in (out)	<u>(200,000)</u>	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Total other financing sources (uses)	<u>(200,000)</u>	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	56,848	(1,645)	-0-	(5,429)	49,774
Fund Balances - beginning	<u>415,826</u>	<u>18,576</u>	<u>-0-</u>	<u>78,619</u>	<u>513,021</u>
Fund Balances - ending	<u>\$ 472,674</u>	<u>\$ 16,931</u>	<u>\$ -0-</u>	<u>\$ 73,190</u>	<u>\$ 562,795</u>

The accompanying notes are an integral part of this statement.

HARTLEY COUNTY, TEXAS
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
Of Governmental Funds
To the Statement of Activities
Year Ended September 30, 2009

Net Change in fund balances - total governmental funds \$ 49,774

Amounts reported for governmental activities in the statement of activities ("SOA") are different because:

Capital outlays are not reported as expenses in the SOA	180,017
The depreciation of capital assets used in governmental activities is not reported in the funds	(193,556)
Fine and fee revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds	86,301
Increased gain on sale of equipment due to depreciation	80,477
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds	(33,832)
Debt service payments included as expenditures in governmental funds	155,105

Change in net assets of governmental activities - statement of activities \$ 324,286

The accompanying notes are an integral part of this statement.

HARTLEY COUNTY, TEXAS
Statement of Fiduciary Net Assets
September 30, 2009

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 940,033</u>
Total assets	<u>\$ 940,033</u>
Liabilities	
Amounts held for individuals and businesses	<u>\$ 940,033</u>
Total liabilities	<u>940,033</u>
Fund balance	<u>\$ 940,033</u>

See accompanying notes to the basic financial statements.

HARTLEY COUNTY, TEXAS
Notes to Financial Statements
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Description of Reporting Entity:

The accompanying financial statements of Hartley County (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Beginning with the fiscal year 2005 financial statements, the County adopted GASB Statement No. 34—Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

GASB Statement 34, as amended by Statement 37, requires that the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of:

- 1) Management’s Discussion and Analysis (MD&A) – MD&A is RSI presented before the basic financial statements, which introduces the basic financial statements and provides an analytical overview of the government’s financial activities.
- 2) Government-wide financial statements using the accrual basis of accounting.
- 3) Fund level financial statements using the modified accrual basis of accounting for governmental type funds and the accrual basis of accounting for proprietary type funds. These are similar to the reporting required prior to the adoption of GASB 34 with a few modifications.
- 4) Required Supplementary Information – RSI, other than MD&A, includes budgetary comparison schedules for the General Fund and Road and Bridge Fund.

1. Reporting Entity

The County’s accompanying financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County’s reporting entity, as set forth in GASB Statement No. 14, “The Financial Reporting Entity,” include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization’s board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on these criteria, the County has no component units.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. These statements present information for the governmental activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The County has no business-type activities. Fiduciary funds are not reported in the governmental-wide statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The County reports the following major governmental funds:

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

Road and Bridge Fund: This fund is used to provide and maintain County roads. Revenues are derived from vehicle registration fees.

Capital Project Fund: This fund accumulates funds to be used to finance capital projects.

In addition, the County reports the following fund types:

Special Revenue Funds: These funds are used to account for proceeds of specific revenue sources or financial specified activities as required by law or administrative regulations.

Fiduciary Funds: These funds account for assets held by the County in a trustee capacity as agent or custodian for individuals or businesses.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

The governments cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

Allowances for uncollectible tax receivables within the General Fund are based upon historical

experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are reported at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Infrastructural assets have not been reported retroactively by the County.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Jail	40 years
Buildings and improvements	25-40 years
Vehicles	7-10 years
Office Equipment	3-5 years
Computer Equipment	3-5 years

e. Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Compensated Absences

Regular full-time and permanent employees are entitled to vacations of up to twelve days per year. Vacation time earned, but not taken, is paid at termination, but cannot be accumulated beyond one calendar year. Sick leave is not accrued. In governmental funds, the cost of compensated absences earned is recognized when payments are made to employees. A liability of \$15,317 for accrued compensated absences at September 30, 2009 has been recorded in the Government Wide Statement of Net Assets, representing the County's commitment to fund such costs from future operations.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

g. Interfund Activity

Interfund activity results from loans, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination

upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimated.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	

C. Deposits and Investments

The County's funds are required to be deposited under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities 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.

Cash Deposits:

At September 30, 2009, the carrying amount of the County's deposits was \$(24,610) and the bank balance was \$170,742. The above cash does not include cash funds which were \$800.

The County's cash deposits at September 30, 2009 and during the year ended September 30, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments Accounting Policy:

All investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

Public Funds Investment Pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperative Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally

recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The investment pools (Texpool, and L.O.G.I.C.) As shown below are 2a7-like pools and are reported by the County at share value, which equates with fair value per share. Financial statements of the pools may be obtained by calling 1-800-839-7827.

	<u>Carrying Amount</u>	<u>Fair Value</u>
General Fund:		
State of Texas Texpool	\$ 171,923	\$ 171,923
LOGIC	<u>727,339</u>	<u>727,339</u>
	<u>\$ 899,262</u>	<u>\$ 899,262</u>

The Texpool portfolio normally consists of United States Treasury Bills and Notes, collateralized certificates of deposit, and repurchase agreements.

The LOGIC portfolio normally consists of obligations of the United States or its agencies, fully collateralized repurchase agreements, and money market funds registered with the Securities and Exchange Commission.

D. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
\$ 22,129		\$ 22,129	\$ -0-	\$ -0-
	-0-	-0-	-0-	-0-
	<u>22,129</u>	<u>-0-</u>	<u>-0-</u>	<u>22,129</u>

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

<i>Capital assets being depreciated:</i>				
1,622,825		1,622,825	-0-	-0-
	357,890	-0-	-0-	357,890
	<u>1,340,890</u>	<u>335,871</u>	<u>(190,275)</u>	<u>1,486,486</u>
	<u>3,321,605</u>	<u>335,871</u>	<u>(190,275)</u>	<u>3,467,201</u>
Less accumulated depreciation for:				
(131,855)		(91,284)	(40,571)	-0-
	(216,795)	(16,763)	-0-	(233,558)
	<u>(675,410)</u>	<u>(136,222)</u>	<u>114,252</u>	<u>(697,380)</u>
	<u>(983,489)</u>	<u>(193,556)</u>	<u>114,252</u>	<u>(1,062,793)</u>

Total capital assets being depreciated, net	<u>2,338,116</u>	<u>142,315</u>	<u>(76,023)</u>	<u>2,404,408</u>
Governmental activities capital assets, net	<u>\$ 2,360,245</u>	<u>\$ 142,315</u>	<u>\$ (76,023)</u>	<u>\$ 2,426,537</u>

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

Governmental activities:				
Administration			\$ 8,903	
Public safety			24,830	
Public facilities			16,763	
Jail				40,571
Road and Bridge			<u>102,489</u>	
Total depreciation expense-governmental activities				<u>\$ 193,556</u>

E. Interfund Balances and Activity

2. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Road and Bridge	General Fund	\$ 22,886	All cash is pooled in the General Fund.
Records Management	General Fund	3,032	
Records Preservation	General Fund	6,706	
Seized Property	General Fund	1,903	
Records Archive	General Fund	5,060	
Courthouse Security	General Fund	27,970	
Justice Court Technology	General Fund	<u>28,519</u>	
		<u>\$ 96,076</u>	

3. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2009, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Road & Bridge	\$200,000	Supplement Capital Outlay

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

1 Notes Payable

Hartley County has an outstanding note payable to First National Bank in Dalhart with a principal amount due as of September 30, 2009 of \$955,570 bearing interest at 3.75% maturing October 30, 2009. The note is secured by County taxes. The County financial statements record the debt as short-term which is in agreement with the underlying note to the bank. The County has established an Interest and Sinking Fund rate to retire the debt over an extended period of time greater than one year. The Budget for the fiscal year ending 2008-2009 does not budget for full retirement of the debt. The County's increasing tax base should allow for retirement of the debt at an accelerated date but no set date can be determined as of the date of these financial statements other than the maturity date on the actual loan.

G. Long-Term Obligations

1. Capital Lease Obligation Activity

Changes in long-term capital lease obligations for the year ended September 30, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Amounts Due Within One Year
<u>Governmental activities:</u>					
Capital lease obligation	\$ 13,826	\$ -0-	\$ 13,826	\$ -0-	\$ -0-
Total governmental activities	<u>\$ 13,826</u>	<u>\$ -0-</u>	<u>\$ 13,826</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Details of long-term capital lease:

\$13,826 borrowed from Caterpillar Financial Services to purchase a Cat generator. The lease has a zero balance as of the date of these statements.

H. Risk Management

The County's major areas of risk management are: public officials and law enforcement liability, general comprehensive liability and property damage, worker's compensation, automobile liability and employee health insurance. The County has obtained insurance with a public entity risk pool in which all risk is transferred to the pool for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous years.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

I. Retirement Plan

1. Plan Description:

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 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 County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

2. Funding Policy:

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County has elected at times in the past to contribute at a rate exceeding the actuarially calculated rate for the plan. The actuarially calculated rate was used in 2008 and 2009. The rate contributed for the months of the accounting year in 2008 was 8% and in 2009 was 8%. The current plan type for the 2009 year is variable rate.

The contribution rate payable by the employee members for fiscal year 2009 is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. No lump sum contributions have been made to TCDRS in the current or prior years.

As December 31, 2008, the most recent actuarial valuation date, the plan was 89.52 percent funded. The actuarial accrued liability for benefits was \$2,376,438, and the actuarial value of assets was \$2,127,441, resulting in an unfunded actuarial accrued liability (UAAL) of \$248,997. The covered payroll (annual payroll of active employees covered by the plan) was \$870,949, and the ratio of the UAAL to covered payroll was 28.59 percent.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

The schedule of Actuarial Valuation Information, presents multiyear trend information about whether the actuarial value plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. Annual Pension Cost:

The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.3 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 20 years.

For the County's accounting year ending September 30, 2009, the annual pension cost for the TCDRS plan for its employees was \$72,451, and the actual contributions were \$72,451.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB statement No. 27 parameters based on the actuarial valuation. The December 31, 2008 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/06	12/31/07	12/31/08
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization in years	8.4	7.9	20.0
Asset valuation method	SAF: 10-yr. Smoothed Value	SAF: 10-yr. Smoothed Value	SAF: 10-yr. Smoothed Value
Actuarial Assumptions:			
Investment return *	8.00%	8.00%	8.00%
Projected salary increases*	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

* Includes inflation at the stated rate.

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

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

Accounting Year Ending	Annual Percentage Pension Cost (APC)	Net of APC Contributed	Pension Obligation
9-30-07	66,147	100%	-
9-30-08	62,500	100%	-
9-30-09	72,451	100%	-

Schedule of Funding Progress for the Retirement Plan
for the Employees of Hartley County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll* (b-c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/06	1,838,204	1,872,700	34,496	98.16%	749,084	4.61%
12/31/07	2,057,181	2,116,720	59,539	97.19%	817,183	7.29%
12/31/08	2,127,441	2,376,438	248,997	89.52	870,949	28.59%

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

J. BUDGETS:

Significant supplemental changes in appropriations to the original adopted budget were as follows:

	<u>Original Budget</u>	<u>Revisions</u>	<u>Amended Budgeted</u>
General Fund:			
Revenue			
Intergovernmental	\$ -0-	\$ -0-	\$ -0-
Fines/JP	20,000	9,650	29,650
Fees/Tax Collector	12,000	4,249	16,249
Total	<u>\$ 32,000</u>	<u>\$ 13,899</u>	<u>\$ 45,899</u>
Expenditures			
Administration	\$ 460,114	\$ 4,249	\$ 464,363
Public Service	129,326	7,650	136,976
Public Safety	955,600	2,000	957,600
Capital Outlay	-0-	-0-	-0-
Total	<u>\$ 1,545,040</u>	<u>\$ 13,899</u>	<u>\$ 1,558,939</u>
Road and Bridge Fund			
Expenditures			
Road and bridge	\$ -0-	\$ -0-	\$ -0-
Capital Outlay	-0-	-0-	-0-
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

HARTLEY COUNTY, TEXAS
Notes to the Financial Statements
Year Ended September 30, 2009

Other Governmental Funds:			
Expenditures			
Administration	\$ -0-	\$ -0-	\$ -0-
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

General Fund
Budgetary Comparison Schedule
Year Ended September 30, 2009

	Original	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Final	Actual	
Revenue:				
Property taxes	\$ 1,724,524	\$ 1,724,524	\$ 1,737,268	\$ 12,744
Mixed beverage	1,000	1,000	2,146	1,146
Penalty and interest on delinquent taxes	20,000	20,000	7,174	(12,826)
Licenses and fees	130,400	144,299	165,598	21,299
Intergovernmental	68,509	68,509	68,549	40
Fines and forfeitures	204,000	204,000	245,208	41,208
Investment earnings	26,000	26,000	8,826	(17,174)
Miscellaneous	45,314	45,314	44,180	(1,134)
Total revenues	<u>2,219,747</u>	<u>2,233,646</u>	<u>2,278,949</u>	<u>45,303</u>
Expenditures:				
Current:				
Administration	460,114	464,363	420,833	43,530
Judicial	21,465	455,691	455,691	434,226
Public safety	955,600	957,600	876,776	80,824
Public facilities	151,553	149,553	134,576	14,977
Public service	129,326	136,976	118,116	18,860
Capital Outlay	38,000	38,000	37,574	426
Total expenditures	<u>2,190,284</u>	<u>2,202,183</u>	<u>2,022,101</u>	<u>108,082</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>29,463</u>	<u>31,463</u>	<u>256,848</u>	<u>225,385</u>
Other financing sources (uses):				
Transfers in		-0-	-0-	-0-
Transfers out	(200,000)	(200,000)	(200,000)	-0-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-0-</u>
Net change in fund balances	(170,537)	(168,537)	56,848	225,385
Fund balances - beginning	415,826	415,826	415,826	-0-
Fund balances - ending	<u>\$ 245,289</u>	<u>\$ 247,289</u>	<u>\$ 472,674</u>	<u>\$ 225,385</u>

HARTLEY COUNTY, TEXAS
Road and Bridge Fund
Budgetary Comparison Schedule
Year Ended September 30, 2009

	Original	Budgeted Amounts		Variance with
		Final	Actual	Final Budget Positive (Negative)
Revenue:				
Motor vehicle licenses	\$ 340,000	\$ 340,000	\$ 339,137	\$ (863)
Gross and axle weight fees	3,775	3,775	9,227	5,452
Intergovernmental	15,000	15,000	15,687	687
Investment earnings	7,500	7,500	391	(7,109)
Culvert sales	5,000	5,000	-0-	(5,000)
Miscellaneous	1,000	1,000	289	(711)
Sale of equipment	5,000	5,000	2,405	(2,595)
Total revenues	<u>377,275</u>	<u>377,275</u>	<u>367,136</u>	<u>(10,139)</u>
Expenditures:				
Current:				
County wide	205,800	195,800	76,076	119,724
Precinct #1		97,816	97,816	83,844
13,972				
Precinct #2		94,778	94,778	84,267
10,511				
Precinct #3		89,736	89,736	84,796
4,940				
Precinct #4		93,657	93,657	84,030
9,627				
Capital Outlay	150,000	160,000	155,768	4,232
Total expenditures	<u>731,787</u>	<u>731,787</u>	<u>568,781</u>	<u>163,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(354,512)</u>	<u>(354,512)</u>	<u>(201,645)</u>	<u>152,867</u>
Other financing sources (uses):				
Transfers in		200,000	200,000	200,000
-0-				
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-0-</u>
Net change in fund balances	(154,512)	(154,512)	(1,645)	152,867
Fund balances - beginning	18,576	18,576	18,576	-0-
Fund balances - ending	<u>\$(135,936)</u>	<u>\$(135,936)</u>	<u>\$ 16,931</u>	<u>\$ 152,867</u>

HARTLEY COUNTY, TEXAS

Notes To Required Supplementary Information

September 30, 2009

Budgetary Data

Budgets are prepared for all governmental funds and are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

The Budgetary Comparison Schedules, included in the required supplementary information, present comparisons of the original and final amended budgets for the period to actual results of operations for the General Fund and Road and Bridge Fund.

COMBINING STATEMENTS, INDIVIDUAL FUND FINANCIAL STATEMENTS
AND BUDGET COMPARISONS AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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GENERAL FUND

The General Fund accounts for all unrestricted resources except those required to be accounted for in another fund.

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HARTLEY COUNTY, TEXAS

General Fund
Comparative Balance Sheet
September 30, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash	\$ -0-	\$ 78,062
Investments	899,262	673,348
Taxes receivable - delinquent	11,459	11,459
Other receivables	770	6,929

Due from other funds	<u>-0-</u>	<u>-0-</u>
Total assets	<u>\$ 911,491</u>	<u>\$ 769,798</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Overdraft	\$ 22,939	\$ -0-
Accounts payable	278,891	205,943
Due to other governmental entities	-0-	-0-
Due to other funds	96,076	103,150
Accrued expenses	15,489	14,053
Payroll liabilities	19,199	29,926
Other	<u>6,223</u>	<u>-0-</u>
Total liabilities	<u>\$ 438,817</u>	<u>\$ 353,972</u>

FUND BALANCE:

Unreserved:		
Undesignated	<u>472,674</u>	<u>415,826</u>
Total liabilities and fund balance	<u>\$ 911,491</u>	<u>\$ 769,798</u>

General Fund
Comparative Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

<u>REVENUES:</u>	<u>Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
Taxes	\$ 1,745,524	\$ 1,746,588	\$ 1,632,610
Licenses and fees	144,299	165,598	184,784
Intergovernmental	68,509	68,549	61,912
Fines and forfeitures	204,000	245,208	201,188
Interest	26,000	8,826	25,187
Other	45,314	44,180	41,897
Total revenues	<u>2,233,646</u>	<u>2,278,949</u>	<u>2,147,578</u>
 <u>EXPENDITURES:</u>			
Current:			
Administration	464,363	420,833	412,803
Judicial	455,691	434,226	417,533
Public safety	957,600	876,776	925,488
Public facilities	149,553	134,576	146,708
Public service	136,976	118,116	100,462
Capital Outlay	38,000	37,574	38,486
Total expenditures	<u>2,202,183</u>	<u>2,022,101</u>	<u>2,041,480</u>
Excess of revenues over (under) expenditures	31,463	256,848	106,098
 <u>OTHER FINANCING SOURCES (USES):</u>			
Transfers (out)	(200,000)	(200,000)	(100,000)
Transfers in	-0-	-0-	-0-
Excess of revenues and other sources over (under) expenditures and other uses		56,848	6,098
 <u>FUND BALANCE, BEGINNING OF YEAR</u>	 <u>415,826</u>	 <u>415,826</u>	 <u>409,728</u>
 <u>FUND BALANCE, END OF YEAR</u>		 <u>\$ 472,674</u>	 <u>\$ 415,826</u>

HARTLEY COUNTY, TEXAS

General Fund

Schedule of Revenues Compared to Budget

For Year End September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

	Budget	2009 Actual	2008 Actual
<u>REVENUES FROM TAXES:</u>			
Taxes I & S	\$ 182,524	\$ 180,846	\$ 181,462
Ad valorem, current	1,550,000	1,547,956	1,430,670
Ad valorem, delinquent	10,000	14,018	16,984
Taxes, delinquent I & S	2,000	1,622	1,337
Mixed Beverage	1,000	2,146	2,157
Total revenues from taxes	<u>1,745,524</u>	<u>1,746,588</u>	<u>1,632,610</u>
<u>REVENUES FROM LICENSES AND FEES:</u>			
Fees Jury	5,000	4,284	2,559
Justice of the Peace	30,650	34,934	46,593
Court Costs	25,000	39,388	32,771
County Judge	100	86	104
County Sheriff	17,000	15,618	21,923
County Attorney	1,500	1,144	1,235
County Clerk	45,000	47,919	58,857
County Tax Collector	16,549	17,629	15,664
Law Library	2,000	2,450	2,730
District Attorney	1,500	2,146	2,348
County Treasurer	-0-	-0-	-0-
Total revenues from licenses and fees	<u>144,299</u>	<u>165,598</u>	<u>184,784</u>
<u>REVENUES FROM INTERGOVERNMENTAL:</u>			
Grant - STEP	17,075	9,998	11,640
State - L.E.O.S.E. funds	900	941	886
State - County Judge salary supplement	15,000	20,000	15,000
Grant - Indigent Defense	7,500	10,476	7,552
State supplement - A.T.T.O.	20,834	20,834	20,834
Grant election reimbursement	-0-	-0-	-0-
Professional Fees - City of Channing	7,200	6,300	6,000

Total revenues from intergovernmental	<u>68,509</u>	<u>68,549</u>	<u>61,912</u>
REVENUES FROM FINES AND FORFEITURES:			
Bonds	1,000	1,448	500
County and District Clerk	37,000	41,472	32,873
Justice of Peace	<u>166,000</u>	<u>202,288</u>	<u>167,815</u>
Total revenues from fines and forfeitures	<u>204,000</u>	<u>245,208</u>	<u>201,188</u>
REVENUES FROM OTHER SOURCES:			
Loan proceeds	5,500	-0-	-0-
Interest	26,000	8,826	25,187
Insurance credits	26,314	28,991	12,507
Penalty and interest from taxes	7,500	7,174	11,442
Penalty and interest I & S	-0-	810	1,041
Septic system inspection	4,500	3,860	3,550
Miscellaneous	1,500	3,345	13,357
Total revenues from other sources	<u>71,314</u>	<u>53,006</u>	<u>67,084</u>
Total Revenues	<u>\$ 2,233,646</u>	<u>\$ 2,278,949</u>	<u>\$ 2,147,578</u>

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

ADMINISTRATION:	Budget	2009 Actual	2008 Actual
County and District Clerk			
Salary of elected official	\$ 38,745	\$ 38,745	\$ 36,900
Salary - deputy	29,295	29,295	27,900
Compensated absences	-0-	-0-	-0-
Extra help	12,400	2,097	712
Payroll taxes	6,531	5,737	4,870
Health insurance	13,650	13,756	13,382
Retirement	7,099	6,133	5,751
Vehicle allowance	2,500	2,500	2,500
Longevity - official	2,360	2,360	2,120
Longevity - deputy	75	75	-0-
Election expense	8,500	13,708	-0-
Office expense	2,800	2,411	3,190
Telephone	150	83	125
Seminars and continuing education	3,500	2,864	815
Microfilming	4,000	3,201	1,982
Vital statistics	50	-	-
	<u>131,655</u>	<u>122,965</u>	<u>100,247</u>
County Treasurer			
Salary of elected official	38,745	38,745	36,900
Salary administrative assistant	2,930	2,936	2,790

Payroll Taxes	3,487	3,434	3,246
Health insurance	7,508	7,566	7,360
Retirement	3,790	3,769	3,559
Vehicle allowance	2,500	2,500	2,500
Longevity - official	1,410	1,410	1,230
Office expenses	1,200	899	1,138
Telephone	50	8	11
Seminars and continuing education	3,500	3,189	1,767
Computer expense and training	1,000	882	1,106
	<u>66,120</u>	<u>65,338</u>	<u>61,607</u>
County Tax Collector			
Salary of deputy - Channing	29,295	29,295	27,900
Salary of deputy - Dalhart	29,295	29,295	27,900
Extra help	6,500	6,379	4,153
Payroll taxes	5,210	5,052	4,624
Health insurance	13,650	13,270	12,924
Retirement	5,663	5,731	5,164
Longevity	3,515	3,515	3,040
Office expense	3,000	1,200	2,517
Appraisal District	58,800	58,796	63,805
Compensated absences	-	-	-
	<u>154,928</u>	<u>152,533</u>	<u>152,027</u>

(Continued)

HARTLEY COUNTY, TEXAS

General Fund

Schedule of Expenditures Compared to Budget

For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

	Budget	2009 Actual	2008 Actual
General Administration			
HAVA Grant	\$ -	\$ -	\$ -
Workers compensation insurance	14,000	10,872	11,351
Public official liability insurance	6,000	1,437	3,825
General liability insurance	6,000	3,223	4,154
Law enforcement liability	7,000	2,212	4,983
Safety program	1,000	700	712
Copy machine	5,000	7,296	6,963
Supplies	4,000	1,356	1,956
Banking fees	1,100	840	466
Newspaper and publications	500	-0-	-0-
Audit	11,500	11,755	11,157
Postage	8,000	6,454	6,388
Legal notices	1,000	1,001	995
Equipment repairs	4,000	-0-	2,641
Bond premiums	2,500	2,189	399
Association dues	3,000	3,381	1,618
Property insurance	15,000	14,014	24,783
Vehicle insurance	6,000	6,497	2,501
Election	-0-	-0-	7,740
Drug Testing	1,000	65	440
Septic inspection training	1,000	445	751
Forensic services	5,000	6,260	4,800
Health insurance retirees	9,060	-0-	299
	<u>111,660</u>	<u>79,997</u>	<u>98,922</u>
Total Administration	<u>464,363</u>	<u>420,833</u>	<u>412,803</u>

(Continued)

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures, Compared to Budget
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

<u>JUDICIAL:</u>	<u>Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
County Judge			
Salary of elected official	\$ 38,745	\$ 38,745	\$ 36,900
Salary supplement - state	15,000	15,000	15,000
Salary administration assistant	14,647	13,748	13,950
Payroll taxes	5,710	5,443	5,333
Health insurance	10,238	10,141	9,980
Retirement	6,206	6,049	5,682
Vehicle allowance.	3,000	3,000	3,000
Longevity - official	2,340	2,340	2,125
Longevity - administration assistant	305	305	-0-
Office Expense	750	2,035	546
Telephone	800	621	633
Seminars and continuing education	3,500	1,048	2,908
	<u>101,241</u>	<u>98,475</u>	<u>96,057</u>
District Judge			
Salary of office manager	8,485	8,435	8,033
Salary of extra help.	650	-0-	-0-
Salary of court reporter	8,281	8,281	7,886
Payroll taxes	1,332	1,279	1,009
Health insurance	3,000	2,802	2,623
Retirement	1,448	1,390	1,319
Office expenses	1,400	1,198	1,490
	<u>24,596</u>	<u>23,385</u>	<u>22,360</u>
Judicial			
Public Defender	47,400	47,400	47,400
County Court Reporter	1,000	2,535	117
District Court Reporter	1,000	176	-0-
Visiting Judge expense	500	413	125
Visiting Judge court reporter	1,250	2,237	421
Attorney fee	8,000	1,383	1,488
Ninth Judicial District	600	587	587
District jury	3,120	3,970	3,480
Grand jury	5,000	3,750	4,150
County jury	1,000	-0-	-0-
Law library	5,000	4,445	6,174
Other	6,000	5,183	5,168
	<u>79,870</u>	<u>72,079</u>	<u>69,110</u>

(Continued)

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
Justice of the Peace			
Salary of elected official	\$ 38,745	\$ 38,745	\$ 36,900
Salary - secretary	29,295	29,295	27,900
Extra help	6,050	6,406	1,038
Payroll taxes	5,862	5,824	5,137
Health insurance	13,650	12,837	12,519
Retirement	6,372	6,365	5,603
Vehicle allowance	1,260	1,260	1,260
Office expense	3,150	986	3,842
Telephone	800	754	767
Time payment fee	53	175	859
Longevity - official	345	345	225
Longevity - secretary	330	330	150
Seminars and continuing education	1,800	1,011	1,285
	<u>107,712</u>	<u>104,333</u>	<u>97,485</u>
District Attorney			
Salary - assistant DA	9,523	9,523	9,069
Salary of investigator	4,905	4,905	4,671
Salary (3) office positions	12,255	11,557	11,671
Payroll taxes	2,041	1,995	2,153
Health insurance	5,250	4,857	4,979
Retirement	2,219	2,168	2,105
Office expenses	<u>5,499</u>	<u>4,547</u>	<u>3,844</u>
	<u>41,692</u>	<u>39,552</u>	<u>38,492</u>
County Attorney			
Salary of elected official	38,745	38,745	36,900
Salary supplement	20,833	20,833	19,862
Secretary assistance	11,718	11,113	11,160
Payroll taxes	5,668	5,488	5,257
Health insurance	9,555	9,805	9,425
Retirement	6,161	6,147	6,067
Vehicle allowance	2,500	2,500	2,500
Longevity - official	300	300	-0-
Compensated absences	-0-	-0-	-0-
Telephone	100	45	61
Office expense	1,000	753	655
Computer expense	1,500	118	1,117
Seminars and continuing education	<u>2,500</u>	<u>555</u>	<u>1,025</u>
	<u>100,580</u>	<u>96,402</u>	<u>94,029</u>
Total Judicial	<u>455,691</u>	<u>434,226</u>	<u>417,533</u>

(Continued)

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

PUBLIC SAFETY:	Budget	2009		2008
		Actual	Actual	Actual
County Sheriff				
Salary of elected official	\$ 38,745	\$ 38,745	\$ 36,900	
Salary of chief deputy	36,645	36,645	34,900	
Salary of deputies	106,785	106,785	101,200	
Payroll taxes	16,009	15,539	14,786	
Longevity official	490	490	430	
Longevity	3,183	3,183	2,763	
Health insurance	34,125	33,369	32,540	
Retirement	17,401	16,994	16,235	
Uniform allowances	6,000	6,000	6,000	
Office expenses	5,000	2,029	1,385	
Fuel, oil	35,000	23,231	38,030	
Prisoner transport	2,500	1,458	174	
Vehicle allowance	7,000	7,000	6,600	
Repair & maintenance	4,000	6,913	4,466	
Telephone	4,200	3,273	3,230	
Tires	3,000	2,203	2,766	
Continuing education	8,000	6,700	8,683	
Professional fees, Channing	7,200	5,249	3,240	
Equipment	6,000	5,661	5,630	
Compensated absences	-0-	-0-	-0-	
Salary - STEP Grant	14,421	10,562	10,931	
Travel - STEP Grant	2,653	961	399	
K-9 expense	1,000	706	162	
	<u>359,357</u>	<u>333,696</u>	<u>331,450</u>	
Probation				
Adult probation	4,219	2,996	3,368	
Juvenile probation	31,000	30,793	30,793	
	<u>35,219</u>	<u>33,789</u>	<u>34,161</u>	
Jail Operations				
Jail Appraisal District Expense	2,000	1,872	1,882	
Jail contracts	215,000	169,200	213,944	
Prisoner medical	4,000	-0-	-0-	
Jail dispatch	45,000	53,720	46,775	
Jail interest	-0-	41,245	47,120	
Short term principal payment	182,524	141,279	135,404	
	<u>448,524</u>	<u>407,316</u>	<u>445,125</u>	

(Continued)

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

Fire Protection and Ambulance	Budget	2009		2008
		Actual	Actual	Actual
Utilities, Hartley Dept.	\$ 3,500	\$ 2,561	\$ 3,146	
Utilities, Channing Dept.	3,500	1,626	2,400	
Equipment, Dalhart Dept.	5,000	5,000	-0-	
Equipment, Hartley Dept.	6,000	6,000	5,000	
Equipment, Channing Dept.	6,000	6,000	5,000	
Ambulance service, Dalhart	10,000	9,982	21,707	

Ambulance service, Hartley	5,250	5,250	4,250
Ambulance service, Channing	5,250	5,250	4,250
Rural fires, Dalhart Dept.	50,000	40,306	48,999
Rural fires, Hartley Dept.	10,000	10,000	10,000
Rural fires, Channing Dept.	10,000	10,000	10,000
	<u>114,500</u>	<u>101,975</u>	<u>114,752</u>
Total Public Safety	<u>957,600</u>	<u>876,776</u>	<u>925,488</u>

PUBLIC FACILITIES:

Building Operation			
Salary of custodian, Precinct Building	1,680	730	1,060
Salary of maintenance, Courthouse	11,200	9,645	8,585
Longevity	-0-	-0-	-0-
Payroll taxes	985	782	721
Health insurance	-0-	-0-	-0-
Retirement	1,067	852	781
Janitorial	1,250	1,318	1,374
Pest control	480	444	444
Telephone	13,000	13,123	13,666
Utilities	20,000	15,844	19,479
Repairs and maintenance	10,000	7,918	10,533
Lawn maintenance	4,000	4,921	-
	<u>63,662</u>	<u>55,577</u>	<u>56,643</u>
Rita Blanca Lake			
Lake operations	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Library			
Library expense	<u>53,891</u>	<u>48,999</u>	<u>48,641</u>
	<u>53,891</u>	<u>48,999</u>	<u>48,641</u>
Landfill			
Landfill expense	2,000	-0-	11,424
<u>2,000</u>	<u>-0-</u>	<u>11,424</u>	
Total Public Facilities	<u>149,553</u>	<u>134,576</u>	<u>146,708</u>

(Continued)

HARTLEY COUNTY, TEXAS

General Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
<u>PUBLIC SERVICE :</u>			
Extension Service			
Extension expenses	\$ 99,202	\$ 83,732	\$ 69,341
	<u>99,202</u>	<u>83,732</u>	<u>69,341</u>
Veteran Service			
Salary of officer	7,264	5,449	6,918
Payroll taxes	556	416	529
Retirement	604	454	573
Office expense	600	-0-	-0-
	<u>9,024</u>	<u>6,319</u>	<u>8,020</u>
Other Public Service			
Indigent care	300	-0-	151
C.A.S.A.	2,500	2,500	2,000
Texas Panhandle Mental Health Authority	1,000	1,000	1,000
Dalhart Mission	1,200	1,200	1,200

Historical Commission	2,500	2,500	500
Panhandle Community Service	1,000	1,000	1,000
XIT Museum	2,400	2,400	2,400
Hartley Cemetery	600	600	600
Channing Cemetery	600	600	600
Channing Community Center	2,000	2,000	1,500
Hartley Community Center	2,000	2,000	1,500
F.C.S Council	1,000	1,000	1,000
Soil and Water Conservation / Dist.	1,200	1,200	1,200
Other	1,000	615	-0-
Dalhart Senior Citizens Center	1,500	1,500	1,500
Safe Place	1,200	1,200	1,200
Community Education	6,000	6,000	5,000
55 Plus Club	750	750	750
	<u>28,750</u>	<u>28,065</u>	<u>23,101</u>
Total Public Service	<u>136,976</u>	<u>118,116</u>	<u>100,462</u>
Capital Outlay			
Sheriff, equipment	24,000	23,604	24,000
Jail	-0-	-0-	4,994
Building	14,000	13,970	9,492
	<u>38,000</u>	<u>37,574</u>	<u>38,486</u>
Total Expenditures	<u>\$ 2,202,183</u>	<u>\$ 2,022,101</u>	<u>\$ 2,041,480</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds account for proceeds of specific revenue sources or finance specified activities as required by law or administrative regulations.

ROAD AND BRIDGE FUND

The Road and Bridge Fund was established to provide and maintain county roads. Revenues are derived from motor vehicle registration fees.

RECORDS MANAGEMENT AND RECORDS PRESERVATION FUNDS

The Records Management Fund and the Records Preservation Fund account for revenues derived from the records management and preservation fees collected by the County Clerk on all recorded documents. The revenues are to be used for specific records preservation and automation projects.

COURTHOUSE SECURITY FUND

The Courthouse Security Fund was established to provide for security measures or services for buildings housing a district or county court. Revenues are derived from the courthouse security fees collected by the District and County Clerk.

JUSTICE COURT TECHNOLOGY

The Justice Court Technology Fund was established to account for the fee collected for the purpose of technological enhancements of the justice court.

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COMBINING BALANCE SHEET

HARTLEY COUNTY, TEXAS

Special Revenue Funds
Combining Balance Sheet
September 30, 2009

With Comparative Totals for September 30, 2008

<u>ASSETS</u>	<u>Road and</u> <u>Bridge</u>	<u>Records</u> <u>Management</u>	<u>Records</u> <u>Preservation</u>
Due from other funds	\$ 22,886	\$ 3,032	\$ 6,706
Total assets	<u>\$ 22,886</u>	<u>\$ 3,032</u>	<u>\$ 6,706</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accrued interest payable	\$ -0-	\$ -0-	\$ -0-
Accrued compensated absences	5,955	-0-	-0-
Total liabilities	<u>5,955</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:			
Unreserved - undesignated	<u>16,931</u>	<u>3,032</u>	<u>6,706</u>
Total liabilities and fund balance	<u>\$ 22,886</u>	<u>\$ 3,032</u>	<u>\$ 6,706</u>

<u>Records Archives</u>	<u>Seized Property</u>	<u>Courthouse Security</u>	<u>Justice Court Technology</u>	<u>Totals</u>	
				<u>2009</u>	<u>September 30, 2008</u>
\$ 5,060	\$ 1,903	\$ 27,970	\$ 28,519	\$ 96,076	\$ 103,150
<u>\$ 5,060</u>	<u>\$ 1,903</u>	<u>\$ 27,970</u>	<u>\$ 28,519</u>	<u>\$ 96,076</u>	<u>\$ 103,150</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-	-0-	5,955	5,955
-0-	-0-	-0-	-0-	5,955	5,955
5,060	1,903	27,970	28,519	90,121	97,195
<u>\$ 5,060</u>	<u>\$ 1,903</u>	<u>\$ 27,970</u>	<u>\$ 28,519</u>	<u>\$ 96,076</u>	<u>\$ 103,150</u>

HARTLEY COUNTY, TEXAS

Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2009
With Comparative Totals for September 30, 2008

<u>REVENUES:</u>	<u>Road and Bridge</u>	<u>Records Management</u>	<u>Records Preservation</u>
Licenses and fees	\$ 339,137	\$ 6,676	\$ 2,245
Gross weight	9,227	-0-	-0-
Intergovernmental	15,687	-0-	-0-
Other	3,085	78	92
Total revenues	<u>\$ 367,136</u>	<u>\$ 6,754</u>	<u>\$ 2,337</u>
<u>EXPENDITURES:</u>			
Current:			
Administration	\$ -0-	\$ 7,425	\$ -0-
Road and bridge	413,013	-0-	-0-
Capital Outlay	155,768	-0-	-0-
Total expenditures	<u>568,781</u>	<u>7,425</u>	<u>-0-</u>
Excess of revenues over (under) expenditures	<u>(201,645)</u>	<u>(671)</u>	<u>2,337</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers in	200,000	-0-	-0-
Total other financing services	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues and other financing sources over (under) expenditures	(1,645)	(671)	2,337
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>18,576</u>	<u>3,703</u>	<u>4,369</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 16,931</u>	<u>\$ 3,032</u>	<u>\$ 6,706</u>

Records Archives	Seized Property	Courthouse Security	Justice Court Technology	Totals	
				September 30, 2009	September 30, 2008
\$ 6,493	\$ 5,091	\$ 10,006	\$ 10,102	\$ 379,750	\$ 377,514
-0-	-0-	-0-	-0-	9,227	8,569
-0-	-0-	-0-	-0-	15,687	15,483
116	219	2,509	612	6,711	27,092
<u>\$ 6,609</u>	<u>\$ 5,310</u>	<u>\$ 12,515</u>	<u>\$ 10,714</u>	<u>\$ 411,375</u>	<u>\$ 428,658</u>
\$ 7,086	\$ 13,802	\$ 10,124	\$ 1,231	\$ 49,668	\$ 59,556
-0-	-0-	-0-	-0-	413,013	474,543
-0-	-0-	-0-	-0-	155,768	92,230
<u>7,086</u>	<u>13,802</u>	<u>10,124</u>	<u>11,231</u>	<u>618,449</u>	<u>626,329</u>
<u>(477)</u>	<u>(8,492)</u>	<u>2,391</u>	<u>(517)</u>	<u>(207,074)</u>	<u>(197,671)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>	<u>100,000</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>	<u>100,000</u>
(477)	(8,492)	2,391	(517)	(7,074)	(97,671)
5,537	10,395	25,579	29,036	97,195	194,866
<u>\$ 5,060</u>	<u>\$ 1,903</u>	<u>\$ 27,970</u>	<u>\$ 28,519</u>	<u>\$ 90,121</u>	<u>\$ 97,195</u>

HARTLEY COUNTY, TEXAS
Road and Bridge Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Due from General Fund	\$ <u>22,886</u>	\$ <u>24,531</u>
Total assets	\$ <u>22,886</u>	\$ <u>24,531</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accrued interest payable	\$ -0-	\$ -0-
Accrued compensated absences	<u>5,955</u>	<u>5,955</u>
Total Liabilities	<u>\$ 5,955</u>	<u>\$ 5,955</u>

Fund Balance:

Unreserved - undesignated	<u>16,931</u>	<u>18,576</u>
Total Liabilities and Fund Balance	<u>\$ 22,886</u>	<u>\$ 24,531</u>

HARTLEY COUNTY, TEXAS

Road and Bridge - Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

		<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Licenses and fees			
Vehicle registration fees	\$ 340,000	\$ 339,137	\$ 335,932
Gross weight	3,775	9,227	8,569
Intergovernmental			
State of Texas	15,000	15,687	15,483
Other			
Interest earned	7,500	391	6,406
Culvert sales	5,000	-0-	-0-
Miscellaneous	1,000	289	20
Sale fo equipment	5,000	2,405	15,395
Total revenues	<u>377,275</u>	<u>367,136</u>	<u>381,805</u>
<u>EXPENDITURES:</u>			
Road and Bridge			
Countywide	195,800	76,076	56,795
Precinct #1	97,816	83,844	111,588
Precinct #2	94,778	84,267	108,132
Precinct #3	89,736	84,796	95,383
Precinct #4	93,657	84,030	102,645
Total Road & Bridge Expenditures	<u>571,787</u>	<u>413,013</u>	<u>474,543</u>
Capital Outlay			

Countywide	-0-	-0-	69,742
Precinct #1	-0-	-0-	-0-
Precinct #2	160,000	155,768	22,488
Precinct #3	-0-	-0-	-0-
Precinct #4	-0-	-0-	-0-
Total Capital Outlay Expenditures	160,000	155,768	92,230
Total Expenditures	731,787	568,781	566,773
<u>EXCESS OF REVENUES (UNDER) EXPENDITURES</u>	<u>(354,512)</u>	<u>(201,645)</u>	<u>(184,968)</u>
<u>OTHER FINANCING SOURCES:</u>			
Transfer in	200,000	200,000	100,000
Total other financing sources	200,000	200,000	100,000
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	<u>(154,512)</u>	<u>(1,645)</u>	<u>(84,968)</u>
FUND BALANCE, BEGINNING OF YEAR	18,576	18,576	103,544
FUND BALANCE, END OF YEAR	<u>\$(135,936)</u>	<u>\$ 16,931</u>	<u>\$ 18,576</u>

HARTLEY COUNTY, TEXAS

Road and Bridge - Special Revenue Fund Schedule of Expenditures Compared to Budget For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
<u>ROAD AND BRIDGE:</u>			
Countywide:			
Interest	\$ -0-	\$ -0-	\$ -0-
Fuel and oil	90,000	49,626	-0-
Tires	10,000	7,245	8,177
Radio tower rent	4,800	4,080	3,960
Repairs and maintenance	10,000	15,125	10,961
Culverts	3,000	-0-	-0-
Salary - road foreman	-0-	-0-	-0-
FICA	-0-	-0-	-0-
TCDRS - retirement	-0-	-0-	-0-
Phone allowance foreman	-0-	-0-	-0-
Utilities	-0-	-0-	-0-
Small equipment	-0-	-0-	-0-
Equipment lease	5,000	-0-	-0-
Road improvement	72,000	-0-	33,697
Radio maintenance	1,000	-0-	-0-
	<u>195,800</u>	<u>76,076</u>	<u>56,795</u>
Precinct #1:			
Salary of commissioner	18,950	18,950	18,950
Salary of operator	34,125	34,125	32,500
Salary of extra help	-0-	2,109	1,928
Payroll taxes	4,490	4,299	4,207
Health insurance	13,650	13,756	12,826
Retirement	4,881	4,652	4,541
Longevity - commissioner	870	870	750
Longevity - operator	3,250	-0-	760
Fuel and oil	-0-	-0-	22,927
Tires	-0-	-0-	-0-
Radio maintenance	-0-	-0-	-0-
Seminars and continuing education	2,000	74	1,683
Utilities	3,600	2,564	3,152
Repairs and maintenance	5,000	2,445	5,202
Road maintenance	6,000	-0-	-0-
Small equipment	1,000	-0-	2,162
Compensated absences	-0-	-0-	-0-

(Continued)

HARTLEY COUNTY, TEXAS

Road and Bridge - Special Revenue Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

	Budget	2009 Actual	2008 Actual
Precinct #2			
Salary of commissioner	\$ 18,950	\$ 18,950	\$ 18,950
Salary of operator	34,125	34,125	32,500
Salary of extra help	1,500	-0-	123
Payroll taxes	4,290	3,797	3,941
Health insurance	13,650	13,323	12,977
Retirement	4,663	4,436	4,283
Longevity - commissioner	-0-	-0-	-0-
Fuel and oil	-0-	-0-	28,173
Tires	-0-	-0-	-0-
Seminars and continuing education	2,000	1,079	1,579
Utilities	3,600	1,750	2,481
Repairs and maintenance	5,000	4,030	3,125
Road maintenance	6,000	2,777	-0-
Small equipment	1,000	-0-	-0-
Compensated absences	-0-	-0-	-0-
	<u>94,778</u>	<u>84,267</u>	<u>108,132</u>
Precinct #3:			
Salary of commissioner	18,950	18,950	18,950
Salary of operator	34,125	34,125	32,500
Salary of extra help	2,000	-0-	-0-
Payroll taxes	1,812	3,662	3,532
Health insurance	13,650	13,717	12,962
Retirement	1,969	4,538	4,367
Longevity - operator	1,230	1,230	1,080
Fuel and oil	-0-	-0-	16,622
Tires	-0-	-0-	-0-
Seminars and continuing education	2,500	2,549	382
Utilities	1,500	752	867
Repairs and maintenance	5,000	3,084	4,121
Road maintenance	6,000	2,189	-0-
Compensated absences	-0-	-0-	-0-
Small equipment	1,000	-0-	-0-
	<u>89,736</u>	<u>84,796</u>	<u>95,383</u>

(Continued)

HARTLEY COUNTY, TEXAS

Road and Bridge - Special Revenue Fund
Schedule of Expenditures Compared to Budget
For Year Ended September 30, 2009

With Comparative Actual Amounts for Year Ended September 30, 2008

	Budget	2009 Actual	2008 Actual
Precinct #4:			
Salary of commissioner	\$ 18,950	\$ 18,950	\$ 18,950
Salary of operator	34,125	34,125	32,500
Salary of extra help	2,000	2,000	2,000
Payroll taxes	4,354	4,277	4,109
Health insurance	13,650	13,757	13,382
Retirement	4,733	4,649	4,449
Longevity - operator	-0-	-0-	225
Fuel and oil	-0-	-0-	20,232
Tires	-0-	-0-	-0-
Seminars and continuing education	2,000	1,184	2,078
Utilities	1,500	754	865
Repairs and maintenance	5,000	3,989	3,855
Road maintenance	6,000	-0-	-0-
Compensated absences	-0-	-0-	-0-
Small equipment	1,000	-0-	-0-
Longevity - commissioner	345	345	-0-
	<u>93,657</u>	<u>84,030</u>	<u>102,645</u>
Capital Outlay:			
Countywide equipment	160,000	155,768	69,742
Precinct #1 equipment	-0-	-0-	-0-
Precinct #2 equipment	-0-	-0-	22,488
Precinct #3 equipment	-0-	-0-	-0-
Precinct #4 equipment	-0-	-0-	-0-
	<u>160,000</u>	<u>155,768</u>	<u>92,230</u>
Total Expenditures	<u>\$ 731,787</u>	<u>\$ 568,781</u>	<u>\$ 566,773</u>

HARTLEY COUNTY, TEXAS

Records Management Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
Due from General Fund	\$ <u>3,032</u>	\$ <u>3,703</u>
Total assets	\$ <u>3,032</u>	\$ <u>3,703</u>
Liabilities		
Accounts payable	\$ <u>-0-</u>	\$ <u>-0-</u>
Fund Balance:		
Unreserved - undesignated	<u>3,032</u>	<u>3,703</u>
Total Liabilities and Fund Balance	\$ <u>3,032</u>	\$ <u>3,703</u>

HARTLEY COUNTY, TEXAS

Records Management Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>2009</u>		<u>2008</u>
<u>REVENUES:</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>

Licenses and fees:			
Records management fee	\$ 6,500	\$ 6,676	\$ 7,557
Other:			
Interest	260	78	306
Total revenues	<u>6,760</u>	<u>6,754</u>	<u>7,863</u>

EXPENDITURES:

Administration:			
Records Re-Creation	1,000	-0-	-0-
Equipment	3,460	1,048	1,021
Computer expense	6,000	6,377	8,446
Total Administration	<u>10,460</u>	<u>7,425</u>	<u>9,467</u>
Capital Outlay - equipment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>10,460</u>	<u>7,425</u>	<u>9,467</u>
Excess of revenues over (under) expenditures	(3,700)	(671)	(1,604)
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>3,703</u>	<u>3,703</u>	<u>5,307</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 3</u>	<u>\$ 3,032</u>	<u>\$ 3,703</u>

HARTLEY COUNTY, TEXAS

Records Preservation Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Due from General Fund	<u>\$ 6,706</u>	<u>\$ 4,369</u>
Total assets	<u>\$ 6,706</u>	<u>\$ 4,369</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -0-	\$ -0-
Fund Balance:		
Unreserved - undesignated	<u>6,706</u>	<u>4,369</u>
Total Liabilities and Fund Balance	<u>\$ 6,706</u>	<u>\$ 4,369</u>

HARTLEY COUNTY, TEXAS

Records Preservation Special Revenue Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>	<u>Budget</u>	<u>Actual</u>
Licenses and fees		
Records preservation fee	\$ 2,300	\$ 2,245
Other		
Interest	<u>155</u>	<u>92</u>
Total Revenues	<u>2,455</u>	<u>2,337</u>

EXPENDITURES:

Administration

Supplies	3,355	-0-	-0-
Records preservation	<u>3,000</u>	<u>-0-</u>	<u>7,455</u>
Total Expenditures	<u>6,355</u>	<u>-0-</u>	<u>7,455</u>
Excess of Revenues over (under) Expenditures	(3,900)	2,337	(4,580)
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>4,369</u>	<u>4,369</u>	<u>8,949</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 469</u>	<u>\$ 6,706</u>	<u>\$ 4,369</u>

HARTLEY COUNTY, TEXAS

Seized Property Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Due from General Fund	<u>\$ 1,903</u>	<u>\$ 10,395</u>
Total assets	<u>\$ 1,903</u>	<u>\$ 10,395</u>

LIABILITIES AND FUND BALANCE

Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance:		
Unreserved - undesignated	<u>1,903</u>	<u>10,395</u>
Total Liabilities and Fund Balance	<u>\$ 1,903</u>	<u>\$ 10,395</u>

HARTLEY COUNTY, TEXAS

Seized Property Special Revenue Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

		<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Licenses and fees			
Seized property fee	\$ 5,000	\$ 5,091	\$ 4,275
Other			
Interest	390	219	878
Total Revenues	5,390	5,310	5,153
<u>EXPENDITURES:</u>			
Administration			
Supplies/equipment	<u>15,990</u>	<u>13,802</u>	<u>9,970</u>
Total Expenditures	<u>15,990</u>	<u>13,802</u>	<u>9,970</u>
Excess of Revenues over (under) Expenditures	10,600	(8,492)	(4,817)
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>10,395</u>	<u>10,395</u>	<u>15,212</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 205</u>	<u>\$ 1,903</u>	<u>\$ 10,395</u>

HARTLEY COUNTY, TEXAS
Records Archives Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

<u>ASSETS</u>	2009	2008
Due from General Fund	<u>\$ 5,060</u>	<u>\$ 5,537</u>
Total assets	<u>\$ 5,060</u>	<u>\$ 5,537</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance:		
Unreserved - undesignated	<u>5,060</u>	<u>5,537</u>
Total Liabilities and Fund Balance	<u>\$ 5,060</u>	<u>\$ 5,537</u>

HARTLEY COUNTY, TEXAS

Records Archives Special Revenue Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

		<u>2009</u>	<u>2008</u>
REVENUES:	Budget	Actual	Actual
Licenses and fees			
Records archives fee	\$ 6,500	\$ 6,493	\$ 7,362
Other			
Interest	<u>300</u>	<u>116</u>	<u>730</u>
Total Revenues	<u>6,800</u>	<u>6,609</u>	<u>8,092</u>
EXPENDITURES:			
Administration			
Supplies/equipment	3,799	2,608	8,500
Salary	3,450	3,862	2,779
Retirement	287	321	230
Payroll taxes	264	295	213
Archives	4,500	-0-	3,486
Total Expenditures	<u>12,300</u>	<u>7,086</u>	<u>15,208</u>
Excess of Revenues over (under) Expenditures	(5,500)	(477)	(7,116)
FUND BALANCE, BEGINNING OF YEAR	<u>5,537</u>	<u>5,537</u>	<u>12,653</u>
FUND BALANCE, END OF YEAR	<u>\$ 37</u>	<u>\$ 5,060</u>	<u>\$ 5,537</u>

HARTLEY COUNTY, TEXAS

Courthouse Security Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

	<u>ASSETS</u>	2009	2008
Due from General Fund		<u>\$ 27,970</u>	<u>\$ 25,579</u>
Total assets		<u>\$ 27,970</u>	<u>\$ 25,579</u>
	<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance:			
Unreserved			
Undesignated		<u>27,970</u>	<u>25,579</u>
Total Liabilities and Fund Balance		<u>\$ 27,970</u>	<u>\$ 25,579</u>

HARTLEY COUNTY, TEXAS

Courthouse Security Special Revenue Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>2009</u>	<u>2008</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>REVENUES:</u>			
Licenses and fees			
Courthouse security fees	\$ 2,000	\$ 1,917	\$ 2,161
JP security fees	8,000	8,089	8,920
Other			
Interest	869	539	1,220
Building fund	-0-	1,970	-0-
Total Revenues	<u>10,869</u>	<u>12,515</u>	<u>12,301</u>
<u>EXPENDITURES:</u>			
Administration:			
Salary	8,000	7,147	4,470
Retirement	665	656	370
Supplies/equipment	26,342	1,791	2,673
Payroll taxes	612	530	342
Capital outlay	-0-	-0-	-0-
Total Expenditures	<u>35,619</u>	<u>10,124</u>	<u>7,855</u>
Excess of Revenues over (under) Expenditures	(24,750)	2,391	4,446
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>25,579</u>	<u>25,579</u>	<u>21,133</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 829</u>	<u>\$ 27,970</u>	<u>\$ 25,579</u>

HARTLEY COUNTY, TEXAS

Justice Court Technology Special Revenue Fund
Comparative Balance Sheet
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Due from General Fund	<u>\$ 28,519</u>	<u>\$ 29,036</u>
Total assets	<u>\$ 28,519</u>	<u>\$ 29,036</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance:		
Unreserved - undesignated	<u>28,519</u>	<u>29,036</u>
Total Liabilities and Fund Balance	<u>\$ 28,519</u>	<u>\$ 29,036</u>

HARTLEY COUNTY, TEXAS

Justice Court Technology Special Revenue Fund

Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	2009		2008
	Budget	Actual	Actual
<u>REVENUES:</u>			
Licenses and fees			
Technology Fund	\$ 8,000	\$ 10,102	\$ 8,949
Other Interest	<u>898</u>	<u>612</u>	<u>1,620</u>
Total Revenues	<u>8,898</u>	<u>10,714</u>	<u>10,569</u>
<u>EXPENDITURES:</u>			
Supplies/equipment	<u>26,798</u>	<u>11,231</u>	<u>9,601</u>
Total Expenditures	<u>26,798</u>	<u>11,231</u>	<u>9,601</u>
Excess of Revenues over (under) Expenditures	(17,900)	(517)	968
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>29,036</u>	<u>29,036</u>	<u>28,068</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 11,136</u>	<u>\$ 28,519</u>	<u>\$ 29,036</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for accumulated financial resources that will be used for future construction projects.

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HARTLEY COUNTY, TEXAS

Capital Projects Fund
Comparative Balance Sheet
September 30, 2009 and 2008

	<u>ASSETS</u>	2009	2008
Due from General Fund		\$ -	\$ -
Total assets		<u>\$ -</u>	<u>\$ -</u>
	<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities			
Due to general fund		\$ -	\$ -
Fund Balance:			
Unreserved			
Designated for future construction		-	-
Total Liabilities and Fund Balance		<u>\$ -</u>	<u>\$ -</u>

HARTLEY COUNTY, TEXAS

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For Year Ended September 30, 2009
With Comparative Actual Amounts for Year Ended September 30, 2008

	<u>2009</u>	<u>2008</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>REVENUES:</u>			
Other Interest	\$ -0-	\$ -0-	\$ -0-
Total Revenues	-0-	-0-	-0-
<u>EXPENDITURES:</u>			
Capital outlay	-0-	-0-	-0-
Total Expenditures	-0-	-0-	-0-
Excess of Revenues over (under) Expenditures	-0-	-0-	-0-
<u>OTHER FINANCING SOURCES:</u>			
Operating transfers to General Fund	-0-	-0-	-0-
Loan proceeds	-0-	-0-	-0-
Total other financing sources	-0-	-0-	-0-
Excess of Revenues and other Financing Sources over (under) Expenditures	-0-	-0-	-0-
<u>FUND BALANCE, BEGINNING OF YEAR</u>	-0-	-0-	-0-
<u>FUND BALANCE, END OF YEAR</u>	\$ -0-	\$ -0-	\$ -0-

AGENCY FUNDS

Agency Funds accounts for assets received by the governmental unit or its officials in a capacity of trustee or agent for the County, other governmental entity or individual. The receipts and expenditures of such funds are governed by the terms of the statutes, ordinances, regulations or other authority.

COUNTY AND DISTRICT CLERK AGENCY FUND

The County and District Clerk Agency Fund accounts for funds being held through various court actions.

JUSTICE OF PEACE AGENCY FUND

The Justice of Peace Agency Fund accounts for bonds collected by the Justice of Peace in her official capacity.

COUNTY ATTORNEY FUND

The County Attorney Fund accounts for hot check collections to the County Attorney and related remittances.

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COMBINING BALANCE SHEET

HARTLEY COUNTY, TEXAS

Agency Funds
Combining Balance Sheet
September 30, 2009
With Comparative Totals at September 30, 2008

	<u>County and</u> <u>District Clerk</u>	<u>County</u> <u>Attorney</u>	<u>2009</u>	<u>Totals</u> <u>2008</u>
<u>ASSETS</u>				
Cash _____	\$ 914,765	\$ 25,268	\$ 940,033	\$ 912,222
Total Assets _____	\$ 914,765	\$ 25,268	\$ 940,033	\$ 912,222
<u>LIABILITIES AND FUND BALANCES</u>				
Deposit \$ 915,765 _____	\$ 25,268	\$ 940,033	\$ 912,222	
Total Liabilities _____	915,765	25,268	940,033	912,222
Beginning Fund Balance _____	-0-	-0-	-0-	-0-
Ending Fund Balance _____	\$ -0-	\$ -0-	\$ -0-	\$ -0-

COMPLIANCE SECTION

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

To the Honorable County Judge and
Commissioners Comprising the
Commissioners Court of
Hartley County, Texas

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hartley County, Texas, as of and for the year ended September 30, 2009, which collectively comprise Hartley County, Texas' basic financial statements and have issued our report thereon dated January 22, 2010. 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 Hartley County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hartley County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hartley County, Texas' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Internal controls over the County Attorney's "Hot Check", account have deteriorated to a point that this must be considered as a material weakness.

The money received into this account is to be paid out to individuals or businesses as the amounts due are collected, less a fee paid to the County Attorney for the collection. This account has not been properly reconciled for many years but any

differences were thought to be immaterial. At the end of the fiscal year end September 30, 2008 a detailed listing of amounts owed was prepared by the County Attorney's office and resulted in an unreconciled difference of \$5,851. It was anticipated that the difference would never increase but would possibly decrease as previously undocumented collections might occur. As of September 30, 2009, it was determined that accounting for this "Hot Check" account was so deficient that serious doubts were cast on the accuracy of the September 30, 2008 amounts. Management has requested additional Agreed-Upon Procedures to be applied outside the current audit in an attempt to arrive at amounts owed to individuals, businesses and the County Attorney's fee account.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hartley County, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Hartley County, Texas' financial statements that is more than inconsequential will not be prevented or detected by Hartley County, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hartley County, Texas' internal control.

Compliance and Other Matters

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

We noted certain other matters that we reported to the management of Hartley County, Texas, in a separate letter dated January 22, 2010.

This report is intended solely for the information and use of management, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Gaskill, Pharis & Pharis, L.L.P.
January 22, 2010