

JACKSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2011

Jackson County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2011

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners' Court
Jackson County, Texas

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

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

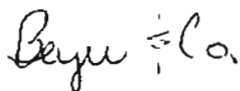
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County, Texas as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the and the respective changes in the financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund, and the Road and Bridge Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Jackson County, Texas, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the Abandoned Motor Vehicles, County Clerk Records Management, Courthouse Security, Health, Law Library, County Records Management, Historical Commission, Child Welfare, Juvenile Probation Discretion, Court Reporter Services, Community Development Grant, District Attorney, Sheriff Forfeiture, District Attorney Forfeiture, Justice Court Technology, Commissary Telephone, Law Enforcement Officers Education, Memorial Library Fund, Juvenile Probation Fund, Election Administration, District Clerk Records Management, Child Abuse Prevention, and Mauritz Camp fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2012, on our consideration of Jackson County, Texas'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the Public Employees Retirement System, on pages 3 through 12, and 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Texas' financial statements as a whole. The combining and individual non-major fund financial statements and the non-major budgetary comparison information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements, the non-major budgetary comparison information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



BEYER & COMPANY
Certified Public Accountants
Pleasanton, Texas
May 4, 2012

Management's Discussion and Analysis

As management of Jackson County, Texas, we offer readers of Jackson County, Texas's financial statements this narrative overview and analysis of the financial activities of Jackson County, Texas for the fiscal year ended September 30, 2011.

Financial Highlights

- . The assets of Jackson County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$16,670,054 (net assets). Of this amount, \$7,367,860 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net assets increased by \$1,174,099. This increase is attributable to an increase in operating grants, capital grants, and sales taxes of \$213,700, \$823,235, and \$175,584, respectively.
- . As of the close of the current fiscal year, Jackson County, Texas's governmental funds reported combined ending fund balances of \$7,697,444, an increase of \$179,156 in comparison with the prior year. Approximately 86% of this total amount, \$6,595,797 is available for spending at the government's discretion (unassigned fund balance).
- . At the end of the current fiscal year, the unassigned fund balance for the general fund was \$6,635,355, or 107 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$348,562, or 16 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Jackson County, Texas's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of Jackson County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Jackson County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Jackson County, Texas include an airport fund, and a commissary fund.

The government-wide financial statements include only Jackson County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jackson County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

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

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

Jackson County, Texas maintains twenty nine (29) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the road and bridge funds, all of which are considered to be major funds. Data from the other twenty seven (27) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Jackson County, Texas adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund, and all the other special revenue funds for which budgets were adopted.

The basic governmental fund financial statements can be found on pages 15-22 of this report. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Jackson County, Texas also has four agency funds and one trust fund presented in this report. Such funds are not included in the county wide statement but are shown separately on pages 27-28.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Jackson County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 53 of this report.

The combining statements referred to earlier in connection with the general fund, the major road and bridge funds, the non-major governmental funds, and the non-major proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 54-69 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 70-92 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Jackson County, Texas, assets exceeded liabilities by \$16,670,054 at the close of the most recent fiscal year.

A large portion of Jackson County, Texas's net assets (50 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Jackson County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jackson County, Texas's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**JACKSON COUNTY, TEXAS
NET ASSETS**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|--------------|-----------------------------|-----------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and Other Assets | \$9,073,811 | \$8,744,471 | \$27,126 | \$30,990 | \$9,100,937 | \$8,775,461 |
| Capital Assets | 7,869,657 | 7,011,485 | 573,765 | 540,104 | 8,443,422 | 7,551,589 |
| Total Assets | 16,943,468 | 15,755,956 | 600,891 | 571,094 | 17,544,359 | 16,327,050 |
| Long-Term Liabilities | 555,375 | 487,645 | 0 | 2,265 | 555,375 | 489,910 |
| Other Liabilities | 310,601 | 338,397 | 8,329 | 2,788 | 318,930 | 341,185 |
| Total Liabilities | 865,976 | 826,042 | 8,329 | 5,053 | 874,305 | 831,095 |
| Net Assets | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 7,776,805 | 6,890,176 | 573,765 | 540,104 | 8,350,370 | 7,430,280 |
| Restricted | 951,824 | 1,188,904 | 0 | 0 | 951,824 | 1,188,904 |
| Unrestricted | 7,349,063 | 6,850,834 | 18,797 | 25,937 | 7,367,860 | 6,876,771 |
| Total Net Assets | \$16,077,492 | \$14,929,914 | \$592,562 | \$566,041 | \$16,670,054 | \$15,495,955 |

An additional portion of Jackson County, Texas's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,367,860) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Jackson County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Jackson County, Texas reported positive balances in net assets, both for the government as a whole, as well as for its separate governmental activities. At the end of the current fiscal year, Jackson County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Jackson County, Texas reported positive balances in all three categories of net assets for its governmental activities.

The governments net assets increased by \$1,174,099 during the current fiscal year. This increase is attributable to an increase in operating grants, capital grants, and sales taxes of \$213,700, \$823,235, and \$175,584, respectively.

There was a decrease of \$237,080 in restricted net assets reported in connection with Jackson County, Texas's government-type activities. This decrease resulted from monies being expended for various restricted projects and functions of the County.

Governmental activities:

Governmental activities increased Jackson County, Texas's net assets by \$1,147,578, thereby accounting for 98 percent of the total growth in the net assets of Jackson County, Texas. The discussion above regarding the governments 2010-2011 activities is valid for the governmental activities because the activity for the business-type activities is immaterial.

**JACKSON COUNTY, TEXAS
CHANGE IN NET ASSETS**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$1,942,613 | \$1,902,330 | \$49,662 | \$43,219 | \$1,992,275 | \$1,945,549 |
| Operating Grants and Contributions | 746,203 | 532,503 | 0 | 0 | 746,203 | 532,503 |
| Capital Grants and Contributions | 748,038 | 1,656 | 76,853 | 0 | 824,891 | 1,656 |
| General Revenues | | | | | | |
| Maintenance and Operations Taxes | 5,404,641 | 5,404,633 | | | 5,404,641 | 5,404,633 |
| Sales Tax | 739,588 | 564,004 | | | 739,588 | 564,004 |
| Other Taxes | 20,428 | 22,597 | | | 20,428 | 22,597 |
| Unrestricted Investment Earnings | 87,818 | 77,538 | 58 | 240 | 87,876 | 77,778 |
| Miscellaneous | 266,598 | 138,540 | | | 266,598 | 138,540 |
| Total Revenue | 9,955,927 | 8,643,801 | 126,573 | 43,459 | 10,082,500 | 8,687,260 |
| Expenses: | | | | | | |
| General Administration | 1,144,871 | 1,052,309 | 0 | 0 | 1,144,871 | 1,052,309 |
| Judicial | 915,575 | 993,420 | | | 915,575 | 993,420 |
| Legal | 23,559 | 34,378 | | | 23,559 | 34,378 |
| Financial Administration | 661,919 | 649,159 | | | 661,919 | 649,159 |
| Public Facilities | 515,890 | 523,271 | | | 515,890 | 523,271 |
| Public Safety | 2,821,758 | 2,786,606 | 8,589 | 13,128 | 2,830,347 | 2,799,734 |
| Public Transportation | 1,966,579 | 2,066,933 | | | 1,966,579 | 2,066,933 |
| Environmental Protections | 248,994 | 254,048 | | | 248,994 | 254,048 |
| Culture and Recreation | 180,944 | 201,832 | 91,463 | 114,870 | 272,407 | 316,702 |
| Health and Welfare | 239,479 | 293,689 | | | 239,479 | 293,689 |
| Conservation - Agriculture | 83,039 | 110,091 | | | 83,039 | 110,091 |
| Interest and Fiscal Charges | 5,742 | 6,420 | | | 5,742 | 6,420 |
| Total Expenses | 8,808,349 | 8,972,156 | 100,052 | 127,998 | 8,908,401 | 9,100,154 |
| Increase in Net Assets Before Transfers and Special Items | 1,147,578 | (328,355) | 26,521 | (84,539) | 1,174,099 | (412,894) |
| Transfers | | 10,000 | | (10,000) | 0 | 0 |
| Increase in Net Assets | 1,147,578 | (318,355) | 26,521 | (94,539) | 1,174,099 | (412,894) |
| Net Assets at 9/30/2010 - Restated | 14,929,914 | 15,248,269 | 566,041 | 660,580 | 15,495,955 | 15,908,849 |
| Net Assets at 9/30/2011 | \$16,077,492 | \$14,929,914 | \$592,562 | \$566,041 | \$16,670,054 | \$15,495,955 |

| Functions/Programs | Expenses | Program Revenues | | |
|------------------------------------|--------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Government Activities: | | | | |
| General Administration | \$1,144,871 | \$358,812 | \$27,645 | \$0 |
| Judicial | 23,559 | 8,985 | | |
| Legal | 915,575 | 559,222 | 52,350 | |
| Financial Administration | 661,919 | 173,875 | | |
| Public Facilities | 515,890 | | | 748,038 |
| Public Safety | 2,821,758 | 91,511 | 454,715 | |
| Public Transportation | 1,966,579 | 551,341 | 53,140 | |
| Environmental Protections | 248,994 | 149,937 | 53,027 | |
| Culture and Recreation | 180,944 | 3,581 | 69,989 | |
| Health and Welfare | 239,479 | 45,349 | 35,337 | |
| Conservation - Agriculture | 83,039 | | | |
| Interest and Fiscal Charges | 5,742 | | | |
| Total Government Activities | \$8,808,349 | \$1,942,613 | \$746,203 | \$748,038 |

Revenues by Source - Governmental Activities

| | <u>REVENUES</u> | <u>%</u> |
|------------------------------------|--------------------|----------------|
| Charges for Services | \$1,942,613 | 19.51% |
| Operating Grants and Contributions | 746,203 | 7.50% |
| Capital Grants and Contributions | 748,038 | 7.51% |
| Maintenance and Operations Taxes | 5,404,641 | 54.29% |
| Sales Tax | 739,588 | 7.43% |
| Other Taxes | 20,428 | 0.21% |
| Unrestricted Investment Earnings | 87,818 | 0.88% |
| Miscellaneous | 266,598 | 2.68% |
| | \$9,955,927 | 100.00% |

Business-Type Activities:

Business-type activities (commissary and airport fund) in Jackson County represented 2 percent of the total growth in the net assets of Jackson County, Texas. A discussion regarding these is below.

Expenses and Program Revenues - Business Activities

| Functions/Programs | Expenses | Program Revenues | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government Business-Type Activities: | | | | |
| Jail Commissary | \$8,589 | \$6,627 | | |
| Airport | 91,463 | 43,035 | | 76,853 |
| Total Business-Type Activities: | \$100,052 | \$49,662 | \$0 | \$76,853 |

Revenues by Source - Business-Type Activities

| | REVENUES | % |
|----------------------------------|-------------|----------------|
| Unrestricted Investment Earnings | \$58 | 100.00% |
| | \$58 | 100.00% |

Business-type activities:

Business-type activities decreased the County's net assets by \$26,521.

- . Demand for services for business-type activities remained approximately the same.
- . There were no transfers.
- . Total grant proceeds increased by \$76,853.
- . Total expenses decreased by \$27,946.

Financial Analysis of the Government's Funds

As noted earlier, Jackson County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

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

As of the end of the current fiscal year, Jackson County, Texas's governmental funds reported combined ending fund balances of \$7,697,444, an increase of \$179,156 in comparison with the prior year. Approximately 86 percent of this total amount (\$6,595,797) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is as follows::

| | |
|------------------------|--------------------|
| Non-Spendable | |
| Prepaid Items | \$15,140 |
| Restricted | |
| General Administration | 132,515 |
| Health and Welfare | 14,887 |
| Judicial | 99,160 |
| Legal | 19,104 |
| Permanent Improvement | 177,424 |
| Public Safety | 173,777 |
| Public Transportation | 334,957 |
| Committed | |
| Culture and Recreation | 38,956 |
| Health | 12,192 |
| Health and Welfare | 83,535 |
| Total Fund Balance | <u>\$1,101,647</u> |

The general fund is the chief operating fund of Jackson County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,635,355, while total fund balance reached \$6,812,779. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107 percent of total general fund expenditures, while total fund balance represents 110 percent of that same amount.

The fund balance of Jackson County, Texas's general fund increased by \$295,601 during the current fiscal year. Key factors in this increase are as follows: This increase is a result of an increase in sales taxes, intergovernmental, and charges for services of \$175,584, \$98,795, and \$70,614, respectively.

The road and bridge fund had a fund balance of \$348,562. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance represents 16 percent of that same amount. The fund balance of the road and bridge fund decreased by \$58,324 during the current year. Key factors in this decrease are as follows: Increase in transportation expenditures.

Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$357,304. This increase was applied ratably except for the sheriff department which increased by \$221,445. The difference between the original budget and the final amended budget for the road and bridge fund was an increase of \$20,657. This increase is immaterial. The total general fund expenditures of \$6,186,635 were less than the budgeted expenditures of \$6,964,764 by \$778,129. The total road and bridge expenditures of \$2,193,818 were less than the budgeted expenditures of \$2,455,029 by \$261,211.

Capital assets:

Jackson County, Texas's investment in capital assets for its governmental activities and business-type activities as of September 30, 2011, amounts to \$8,443,422 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total increase in Jackson County, Texas's investment in capital assets for the current fiscal year was 11.81 percent (12.24 percent increase for governmental activities and 6.23 percent increase for business-type activities). The County had a sewer system improvement project (\$764,268) and an airport improvement project (\$87,546) during the year and at September 30, 2011.

JACKSON COUNTY, TEXAS
CAPITAL ASSETS (Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|----------------------------|--------------------|-----------------------------|------------------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$429,877 | \$429,877 | \$70,254 | \$70,254 | \$500,131 | \$500,131 |
| Building and Improvements | 2,556,548 | 2,716,628 | 148,374 | 165,916 | 2,704,922 | 2,882,544 |
| Machinery and Equipment | 2,167,152 | 1,969,290 | 59,322 | 63,623 | 2,226,474 | 2,032,913 |
| Infrastructure | 1,941,812 | 1,895,690 | 208,269 | 240,311 | 2,150,081 | 2,136,001 |
| Construction in Progress | 774,268 | 0 | 87,546 | 0 | 861,814 | 0 |
| Total | \$7,869,657 | \$7,011,485 | \$573,765 | \$540,104 | \$8,443,422 | \$7,551,589 |

Additional information on Jackson County, Texas's capital assets can be found in note IV C on page 42 and 43 of this report.

Long-term debt:

At the end of the current fiscal year, Jackson County, Texas had no bonded debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show 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 business office, at Jackson County, Texas, 115 W. Main, Room 209B, Edna, Texas 77957.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$7,709,046 | \$17,774 | \$7,726,820 |
| Receivables (net of allowance for uncollectibles) | 1,290,795 | 7,893 | 1,298,688 |
| Prepaid Expenses | 73,970 | 1,459 | 75,429 |
| Capital assets not being depreciated: | | | |
| Land | 429,877 | 70,254 | 500,131 |
| Construction in Progress | 774,268 | 87,546 | 861,814 |
| Total Capital assets being depreciated, net | | | |
| Building and Improvements | 2,556,548 | 148,374 | 2,704,922 |
| Machinery and Equipment | 2,167,152 | 59,322 | 2,226,474 |
| Infrastructure | 1,941,812 | 208,269 | 2,150,081 |
| Total Assets | \$16,943,468 | \$600,891 | \$17,544,359 |
| LIABILITIES: | | | |
| Accounts Payable | \$183,775 | \$8,329 | \$192,104 |
| Bank Overdraft | | | 0 |
| Due to Others | 23,643 | | 23,643 |
| Accrued Wages Payables | 103,183 | | 103,183 |
| Noncurrent Liabilities: | | | |
| Due within one year | 162,191 | | 162,191 |
| Due in more than one year | 393,184 | | 393,184 |
| Total Liabilities | 865,976 | 8,329 | 874,305 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 7,776,605 | 573,765 | 8,350,370 |
| Restricted | 951,824 | | 951,824 |
| Unrestricted | 7,349,063 | 18,797 | 7,367,860 |
| Total Net Assets | \$16,077,492 | \$592,562 | \$16,670,054 |

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | Net (Expense) Revenue and Changes in Net Assets | |
|---|--------------------|----------------------|------------------------------------|---|-------------------------|---|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | | Business-Type Activities |
| Primary government | | | | | | | |
| Government Activities: | | | | | | | |
| General Administration | \$1,144,871 | \$358,812 | \$27,645 | \$0 | (\$758,414) | | (\$758,414) |
| Legal | 23,559 | 8,985 | | | (14,574) | | (14,574) |
| Judicial | 915,575 | 559,222 | 52,350 | | (304,003) | | (304,003) |
| Financial Administration | 661,919 | 173,875 | | | (488,044) | | (488,044) |
| Public Facilities | 515,890 | | | 748,038 | 232,148 | | 232,148 |
| Public Safety | 2,821,758 | 91,511 | 454,715 | | (2,275,532) | | (2,275,532) |
| Public Transportation | 1,966,579 | 551,341 | 53,140 | | (1,362,098) | | (1,362,098) |
| Environmental Protection | 248,994 | 149,937 | 53,027 | | (46,030) | | (46,030) |
| Culture and Recreation | 180,944 | 3,581 | 69,989 | | (107,374) | | (107,374) |
| Health and Welfare | 239,479 | 45,349 | 35,337 | | (158,793) | | (158,793) |
| Conservation - Agriculture | 83,039 | | | | (83,039) | | (83,039) |
| Interest and Fiscal Charges | 5,742 | | | | (5,742) | | (5,742) |
| Total Government Activities | 8,808,349 | 1,942,613 | 746,203 | 748,038 | (5,371,495) | 0 | (5,371,495) |
| Business-Type Activities: | | | | | | | |
| Jail Commissary | 8,589 | 6,627 | 0 | 0 | | (1,962) | (1,962) |
| Airport | 91,463 | 43,035 | | 76,853 | | 28,425 | 28,425 |
| Total Business-Type Activities: | 100,052 | 49,662 | 0 | 76,853 | 0 | 26,463 | 26,463 |
| Total Primary Government | \$8,908,401 | \$1,992,275 | \$746,203 | \$824,891 | (5,371,495) | 26,463 | (5,345,032) |
| General Revenues | | | | | | | |
| Property Taxes, Levies for General Purposes | | | | | 5,404,641 | | 5,404,641 |
| Sales Taxes | | | | | 739,588 | | 739,588 |
| Other Taxes | | | | | 20,428 | | 20,428 |
| Unrestricted Investment Earnings | | | | | 87,818 | 58 | 87,876 |
| Miscellaneous | | | | | 266,598 | | 266,598 |
| Total General Revenues | | | | | 6,519,073 | 58 | 6,519,131 |
| Change in Net Assets | | | | | 1,147,578 | 26,521 | 1,174,099 |
| Net Assets - Beginning - Restated | | | | | 14,929,914 | 566,041 | 15,495,955 |
| Net Assets - Ending | | | | | \$16,077,492 | \$592,562 | \$16,670,054 |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

JACKSON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

| | General Fund | Road and Bridge | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$6,714,344 | \$389,592 | \$605,110 | \$7,709,046 |
| Receivables (net of allowance for uncollectibles) | 618,194 | 5,568 | 10,652 | 634,414 |
| Prepaid Insurance | 55,647 | 16,788 | 1,535 | 73,970 |
| Due from Other Funds | 10,228 | 10,000 | | 20,228 |
| Total Assets | \$7,398,413 | \$421,948 | \$617,297 | \$8,437,658 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities | | | | |
| Accounts Payable | \$92,317 | \$36,832 | \$54,626 | \$183,775 |
| Due to Other Funds | | 20,228 | | 20,228 |
| Due to Others | | | 23,643 | 23,643 |
| Accrued Wages Payable | 83,932 | 16,326 | 2,925 | 103,183 |
| Deferred Revenues | 409,385 | | | 409,385 |
| Total Liabilities | 585,634 | 73,386 | 81,194 | 740,214 |
| Fund Balances: | | | | |
| Non-Spendable | | | | |
| Prepaid Items | | 13,605 | 1,535 | 15,140 |
| Restricted | | | | |
| General Administration | | | 132,515 | 132,515 |
| Health and Welfare | | | 14,887 | 14,887 |
| Judicial | | | 99,160 | 99,160 |
| Legal | | | 19,104 | 19,104 |
| Permanent Improvement | 177,424 | | | 177,424 |
| Public Safety | | | 173,777 | 173,777 |
| Public Transportation | | 334,957 | | 334,957 |
| Committed | | | | |
| Culture and Recreation | | | 38,956 | 38,956 |
| Health | | | 12,192 | 12,192 |
| Health and Welfare | | | 83,535 | 83,535 |
| Unassigned | 6,635,355 | | (39,558) | 6,595,797 |
| Total Fund Balance | 6,812,779 | 348,562 | 536,103 | 7,697,444 |
| Total Liabilities and Fund Balances | \$7,398,413 | \$421,948 | \$617,297 | \$8,437,658 |

The accompanying notes are an integral part of this statement.

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

| | |
|---|---------------------|
| Total Fund Balances - governmental funds balance sheet | \$7,697,444 |
| 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. | 7,869,657 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 656,381 |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles). | 409,385 |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | (555,375) |
| Net assets of governmental activities - statement of net assets | <u>\$16,077,492</u> |

The accompanying notes are an integral part of this statement.

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

| | General Fund | Road and Bridge | Other Governmental Funds | Total Governmental Funds |
|-----------------------|------------------|-----------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$5,378,332 | | | \$5,378,332 |
| Sales | 739,588 | | | 739,588 |
| Other | 20,428 | | | 20,428 |
| Intergovernmental | 525,859 | 53,140 | 877,786 | 1,456,785 |
| Licenses and Permits | | 551,341 | | 551,341 |
| Charges for Services | 619,224 | | 156,161 | 775,385 |
| Fines and Forfeitures | 501,672 | | | 501,672 |
| Interest | 77,929 | 8,119 | 1,770 | 87,818 |
| Miscellaneous | 88,917 | 107,492 | 70,189 | 266,598 |
| Total Revenues | <u>7,951,949</u> | <u>720,092</u> | <u>1,105,906</u> | <u>9,777,947</u> |

EXPENDITURES

Current:

| | | | | |
|----------------------------|---------|--|--------|---------|
| General Administration | | | | |
| Commissioner's Court | 270,403 | | | 270,403 |
| County Clerk | 296,759 | | | 296,759 |
| County Judge | 131,308 | | | 131,308 |
| Elections | 5,711 | | 116 | 5,827 |
| Non-Departmental | 354,328 | | | 354,328 |
| Records Management | | | 56,790 | 56,790 |
| Legal | | | | |
| Check Collection | | | 6,125 | 6,125 |
| Law Library | | | 17,146 | 17,146 |
| Judicial | | | | |
| Court Expense | 76,356 | | | 76,356 |
| Criminal District Attorney | 287,276 | | | 287,276 |
| District Clerk | 170,598 | | | 170,598 |
| District Court | 53,077 | | | 53,077 |
| Judicial | | | 21,998 | 21,998 |
| Jury | 22,203 | | | 22,203 |
| Justice of the Peace No. 1 | 123,256 | | | 123,256 |
| Justice of the Peace No. 2 | 139,262 | | | 139,262 |
| Financial Administration | | | | |
| County Auditor | 212,161 | | | 212,161 |
| County Treasurer | 120,946 | | | 120,946 |
| Tax Assessor-Collector | 292,388 | | | 292,388 |
| Public Facilities | | | | |
| Public Facilities | 392,724 | | | 392,724 |

(continued)

(continued)

| | | | | |
|---|--------------------|--------------------|------------------|--------------------|
| Public Safety | | | | |
| Adult Probation | 2,211 | | | 2,211 |
| Ambulance | 87,150 | | | 87,150 |
| Civil Defense | 97,338 | | | 97,338 |
| Constable No. 1 | 60,432 | | | 60,432 |
| Constable No. 2 | 60,731 | | | 60,731 |
| Corrections | 951,447 | | | 951,447 |
| Courthouse Security | | 27,250 | | 27,250 |
| D.P.S./License and Weight | 1,537 | | | 1,537 |
| D.P.S./Troopers | 10,482 | | | 10,482 |
| EMS/Jaws of Life | 24,834 | | | 24,834 |
| Fire | 44,000 | | | 44,000 |
| Flood Plain Permit | 1,625 | | | 1,625 |
| L.N.R.A. | 51,427 | | | 51,427 |
| Sheriff | 1,228,378 | 47,167 | | 1,275,545 |
| T.J.P.C. | 27,127 | 95,805 | | 122,932 |
| Public Transportation | | | | |
| Road and Bridge | | 2,131,706 | | 2,131,706 |
| Environmental Protection | | | | |
| Sanitation | 245,748 | | | 245,748 |
| Culture and Recreation | | | | |
| County Library | 188,481 | 4,498 | | 192,979 |
| Historical Commission | | 2,616 | | 2,616 |
| Mauritz Camp | | | | 0 |
| Parks | 1,433 | 10,987 | | 12,420 |
| Health and Welfare | | | | |
| Child Welfare | | 336 | | 336 |
| Gulf Bend Mental Health | 14,000 | | | 14,000 |
| Health | | 181,099 | | 181,099 |
| Senior Citizens Center | 44,000 | | | 44,000 |
| Conservation - Agriculture | | | | |
| Agriculture Extension Service | 82,005 | | | 82,005 |
| U.S. Soil Conservation | 2,000 | | | 2,000 |
| Capital Outlay | | | | |
| Capital Outlay | | 786,011 | | 786,011 |
| Debt Service | | | | |
| Principal Retirement | | 28,256 | | 28,256 |
| Interest Retirement | | 5,743 | | 5,743 |
| Total Expenditures | <u>6,175,142</u> | <u>2,165,705</u> | <u>1,257,944</u> | <u>9,598,791</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,776,807</u> | <u>(1,445,613)</u> | <u>(152,038)</u> | <u>179,156</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 577,294 | 2,169,132 | 97,711 | 2,844,137 |
| Operating Transfers Out | (2,058,500) | (781,843) | (3,794) | (2,844,137) |
| Total Other Financing Sources (Uses) | <u>(1,481,206)</u> | <u>1,387,289</u> | <u>93,917</u> | <u>0</u> |
| Net Changes in Fund Balances | 295,601 | (58,324) | (58,121) | 179,156 |
| Fund Balances - Beginning | 6,517,178 | 406,886 | 594,224 | 7,518,288 |
| Fund Balances - Ending | <u>\$6,812,779</u> | <u>\$348,562</u> | <u>\$536,103</u> | <u>\$7,697,444</u> |

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds \$179,156

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

| | |
|---|----------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 858,172 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year. | 151,671 |
| (Increase) decrease in Compensated absences from beginning of period to end of period. | (826) |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. | 26,309 |
| Increase in debt due to the implementation of GASB 45 - Other Post Employment Benefits. | (95,161) |
| Repayment of loan principal is an expenditure in the funds but not an expense in the SOA. | 28,257 |

Change in net assets of governmental activities - statement of activities \$1,147,578

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (CASH BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|----------------------------|------------------|-------------|-------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$5,385,933 | \$5,385,933 | \$5,376,908 | (\$9,025) |
| Sales | 500,000 | 500,000 | 718,322 | 218,322 |
| Other | 15,350 | 15,350 | 25,567 | 10,217 |
| Intergovernmental | 151,195 | 504,151 | 437,588 | (66,563) |
| Charges for Services | 481,200 | 481,200 | 615,878 | 134,678 |
| Fines and Forfeitures | 450,100 | 450,100 | 501,672 | 51,572 |
| Interest | 61,350 | 61,350 | 77,869 | 16,519 |
| Miscellaneous | 27,360 | 32,972 | 87,130 | 54,158 |
| Total Revenues | 7,072,488 | 7,431,056 | 7,840,934 | 409,878 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Administration | | | | |
| Commissioner's Court | 273,356 | 273,356 | 271,871 | 1,485 |
| County Clerk | 322,082 | 322,082 | 300,021 | 22,061 |
| County Judge | 140,186 | 140,186 | 131,103 | 9,083 |
| Elections | 21,906 | 21,906 | 6,231 | 15,675 |
| Non-Departmental | 500,494 | 490,819 | 355,116 | 135,703 |
| Veterans Service | 2,825 | 2,825 | 0 | 2,825 |
| Judicial | | | | |
| Court Expense | 162,200 | 162,200 | 93,379 | 68,821 |
| Criminal District Attorney | 281,925 | 282,165 | 265,260 | 16,905 |
| District Clerk | 182,399 | 182,824 | 172,693 | 10,131 |
| District Court | 59,697 | 59,697 | 49,802 | 9,895 |
| Jury | 31,250 | 31,250 | 22,537 | 8,713 |
| Justice of the Peace No. 1 | 116,946 | 123,479 | 116,744 | 6,735 |
| Justice of the Peace No. 2 | 161,376 | 154,843 | 140,788 | 14,055 |
| Financial Administration | | | | |
| County Auditor | 221,981 | 221,981 | 213,476 | 8,505 |
| County Treasurer | 124,719 | 124,719 | 122,333 | 2,386 |
| Tax Assessor-Collector | 307,060 | 307,360 | 292,813 | 14,547 |
| Public Facilities | | | | |
| Public Facilities | 573,527 | 625,814 | 406,332 | 219,482 |

(continued)

(continued)

| | | | | |
|---|----------------------|----------------------|--------------------|--------------------|
| Public Safety | | | | |
| Adult Probation | 3,100 | 3,100 | 2,211 | 889 |
| Ambulance | 103,000 | 98,000 | 83,550 | 14,450 |
| Civil Defense | 47,222 | 98,524 | 96,882 | 1,642 |
| Constable No. 1 | 63,891 | 63,891 | 61,031 | 2,860 |
| Constable No. 2 | 62,950 | 62,950 | 60,870 | 2,080 |
| Corrections | 1,020,345 | 1,024,139 | 953,668 | 70,471 |
| D.P.S./License and Weight | 3,780 | 3,780 | 1,585 | 2,195 |
| D.P.S./Troopers | 10,875 | 10,875 | 10,487 | 388 |
| EMS/Jaws of Life | 12,200 | 32,899 | 24,808 | 8,091 |
| Fire | 43,000 | 48,000 | 41,750 | 6,250 |
| Flood Plain Permit | 3,000 | 3,000 | 1,825 | 1,375 |
| L.N.R.A. | 52,310 | 52,310 | 51,967 | 343 |
| Sheriff | 1,044,360 | 1,265,805 | 1,230,456 | 35,349 |
| T.J.P.C. | 24,249 | 30,499 | 28,068 | 2,431 |
| Environmental Protection | | | | |
| Sanitation | 270,084 | 270,084 | 242,858 | 27,226 |
| Culture and Recreation | | | | |
| County Library | 192,697 | 202,934 | 189,129 | 13,805 |
| Fairgrounds | 0 | 0 | | 0 |
| Parks | 2,020 | 2,020 | 1,178 | 842 |
| Health and Welfare | | | | |
| Gulf Bend Mental Health | 14,000 | 14,000 | 14,000 | 0 |
| Senior Citizens Center | 44,000 | 44,000 | 44,000 | 0 |
| Conservation - Agriculture | | | | |
| Agriculture Extension Service | 104,448 | 104,448 | 84,013 | 20,435 |
| U.S. Soil Conservation | 2,000 | 2,000 | 2,000 | 0 |
| Total Expenditures | <u>6,607,460</u> | <u>6,964,764</u> | <u>6,186,635</u> | <u>778,129</u> |
| Excess (Deficiency) of Revenues Over (Under) | | | | |
| Expenditures | <u>465,028</u> | <u>466,292</u> | <u>1,654,299</u> | <u>1,188,007</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 573,500 | 577,294 | 577,294 | 0 |
| Operating Transfers Out | (2,067,500) | (2,070,500) | (2,058,500) | 12,000 |
| Total Other Financing Sources (Uses) | <u>(1,494,000)</u> | <u>(1,493,206)</u> | <u>(1,481,206)</u> | <u>12,000</u> |
| Net Changes in Fund Balances - Cash Basis | <u>(\$1,028,972)</u> | <u>(\$1,026,914)</u> | <u>173,093</u> | <u>\$1,200,007</u> |
| Reconciliation from cash basis to modified accrual basis: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 110,984 | |
| Changes in Prepaid Insurance | | | 2,709 | |
| Changes in Accounts Payable | | | (10,835) | |
| Changes in Accrued Wages Payable | | | 19,650 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>295,601</u> | |
| Fund Balances - Beginning | | | <u>6,517,178</u> | |
| Fund Balances - Ending | | | <u>\$6,812,779</u> | |

The notes to the financial statements are an integral part of this statement.

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

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$21,236 | \$53,140 | \$53,140 | \$0 |
| Licenses and Permits | 521,750 | 536,270 | 550,508 | 14,238 |
| Interest | 8,075 | 8,075 | 8,119 | 44 |
| Miscellaneous | 15,700 | 48,566 | 74,969 | 26,403 |
| Total Revenues | 566,761 | 646,051 | 686,736 | 40,685 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Transportation | 2,400,377 | 2,421,020 | 2,159,819 | 261,201 |
| Debt Service | | | | |
| Principal Retirement | 27,575 | 28,266 | 28,256 | 10 |
| Interest Retirement | 6,420 | 5,743 | 5,743 | 0 |
| Total Expenditures | 2,434,372 | 2,455,029 | 2,193,818 | 261,211 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,867,611) | (1,808,978) | (1,507,082) | 301,896 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Capital Assets | | | 30,000 | 30,000 |
| Operating Transfers In | 1,898,899 | 2,110,499 | 2,169,132 | 58,633 |
| Operating Transfers Out | (511,610) | (781,843) | (781,843) | 0 |
| Total Other Financing Sources (Uses) | 1,387,289 | 1,328,656 | 1,417,289 | 88,633 |
| Net Changes in Fund Balances | (\$480,322) | (\$480,322) | (89,793) | \$390,529 |
| Reconciliation from cash basis to modified accrual | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 3,356 | |
| Changes in Prepaid Insurance | | | 261 | |
| Changes in Accounts Payable | | | 20,840 | |
| Changes in Accrued Wages Payable | | | 7,012 | |
| Net Changes in Fund Balances-Modified Accrual Basis | | | (58,324) | |
| Fund Balances - Beginning | | | 406,886 | |
| Fund Balances - Ending | | | \$348,562 | |

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Airport Fund Current Year | Airport Fund Prior Year | Other Proprietary Funds Current Year | Other Proprietary Funds Prior Year | Total Proprietary Funds Current Year |
|---|------------------------------------|----------------------------------|--|--|--|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | \$16,808 | \$26,644 | \$966 | \$2,817 | \$17,774 |
| Receivables (net of allowance for uncollectibles) | 7,893 | | | | 7,893 |
| Prepaid Insurance | 1,459 | 1,529 | 0 | 0 | 1,459 |
| Total Current Assets | 26,160 | 28,173 | 966 | 2,817 | 27,126 |
| Noncurrent Assets | | | | | |
| Capital Assets | | | | | |
| Land | 70,254 | 70,254 | | | 70,254 |
| Construction in Progress | 87,546 | 0 | | | 87,546 |
| Buildings and Improvements | 345,036 | 345,036 | | | 345,036 |
| Machinery and Equipment | 79,732 | 79,042 | | | 79,732 |
| Infrastructure | 479,083 | 479,083 | | | 479,083 |
| Total Capital Assets | 1,061,651 | 973,415 | 0 | 0 | 1,061,651 |
| Less Accumulated Depreciation | (487,886) | (433,311) | | | (487,886) |
| Total Capital Assets (net of accumulated depreciation) | 573,765 | 540,104 | 0 | 0 | 573,765 |
| Total Noncurrent Assets | 573,765 | 540,104 | 0 | 0 | 573,765 |
| TOTAL ASSETS | \$599,925 | \$568,277 | \$966 | \$2,817 | \$600,891 |
| LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | | |
| Liabilities | | | | | |
| Current Liabilities(Payable from Current Assets) | | | | | |
| Accounts Payable | \$7,968 | \$298 | \$361 | \$255 | \$8,329 |
| Accrued Wages Payable | | 2,235 | | | 0 |
| Compensated Absences | | 2,265 | | | 0 |
| Total Current Liabilities | 7,968 | 4,798 | 361 | 255 | 8,329 |
| TOTAL LIABILITIES | 7,968 | 4,798 | 361 | 255 | 8,329 |
| Invested in Capital Assets, Net of Related Debt | 573,765 | 540,104 | | | 573,765 |
| Unrestricted | 18,192 | 23,375 | 605 | 2,562 | 18,797 |
| TOTAL NET ASSETS | \$591,957 | \$563,479 | \$605 | \$2,562 | \$592,562 |

The notes to the financial statements are an integral part of this statement

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Airport Fund Current Year | Airport Fund Prior Year | Other Proprietary Funds Current Year | Other Proprietary Funds Prior Year | Total Proprietary Funds Current Year |
|--|------------------------------------|----------------------------------|--|--|--|
| OPERATING REVENUES: | | | | | |
| Charges for Services | \$43,035 | \$35,031 | \$6,627 | \$8,188 | \$49,662 |
| TOTAL OPERATING REVENUES | 43,035 | 35,031 | 6,627 | 8,188 | 49,662 |
| OPERATING EXPENSES | | | | | |
| Personal Services | 0 | 35,441 | | | 0 |
| Supplies | 25,249 | 15,072 | 6,675 | 6,608 | 31,924 |
| Other Services and Charges | 11,639 | 9,793 | 1,914 | 4,520 | 13,553 |
| Depreciation | 54,575 | 54,564 | | | 54,575 |
| TOTAL OPERATING EXPENSES | 91,463 | 114,870 | 8,589 | 13,128 | 100,052 |
| OPERATING INCOME (LOSS) | (48,428) | (79,839) | (1,962) | (4,940) | (50,390) |
| NON-OPERATING REVENUES (EXPENSES): | | | | | |
| Interest Income | 53 | 207 | 5 | 33 | 58 |
| State Grant | 76,853 | 0 | | | 76,853 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 76,906 | 207 | 5 | 33 | 76,911 |
| Income Before Transfers | 28,478 | (79,632) | (1,957) | (4,907) | 26,521 |
| Transfers In | 0 | (10,000) | 0 | 0 | 0 |
| Change in Net Assets | 28,478 | (89,632) | (1,957) | (4,907) | 26,521 |
| Total Net Assets - Beginning | 563,479 | 653,111 | 2,562 | 7,469 | 566,041 |
| Total Net Assets - Ending | \$591,957 | \$563,479 | \$605 | \$2,562 | \$592,562 |

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Airport Fund Current Year | Airport Fund Prior Year | Other Proprietary Funds Current Year | Other Proprietary Funds Prior Year | Total Proprietary Funds Current Year |
|---|------------------------------------|----------------------------------|--|--|--|
| Cash flows from Operating Activities | | | | | |
| Receipts from Customers and Users | \$35,142 | \$35,031 | \$6,627 | \$8,188 | \$41,769 |
| Payments to Suppliers | (29,148) | (30,430) | (8,483) | (13,853) | (37,631) |
| Payments to Employees | (4,500) | (33,619) | 0 | 0 | (4,500) |
| Net Cash Provided(Used) By Operating Activities: | 1,494 | (29,018) | (1,856) | (5,665) | (362) |
| Cash Flows from Non-Capital and Related Financing Activities | | | | | |
| Transfers In | 0 | (10,000) | 0 | 0 | 0 |
| Net Cash Provided(Used) By Non-Capital and Related Financing Activities | 0 | (10,000) | 0 | 0 | 0 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| State Grant | 76,853 | 0 | 0 | 0 | 76,853 |
| Net Cash Provided(Used) By Capital and Related Financing Activities | 76,853 | 0 | 0 | 0 | 76,853 |
| Cash Flows from Capital and Related Financing Activities Purchases of Capital Assets | (88,236) | 0 | 0 | 0 | (88,236) |
| Net Cash Provided (Used) By Capital and Related Financing Activities | (88,236) | 0 | 0 | 0 | (88,236) |
| Cash Flows from Investing Activities | | | | | |
| Interest Received | 53 | 207 | 5 | 33 | 58 |
| Net Cash Provided(Used) By Investing Activities | 53 | 207 | 5 | 33 | 58 |
| Net Increase (Decrease) in Cash Equivalents | (9,836) | (38,811) | (1,851) | (5,632) | (11,687) |
| Cash and Cash Equivalents at Beginning of Year | 26,644 | 65,455 | 2,817 | 8,449 | 29,461 |
| Cash and Cash Equivalents at End of Year | \$16,808 | \$26,644 | \$966 | \$2,817 | \$17,774 |

(continued)

(continued)

Reconciliation of Operating Income to Net Cash

Provided(Used) By Operating Activities

| | | | | | |
|-------------------------|------------|------------|-----------|-----------|------------|
| Operating Income (Loss) | (\$48,428) | (\$79,839) | (\$1,962) | (\$4,940) | (\$50,390) |
|-------------------------|------------|------------|-----------|-----------|------------|

Adjustments to Reconcile to Net Cash Flow

Non-Cash Items Included in Net Income

| | | | | | |
|--------------|--------|--------|---|---|--------|
| Depreciation | 54,575 | 54,564 | 0 | 0 | 54,575 |
|--------------|--------|--------|---|---|--------|

Changes in Current Items

| | | | | | |
|---|---------|---|---|---|---------|
| Decrease(Increase) in Accounts Receivable | (7,893) | 0 | 0 | 0 | (7,893) |
|---|---------|---|---|---|---------|

| | | | | | |
|---|----|----|---|---|----|
| Decrease(Increase) in Prepaid Insurance | 70 | 53 | 0 | 0 | 70 |
|---|----|----|---|---|----|

| | | | | | |
|--|-------|---------|-----|-------|-------|
| Increase(Decrease) in Accounts Payable | 7,670 | (5,618) | 106 | (725) | 7,776 |
|--|-------|---------|-----|-------|-------|

| | | | | | |
|---|---------|-------|---|---|---------|
| Increase(Decrease) in Accrued Wages Payable | (2,235) | 1,611 | 0 | 0 | (2,235) |
|---|---------|-------|---|---|---------|

| | | | | | |
|--|---------|-----|---|---|---------|
| Increase(Decrease) in Compensated Absences Payable | (2,265) | 211 | 0 | 0 | (2,265) |
|--|---------|-----|---|---|---------|

Net Cash Provided(Used) by Operating

Activities

| | | | | | |
|--|----------------|-------------------|------------------|------------------|----------------|
| | <u>\$1,494</u> | <u>(\$29,018)</u> | <u>(\$1,856)</u> | <u>(\$5,665)</u> | <u>(\$362)</u> |
|--|----------------|-------------------|------------------|------------------|----------------|

Noncash Investing, Capital and Financing Activities:

Borrowing from Capital Debt

| | | | | | |
|--|------------|------------|------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|------------|------------|------------|------------|------------|

Note: The above funds are all Enterprise Funds

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Agency Funds | Trust Fund <u>Brackenridge</u> School Fund |
|---|------------------|--|
| ASSETS | | |
| Cash and Cash Equivalents | \$619,101 | \$50,000 |
| Receivables (net of allowance for uncollectibles) | 3,754 | |
| Total Assets | <u>\$622,855</u> | <u>\$50,000</u> |
| LIABILITIES | | |
| Accounts Payable | 0 | |
| Due to Others | 622,855 | 0 |
| Total Liabilities | <u>622,855</u> | <u>0</u> |
| NET ASSETS | | |
| Held in Trust-Unexpendable | 0 | 50,000 |
| Held in Trust-Educational Purposes | 0 | 0 |
| Total Net Assets | <u>\$0</u> | <u>\$50,000</u> |

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Trust Fund <u>Brackenridge School Fund</u> |
|----------------------------------|--|
| ADDITIONS | |
| Contributions: | |
| Private Donations | \$0 |
| Total Contributions | <u>0</u> |
| Investment Earnings: | |
| Interest Received | 0 |
| Total Investment Earnings | <u>0</u> |
| Less Investment Expense | <u>0</u> |
| Net Investment Earnings | <u>0</u> |
| TOTAL ADDITIONS | <u>0</u> |
| DEDUCTIONS | |
| Culture and Recreation-Libraries | 0 |
| Total Deductions | <u>0</u> |
| Change in Net Assets | 0 |
| Net Assets-Beginning | 50,000 |
| Net Assets-Ending | <u><u>\$50,000</u></u> |

The notes to the financial statements are an integral part of this statement.

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

I. Summary of Significant Accounting Policies

A. Reporting entity

Jackson County operates under a County Judge – Commissioners’ Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protections (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The road and bridge fund accounts for the activities of the government's road and bridge operations.

The airport fund accounts for airport activities.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

2. Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2011 and 10 percent of the delinquent outstanding property taxes at September 30, 2011.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2011. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2011.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had a sewer system improvement project (\$764,268) and an airport improvement project (\$87,546) during the year and at September 30, 2011.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| <i>Assets</i> | <i>Years</i> |
|-----------------------|--------------|
| Buildings | 40 |
| Building Improvements | 20 |
| System Infrastructure | 15-35 |
| Vehicles | 5 |
| Office Equipment | 5 |
| Computer Equipment | 5 |

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances – Governmental Funds

As of September 30, 2011, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of Commissioners’ Court. Commissioners’ Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioners’ Court.

Unassigned — all other spendable amounts.

As of September 30, 2011, fund balances are composed of the following:

| | |
|------------------------|---------------------------|
| Fund Balances: | |
| Non-Spendable | |
| Prepaid Items | \$15,140 |
| Restricted | |
| General Administration | 132,515 |
| Health and Welfare | 14,887 |
| Judicial | 99,160 |
| Legal | 19,104 |
| Permanent Improvement | 177,424 |
| Public Safety | 173,777 |
| Public Transportation | 334,957 |
| Committed | |
| Culture and Recreation | 38,956 |
| Health | 12,192 |
| Health and Welfare | 83,535 |
| Unassigned | 6,595,797 |
| Total Fund Balance | <u><u>\$7,697,444</u></u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$555,375 difference are as follows:

| | |
|--------------------------------|------------------|
| Capital Lease Payable | \$93,052 |
| Other Post Employment Benefits | 329,727 |
| Compensated Absences | 132,596 |
| | <u>\$555,375</u> |

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets. (continued)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The details of this \$7,869,657 difference are as follows:

| | |
|--|--------------------|
| Capital Assets Not Being Depreciated | \$1,204,145 |
| Capital Assets Being Depreciated | 15,517,685 |
| Depreciation Expense | (8,852,173) |
| Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities | <u>\$7,869,657</u> |

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible.*)" The details of this \$409,385 difference are as follows:

| | |
|---------------------------------|------------------|
| Property Taxes Receivable | \$443,838 |
| Allowance for Doubtful Accounts | <u>(34,453)</u> |
| Net | <u>\$409,385</u> |

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$656,381 difference are as follows:

| | |
|---------------------------------|------------------|
| Fines and Fees Receivable | \$889,952 |
| Grants Receivable | 42,486 |
| Allowance for Doubtful Accounts | <u>(276,057)</u> |
| Net | <u>\$656,381</u> |

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

The details of this \$858,172 difference are as follows:

| | |
|--|------------------|
| Capital Outlay - Additions - Not Being Depreciated | \$774,268 |
| Capital Outlay - Additions - Being Depreciated | 923,413 |
| Capital Outlay - Deletions | (21,925) |
| Depreciation Expense | (817,584) |
| Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities | <u>\$858,172</u> |

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the line item. Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is not in conformity with generally accepted accounting principles (GAAP). Budgets for the 2011 fiscal year were adopted for the General Fund, the Road and Bridge Funds, and other applicable non-major governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2011, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2011 except for the Coastal Impact Assistance fund (\$1,585) and the Community Development Grant (\$37,973). These deficits are expected to be liquidated by future resources of the funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

Policies Governing Deposits and Investments:

The County has adopted a deposit and investment policy and the county addresses the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2011, the government's bank balance of \$7,644,708 was not exposed to custodial credit risk because it was fully insured by the U.S. Government and/or the State of Texas and/or is collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$14,427,619 and the FDIC coverage is \$422,437.

Interest rate risk: In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two rating issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2011 the local investment pool Texpool (approximately 48% of portfolio) was rated AAAM by Standard and Poor's and Texas CLASS (approximately 52% of portfolio) was rated AAAM by Standard and Poor's.

A. Deposits and Investments (continued)

Concentration of credit risk: The County places no limit on the amount the County may invest in any one issuer. Approximately 48 percent of the County's investments are in Texpool and 52 percent of the County's investments are in Texas CLASS.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity (Years)</u> | <u>Weighted Average</u> |
|------------------------|-------------------|-------------------------|-------------------------|
| Texpool | \$ 455,488 | Less than 1 year | Less than 1 year |
| Texas Class | 502,813 | Less than 1 year | Less than 1 year |

The County participates in two Local Government Investment Pools:

The State Comptroller oversees TexPool, with a third party managing the daily operations of the pool under contract. The Texas Class account is covered by insurance provided by Texas Class. The County invests in TexPool to provide its liquidity needs. TexPool is a local government investment pool established in conformity with the Inter-local Cooperation Act Chapter 791 of the Texas Government Code and the Public Investment Act Chapter 2256 of the Code. TexPool are 2(a) 7 like funds meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. TexPool is rated AAAM and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2011 TexPool had a weighted average maturity of 34 and 28 days respectively. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder short of a significant change in value. The TexPool fund is within the Governmental Activities.

The County also invests in Texas Class. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. Texas CLASS carries a letter of credit that ensures the integrity of the fund, making it the only investment pool in Texas backed by a letter of credit. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

B. Receivables

Receivables as of September 30, 2011 for the government's individual major funds and non-major, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | Governmental Activities | | | Total |
|------------------------------------|-------------------------|-----------------|--------------------------|-------------|
| | General Fund | Road and Bridge | Other Governmental Funds | |
| <u>Receivables</u> | | | | |
| Ad Valorem Taxes | 443,838 | | | \$443,838 |
| Sales Tax | 70,535 | | | 70,535 |
| Fines | 889,952 | | | 889,952 |
| Intergovernmental | 42,486 | | | 42,486 |
| Other | 138,274 | 5,568 | 10,652 | 154,494 |
| Gross Receivables | 1,585,085 | 5,568 | 10,652 | 1,601,305 |
| Less: Allowance for Uncollectibles | 310,510 | | | 310,510 |
| Net Total Receivables | \$1,274,575 | \$5,568 | \$10,652 | \$1,290,795 |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> |
|---|--------------------|
| Delinquent Property Taxes Receivable (General Fund)-Net | <u>\$409,385</u> |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$409,385</u> |

There was no unearned revenue reported in the governmental funds during the year.

C. Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|------------------|-----------------|--------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$429,877 | \$0 | \$0 | \$429,877 |
| Construction in Progress | 0 | 774,268 | 0 | 774,268 |
| Total Capital Assets Not Being Depreciated | 429,877 | 774,268 | 0 | 1,204,145 |
| Capital Assets Being Depreciated: | | | | |
| Building and Improvements | 5,474,986 | 14,830 | 11,218 | 5,478,598 |
| Machinery and Equipment | 7,022,918 | 749,810 | 295,578 | 7,477,150 |
| Infrastructure | 2,403,164 | 158,773 | 0 | 2,561,937 |
| Total Capital Assets Being Depreciated | 14,901,068 | 923,413 | 306,796 | 15,517,685 |
| Less Accumulated Depreciation for: | | | | |
| Building and Improvements | 2,758,358 | 174,910 | 11,218 | 2,922,050 |
| Machinery and Equipment | 5,053,628 | 530,023 | 273,653 | 5,309,998 |
| Infrastructure | 507,474 | 112,651 | 0 | 620,125 |
| Total Accumulated Depreciation | 8,319,460 | 817,584 | 284,871 | 8,852,173 |
| Total Capital Assets Being Depreciated, Net | 6,581,608 | 105,829 | 21,925 | 6,665,512 |
| Governmental Activities Capital Assets, Net | \$7,011,485 | \$880,097 | \$21,925 | \$7,869,657 |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-----------------|------------|--------------------|
| Business-Type Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$70,254 | \$0 | \$0 | \$70,254 |
| Construction in Progress | 0 | 87,546 | 0 | 87,546 |
| Total Capital Assets Not Being Depreciated | 70,254 | 87,546 | 0 | 157,800 |
| Capital Assets Being Depreciated: | | | | |
| Building and Improvements | 345,036 | 0 | 0 | 345,036 |
| Machinery and Equipment | 79,042 | 690 | 0 | 79,732 |
| Infrastructure | 479,083 | 0 | 0 | 479,083 |
| Total Capital Assets Being Depreciated | 903,161 | 690 | 0 | 903,851 |
| Less Accumulated Depreciation for: | | | | |
| Building and Improvements | 179,120 | 17,542 | 0 | 196,662 |
| Machinery and Equipment | 15,419 | 4,991 | 0 | 20,410 |
| Infrastructure | 238,772 | 32,042 | 0 | 270,814 |
| Total Accumulated Depreciation | 433,311 | 54,575 | 0 | 487,886 |
| Total Capital Assets Being Depreciated, Net | 469,850 | (53,885) | 0 | 415,965 |
| Business-Type Activities Capital Assets, Net | \$540,104 | \$33,661 | \$0 | \$573,765 |

Construction commitments

The County had a sewer system improvement project (\$764,268) and an airport improvement project (\$87,546) during the year and at September 30, 2011.

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

| | |
|---|------------------|
| Governmental Activities | |
| General Administration | \$26,256 |
| Legal | 288 |
| Judicial | 14,950 |
| Financial Administration | 24,106 |
| Public Facilities | 164,954 |
| Public Safety | 230,503 |
| Public Transportation | 298,893 |
| Environmental Protection | 23,345 |
| Culture and Recreation | 32,908 |
| Health and Welfare | 392 |
| Conservation - Agriculture | 989 |
| Total Depreciation Expense - Governmental Activities | <u>\$817,584</u> |
| Business-Type Activities | |
| Culture and Recreation | <u>\$54,575</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$54,575</u> |

D. Interfund Receivables, Payables, and Transfers

Due to/from other funds:

There were no interfund balances as of September 30, 2011 except for the Equipment Replacement No. 3 fund which owed \$20,228 to the General fund. The \$20,228 loan was for the purchase of equipment.

There were no advances at September 30, 2011.

The following are transfers for the year ended September 30, 2011.

| TRANSFER OUT | TRANSFER IN | | | TOTAL |
|------------------------------|--------------|----------------------|------------------------------|-------------|
| | GENERAL FUND | ROAD AND BRIDGE FUND | NON-MAJOR GOVERNMENTAL FUNDS | |
| GENERAL FUND | \$573,500 | \$1,387,289 | \$97,711 | \$2,058,500 |
| ROAD AND BRIDGE FUNDS | | 781,843 | | 781,843 |
| NON-MAJOR GOVERNMENTAL FUNDS | 3,794 | | | 3,794 |
| TOTALS | \$577,294 | \$2,169,132 | \$97,711 | \$2,844,137 |

The transfer from the general to the road and bridge fund is for road and bridge operations.

E. Leases

Operating Leases:

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$25,422 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

| Year Ending Sept. 30, | <u>Amount</u> |
|-----------------------|-----------------|
| 2012 | \$21,953 |
| 2013 | 19,364 |
| 2014 | 15,626 |
| 2015 | <u>5,152</u> |
| Total | <u>\$62,095</u> |

F. Long-Term Debt

Capital Leases: The government has entered into a lease agreement as lessee for financing the acquisition of one (1) excavator. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

| | <u>Governmental Activities</u> | |
|-----------------------------|------------------------------------|-----------------|
| <u>ASSET</u> | <u>EXCAVATOR</u> | <u>TOTAL</u> |
| COST | \$249,122 | \$249,122 |
| ACCUMULATED DEPRECIATION | (199,298) | (199,298) |
| NET ASSET | <u>\$49,824</u> | <u>\$49,824</u> |

| | <u>Governmental Activities</u> | | <u>Total</u> |
|---|------------------------------------|--|-----------------|
| <u>YEAR</u> | | | |
| 2012 | 34,000 | | 34,000 |
| 2013 | 34,000 | | 34,000 |
| 2014 | 34,000 | | 34,000 |
| TOTAL MINIMUM LEASE PAYMENTS | <u>102,000</u> | | <u>102,000</u> |
| LESS: AMOUNT REPRESENTING INTEREST | 8,948 | | 8,948 |
| PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS | <u>\$93,052</u> | | <u>\$93,052</u> |

The above debt is to be serviced by the General Fund and the Road and Bridge funds.

F. Long-Term Debt (continued)

The activity for the year ended September 30, 2011, were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year | Due After One Year |
|----------------------------------|----------------------|------------------|------------------|-------------------|------------------------|-----------------------|
| <u>Governmental Activities:</u> | | | | | | |
| Lease Purchase Payable | \$121,309 | \$0 | \$28,257 | \$93,052 | \$29,595 | \$63,457 |
| GASB 45 Payable | 234,566 | 95,161 | 0 | 329,727 | 0 | 329,727 |
| Compensated Absences | 131,770 | 132,596 | 131,770 | 132,596 | 132,596 | 0 |
| | <u>\$487,645</u> | <u>\$227,757</u> | <u>\$160,027</u> | <u>\$555,375</u> | <u>\$162,191</u> | <u>\$393,184</u> |
| <u>Business-Type Activities:</u> | | | | | | |
| Compensated Absences | 2,265 | 0 | 2,265 | \$0 | 0 | 0 |
| | <u>2,265</u> | <u>0</u> | <u>2,265</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Grand Total | <u>\$489,910</u> | <u>\$227,757</u> | <u>\$162,292</u> | <u>\$555,375</u> | <u>\$162,191</u> | <u>\$393,184</u> |

The general fund, the road and bridge fund, and the airport fund are used to service the compensated absences. The estimated amount due in the 2011-12 year is \$132,596.

The government-wide statement of activities includes \$162,191 as "noncurrent liabilities, due within one year".

The interest incurred on the above debt was \$5,742 and was governmental activities. There was no business-type activity interest incurred or capitalized.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

| | Year Ended September 30, 2011 | Year Ended September 30, 2010 |
|---|----------------------------------|----------------------------------|
| Unpaid claims, beginning of fiscal year | \$0 | \$0 |
| Incurred claims (including IBNRs) | 0 | 0 |
| Claim payments | 0 | 0 |
| Unpaid claims, end of fiscal year | <u>\$0</u> | <u>\$0</u> |

B. Related Party Transaction

There were no related party transactions requiring disclosure.

C. Subsequent Events

There were no subsequent events requiring disclosure.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There was an incident involving an automobile and a motorcycle on May 27, 2011 involving a Jackson County Sheriff's Deputy Vehicle and a civilian's motorcycle. Injured civilian has not retained lawyer or filed a claim.

E. Retirement Plan

Plan Description

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

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

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

Funding Policy

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

The governing body elected to pay a rate of 7.65% for the 2010 and 8.90% for the 2011 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act.

The contribution rate payable by the employee members for calendar year 2010 and 2011 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

| | | | |
|-------------------------------|---|---|---|
| Actuarial valuation date | 12/31/2008 | 12/31/2009 | 12/31/2010 |
| Actuarial cost method | entry age | entry age | entry age |
| Amortization method | level percentage of payroll, open | level percentage of payroll, open | level percentage of payroll, open |
| Amortization period | 20.0 | 20.0 | 20.0 |
| Asset valuation method | SAF: 10-yr smoothed value ESF: Fund value | SAF: 10-yr smoothed value ESF: Fund value | SAF: 10-yr smoothed value ESF: Fund value |
| Actuarial Assumptions | | | |
| Investment return | 8.00% | 8.00% | 8.00% |
| Projected salary increases | 5.3% | 5.4% | 5.4% |
| Inflation | 3.5% | 3.5% | 3.5% |
| Cost-of-living adjustments | 0.00% | 0.00% | 0.00% |

Annual Pension Cost

Trend Information for the Retirement Plan for the Employees of Jackson County, Texas

| <u>Accounting Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------------------|--|--|---------------------------------------|
| 9-30-09 | 287,090 | 100% | -0- |
| 9-30-10 | 319,059 | 100% | -0- |
| 9-30-11 | 316,245 | 100% | -0- |

ANALYSIS OF FUNDING PROGRESS

| 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 (c) | UAAL as a Percentage of Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|---|--|
| 2010 | \$10,496,802 | \$12,069,711 | \$1,572,909 | 86.97% | \$3,719,799 | 42.28% |

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

F. Post Employment Benefits Other than Pension Benefits

In order to receive health insurance funding through Jackson County an employee must be a full time employee covered under the County's group insurance shall be eligible for continued group insurance coverage only upon retirement from the County.

Effective January 1, 2005, in order to be eligible for the insurance retirement benefit, a person must be a regular full time employee of Jackson County for the last eight (8) consecutive years, and must be eligible to retire from County service by meeting the County's and TCDRS's eligibility requirement for retirement benefits. Those eligible shall include regular, full time employees who are paid from the general fund of the County, from a special fund of the County, or from special grants paid through the County.

Jackson County will pay a percentage of the retired employee's premium until the retired employee reaches the age of sixty five (65) and/or becomes eligible for Medicare benefits due to a Medicare eligibility such as a disability, based upon years of service to Jackson County, as follows:

| YEARS OF SERVICE | COUNTY PORTION |
|---------------------------------|-----------------------|
| 8 to 19 | 50% |
| 20 to 24 | 75% |
| 25 to 30 | 80% |
| 30 or more | 100% |

The County's group insurance will be the primary insurance until a retiree is eligible for Medicare and will cease when a retiree becomes Medicare eligible. At that time, Medicare will become the primary insurance for the retiree.

If dependent coverage is desired, the retiree will be responsible for one hundred percent (100%) of the premium.

The County elected to implement prospectively.

The County also will have an actuarial review done every two years.

Funding Policy and Annual OPEB Cost

The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB. The annual OPEB cost for the fiscal year ending September 30, 2011, is as follows:

| | |
|---|------------------|
| Annual required contribution | \$168,531 |
| OPEB Retiree Costs | (109,132) |
| Net estimated employer contributions | <u>35,762</u> |
| Increase in net OPEB obligation | 95,161 |
| Net OPEB obligation - as of beginning of the year | <u>234,566</u> |
| Net OPEB obligation (asset) - as of end of year | <u>\$329,727</u> |

| Accounting Year <u>Ending</u> | Annual OPEB <u>Cost</u> | Percentage of OPEB <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|-------------------------------------|-------------------------------|---|----------------------------------|
| 9-30-09 | \$264,529 | 11.33% | \$234,566 |
| 9-30-10 | 264,529 | 11.33 | 234,566 |
| 9-30-11 | 168,531 | 27.74 | 329,727 |

Funding status and funding progress

| 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 (c) | UAAL as a Percentage of Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|--|
| 9/30/2011 | \$0 | \$1,800,244 | \$1,800,244 | 00.0% | \$3,200,000 | 55.39% |

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,800,244 at September 30, 2011.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

| | |
|---------------------------|-----------------------------------|
| Investment rate of return | 4.5%, net of expenses |
| Actuarial cost method | Projected Unit Credit Cost Method |
| Amortization method | Level as a percentage of payroll |
| Growth Rate | 3.0% per annum |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2011

ANALYSIS OF FUNDING PROGRESS

EMPLOYEE RETIREMENT PLAN

| 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 (c) | UAAL as a Percentage of Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|--|
| 2007 | \$9,724,724 | \$10,324,375 | \$719,737 | 93.1% | \$3,334,193 | 21.6% |
| 2008 | 9,833,514 | 11,338,896 | 1,505,382 | 94.2 | 3,577,211 | 42.1 |
| 2009 | 10,997,706 | 12,429,515 | 1,431,809 | 88.5 | 3,949,998 | 36.3 |
| 2010 | 10,496,802 | 12,069,711 | 1,572,909 | 86.97 | 3,719,799 | 42.28 |

ANALYSIS OF FUNDING PROGRESS

OTHER POST EMPLOYMENT RETIREMENT PLAN

| 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 (c) | UAAL as a Percentage of Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-------------------------------------|--|
| 9/30/2009 | \$0 | \$2,681,225 | \$2,681,225 | 00.0% | \$000,000 | 00.0% |
| 9/30/2010 | N/A | | | | | |
| 9/30/2011 | \$0 | \$1,800,244 | \$1,800,244 | 00.0% | \$3,250,000 | 55.39 |

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

JACKSON COUNTY, TEXAS
 COMBINING BALANCE SHEET - GENERAL FUND
 SEPTEMBER 30, 2011

| | General Fund | Sales Tax Fund | Permanent Improvement Funds | Total General Funds |
|--|--------------------|----------------------|-----------------------------------|---------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$5,291,459 | \$1,245,461 | \$177,424 | \$6,714,344 |
| Receivables (net of allowance for uncollectibles) | 547,659 | 70,535 | | 618,194 |
| Prepaid Insurance | 55,647 | | | 55,647 |
| Due from Other Funds | 10,228 | | | 10,228 |
| Total Assets | \$5,904,993 | \$1,315,996 | \$177,424 | \$7,398,413 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Accounts Payable | \$92,317 | | \$0 | \$92,317 |
| Accrued Wages Payable | 83,932 | | | 83,932 |
| Deferred Revenues | 409,385 | | | 409,385 |
| Total Liabilities | 585,634 | 0 | 0 | 585,634 |
| Fund Balances: | | | | |
| Restricted | | | | |
| Permanent Improvement | | | 177,424 | 177,424 |
| Unassigned | 5,319,359 | 1,315,996 | | 6,635,355 |
| Total Fund Balance | 5,319,359 | 1,315,996 | 177,424 | 6,812,779 |
| Total Liabilities and Fund Balances | \$5,904,993 | \$1,315,996 | \$177,424 | \$7,398,413 |

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2011

| | General Fund | Sales Tax Fund | Permanent Improvement Funds | Total General Funds |
|----------------------------|-----------------|----------------------|-----------------------------------|---------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$5,378,332 | | | \$5,378,332 |
| Sales | | 739,588 | | 739,588 |
| Other | 20,428 | | | 20,428 |
| Intergovernmental | 525,859 | | | 525,859 |
| Charges for Services | 619,224 | | | 619,224 |
| Fines and Forfeitures | 501,672 | | | 501,672 |
| Interest | 69,080 | 7,260 | 1,589 | 77,929 |
| Miscellaneous | 88,917 | | | 88,917 |
| Total Revenues | 7,203,512 | 746,848 | 1,589 | 7,951,949 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Administration | | | | |
| County Judge | 131,308 | | | 131,308 |
| Commissioner's Court | 270,403 | | | 270,403 |
| County Clerk | 296,759 | | | 296,759 |
| Election | 5,711 | | | 5,711 |
| Non-Departmental | 354,328 | | | 354,328 |
| Judicial | | | | |
| District Court | 53,077 | | | 53,077 |
| District Clerk | 170,598 | | | 170,598 |
| Justice of the Peace No. 1 | 123,256 | | | 123,256 |
| Justice of the Peace No. 2 | 139,262 | | | 139,262 |
| Criminal District Attorney | 287,276 | | | 287,276 |
| Court Expense | 76,356 | | | 76,356 |
| Jury | 22,203 | | | 22,203 |
| Financial Administration | | | | |
| County Auditor | 212,161 | | | 212,161 |
| County Treasurer | 120,946 | | | 120,946 |
| Tax Assessor-Collector | 292,388 | | | 292,388 |
| Public Facilities | | | | |
| Public Facilities | 357,265 | | 35,459 | 392,724 |
| Public Safety | | | | |
| Adult Probation | 2,211 | | | 2,211 |
| Ambulance | 87,150 | | | 87,150 |
| Civil Defense | 97,338 | | | 97,338 |
| Constable No. 1 | 60,432 | | | 60,432 |
| Constable No. 2 | 60,731 | | | 60,731 |
| Corrections | 951,447 | | | 951,447 |
| D.P.S./License and Weight | 1,537 | | | 1,537 |
| D.P.S./Troopers | 10,482 | | | 10,482 |
| EMS/Jaws of Life | 24,834 | | | 24,834 |
| Fire | 44,000 | | | 44,000 |
| Flood Plain Permit | 1,625 | | | 1,625 |
| L.N.R.A. | 51,427 | | | 51,427 |
| Sheriff | 1,228,378 | | | 1,228,378 |
| T.J.P.C. | 27,127 | | | 27,127 |

(continued)

(continued)

| | | | | |
|--|--------------------|--------------------|------------------|--------------------|
| Environmental Protection | | | | |
| Sanitation | 245,748 | | | 245,748 |
| Culture and Recreation | | | | |
| County Library | 188,481 | | | 188,481 |
| Parks | 1,433 | | | 1,433 |
| Fairgrounds | | | | 0 |
| Health and Welfare | | | | |
| Gulf Bend Mental Health | 14,000 | | | 14,000 |
| Senior Citizens Center | 44,000 | | | 44,000 |
| Conservation - Agriculture | | | | |
| Agriculture Extension Service | 82,005 | | | 82,005 |
| U.S. Soil Conservation | 2,000 | | | 2,000 |
| Total Expenditures | <u>6,139,683</u> | <u>0</u> | <u>35,459</u> | <u>6,175,142</u> |
| Excess (Deficiency) of Revenues Over (Under) | | | | |
| Expenditures | <u>1,063,829</u> | <u>746,848</u> | <u>(33,870)</u> | <u>1,776,807</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 553,794 | | 23,500 | 577,294 |
| Operating Transfers Out | (1,508,500) | (550,000) | | (2,058,500) |
| Total Other Financing Sources (Uses) | <u>(954,706)</u> | <u>(550,000)</u> | <u>23,500</u> | <u>(1,481,206)</u> |
| Net Changes in Fund Balances | 109,123 | 196,848 | (10,370) | 295,601 |
| Fund Balances - Beginning | 5,210,236 | 1,119,148 | 187,794 | 6,517,178 |
| Fund Balances - Ending | <u>\$5,319,359</u> | <u>\$1,315,996</u> | <u>\$177,424</u> | <u>\$6,812,779</u> |

The accompanying notes are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2011

| | Road and Bridge No. 1 | | Road and Bridge No. 2 | | Road and Bridge No. 3 | | Road and Bridge No. 4 | | Highway Fund | Lateral Road No. 1 | | Lateral Road No. 2 | | Lateral Road No. 3 | | Lateral Road No. 4 | | Equipment Replacement No. 1 | Equipment Replacement No. 2 | Equipment Replacement No. 3 | Equipment Replacement No. 4 | Total Road and Bridge |
|---|-----------------------|----------|-----------------------|-----------|-----------------------|--------|-----------------------|--------|--------------|--------------------|--------|--------------------|--------|--------------------|--------|--------------------|--------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|
| | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | Bridge | | | | | |
| ASSETS | | | | | | | | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$59,730 | \$53,902 | \$16,537 | \$135,524 | \$21,438 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1 | \$32,034 | \$22,036 | \$48,390 | \$389,592 |
| Receivables (net of allowance for uncollectibles) | | | | 2,523 | 3,045 | | | | | | | | | | | | | | | | | 5,568 |
| Prepaid Insurance | 5,204 | 2,971 | 3,183 | 5,430 | | | | | | | | | | | | | | | | | 10,000 | 16,788 |
| Due to Other Funds | | | | | | | | | | | | | | | | | | | | | | 10,000 |
| Total Assets | \$64,934 | \$56,873 | \$19,720 | \$143,477 | \$24,483 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1 | \$32,034 | \$22,036 | \$58,390 | \$421,948 |
| LIABILITIES AND FUND BALANCES: | | | | | | | | | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Payable | \$3,063 | \$2,162 | \$28,861 | \$2,946 | | | | | | | | | | | | | | | | | | 36,832 |
| Accrued Wages Payable | 3,497 | 4,493 | 2,329 | 6,007 | | | | | | | | | | | | | | | | | | 16,326 |
| Due to Other Funds | | | | | | | | | | | | | | | | | | | | | | 20,228 |
| Total Liabilities | 6,560 | 6,655 | 30,990 | 8,953 | | | | | | | | | | | | | | | | | | 73,386 |
| Fund Balances: | | | | | | | | | | | | | | | | | | | | | | |
| Non-Spendable | | | | | | | | | | | | | | | | | | | | | | |
| Prepaid Items | | | | | | | | | | | | | | | | | | | | | | |
| Restricted | | | | | | | | | | | | | | | | | | | | | | |
| Public Transportation | 53,170 | 47,247 | (11,270) | 129,094 | 24,483 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 22,034 | 11,808 | 58,390 | 334,957 |
| Total Fund Balance | 58,374 | 50,218 | (11,270) | 134,524 | 24,483 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 22,034 | 11,808 | 58,390 | 348,562 |
| Total Liabilities and Fund Balances | \$64,934 | \$56,873 | \$19,720 | \$143,477 | \$24,483 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1 | \$32,034 | \$22,036 | \$58,390 | \$421,948 |

The accompanying notes are an integral part of this statement.

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

| | Road and Bridge No. 1 | | Road and Bridge No. 2 | | Road and Bridge No. 3 | | Road and Bridge No. 4 | | Highway Fund | Lateral Road No. 1 | | Lateral Road No. 2 | | Lateral Road No. 3 | | Lateral Road No. 4 | | Equipment Replacement No. 1 | | Equipment Replacement No. 2 | | Equipment Replacement No. 3 | | Equipment Replacement No. 4 | | Total Road and Bridge |
|---|-----------------------|-----------|-----------------------|-----------|-----------------------|---------|-----------------------|---------|--------------|--------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|-----------------------------|----------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|-------------|-----------------------|
| | No. 1 | No. 2 | No. 3 | No. 4 | No. 1 | No. 2 | No. 3 | No. 4 | | No. 1 | No. 2 | No. 3 | No. 4 | No. 1 | No. 2 | No. 3 | No. 4 | No. 1 | No. 2 | No. 3 | No. 4 | No. 1 | No. 2 | No. 3 | No. 4 | |
| REVENUES | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Intergovernmental Licenses and Permits | \$7,968 | \$7,968 | \$7,968 | \$7,968 | | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | \$5,317 | | | | | | | | | \$53,140 |
| Interest | 1,469 | 1,593 | 936 | 3,693 | | | | | 551,341 | | | | | | | | | | | | | | | | | 551,341 |
| Miscellaneous | 10,145 | 36,706 | 24,184 | 6,457 | | | | | | | | | | | | | | | | | | | | | | 8,119 |
| Total Revenues | 19,582 | 46,267 | 33,088 | 18,118 | | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 0 | 188 | 39 | 39 | 201 | 201 | 201 | 201 | 690,092 |
| EXPENDITURES | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public Transportation Road and Bridge | 432,967 | 458,361 | 362,064 | 604,808 | | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 10 | 46,000 | 228 | 206,000 | 206,000 | 206,000 | 206,000 | 2,131,706 | |
| Debt Service | | | | | | | | | | | | | | | | | | | 19,990 | | | | | | | 28,256 |
| Principal Retirement Interest and Fiscal Charges | 8,266 | | | | | | | | | | | | | | | | | | | | | | | | | 5,743 |
| Total Expenditures | 446,976 | 458,361 | 362,064 | 604,808 | | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 5,317 | 20,000 | 46,000 | 228 | 206,000 | 206,000 | 206,000 | 206,000 | 2,165,705 | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (427,394) | (412,094) | (328,976) | (586,690) | | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | 551,341 | (20,000) | (45,812) | (189) | (205,799) | (205,799) | (205,799) | (205,799) | (1,475,613) | |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Financing Sources - Capital Lease | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Transfers In | 424,536 | 445,374 | 341,157 | 622,352 | | | | | | | | | | | | | | | 20,000 | 47,716 | 41,997 | 30,000 | 226,000 | 226,000 | 30,000 | 30,000 |
| Operating Transfers Out | (27,716) | (27,716) | (21,997) | (206,000) | | | | | (526,130) | | | | | | | | | | | | | | | | | (781,843) |
| Total Other Financing Sources (Uses) | 424,536 | 417,658 | 319,160 | 416,352 | | | | | (526,130) | | | | | | | | | | 20,000 | 47,716 | 41,997 | 256,000 | 226,000 | 226,000 | 256,000 | 1,417,289 |
| Net Changes in Fund Balances | (2,858) | 5,564 | (9,816) | (170,338) | | | | | 25,211 | | | | | | | | | | 0 | 1,904 | 41,808 | 50,201 | 50,201 | 50,201 | 50,201 | (58,324) |
| Fund Balances - Beginning | 61,232 | 44,654 | (1,454) | 304,862 | | | | | (728) | | | | | | | | | | 1 | 20,130 | (30,000) | 8,189 | 8,189 | 8,189 | 8,189 | 406,886 |
| Fund Balances - Ending | \$58,374 | \$50,218 | (\$11,270) | \$134,524 | | \$0 | \$0 | \$0 | \$24,483 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1 | \$22,034 | \$11,808 | \$58,390 | \$58,390 | \$58,390 | \$58,390 | \$348,562 | |

SPECIAL REVENUE

| COURTHOUSE SECURITY | DISTRICT | CLERK RECORDS MANAGEMENT | JUSTICE COURT TECH | COMMISSARY TELEPHONE | HEALTH FUND | LAW ENFORCEMENT OFFICERS ASSOCIATION | MAURITZ CAMP FUND | MEMORIAL LIBRARY | JUVENILE PROBATION | LAW LIBRARY | COMMUNITY DEVELOPMENT GRANT | NON-MAJOR GOVERNMENTAL FUNDS |
|---------------------|----------|--------------------------|--------------------|----------------------|-------------|--------------------------------------|-------------------|------------------|--------------------|-------------|-----------------------------|------------------------------|
| | | | | | | | | | | | | |
| \$87,068 | \$1,594 | \$9,254 | \$83,535 | \$16,875 | \$5,992 | \$11,226 | \$5,563 | \$15,534 | \$2,435 | \$0 | \$605,110 | |
| | | | | 4,674 | | | | 5,823 | | | 10,652 | |
| | | | | 270 | | | | 343 | | | 1,535 | |
| \$87,068 | \$1,594 | \$9,254 | \$83,535 | \$21,819 | \$5,992 | \$11,226 | \$5,563 | \$21,800 | \$2,435 | \$0 | \$617,297 | |
| \$124 | \$20 | \$184 | \$6,662 | \$9 | \$2,582 | \$537 | \$37,973 | \$54,626 | | | 23,643 | |
| 1,168 | | | | 1,513 | | | | 2,925 | | | | |
| 1,292 | 20 | 184 | 0 | 5,662 | 0 | 0 | 9 | 4,095 | 537 | 37,973 | 81,194 | |
| | | | | 270 | | | | 343 | | | 1,535 | |
| | | | | 14,887 | | | | | | | 132,515 | |
| | 1,574 | 9,070 | | | | | | | | | 14,887 | |
| | | | | | 5,992 | | | | 1,898 | | 99,160 | |
| | | | | | | 11,226 | 5,564 | | | | 19,104 | |
| | | | | | | | | | | | 173,777 | |
| | | | | | | | | | | | 30,956 | |
| | | | | | | | | | | | 12,192 | |
| | | | | | | | | | | | 83,535 | |
| | | | | | | | | | | (37,973) | (36,556) | |
| | 85,766 | 1,574 | 9,070 | 15,157 | 5,992 | 11,226 | 5,554 | 17,705 | 1,898 | (37,973) | 536,103 | |
| \$87,068 | \$1,594 | \$9,254 | \$83,535 | \$21,819 | \$5,992 | \$11,226 | \$5,563 | \$21,800 | \$2,435 | \$0 | \$617,297 | |

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

| | SPECIAL REVENUE | | | | | | | | | | | | | | | |
|---|--------------------------|-----------------------|---------------|---------------------------|----------------|-------------------------------|---------------------------|---------------------------------|-------------------------|----------------------------|--------------------------|-------------------|------------------------|--------------------|------------------------------|------------------------|
| | ABANDONED MOTOR VEHICLES | HISTORICAL COMMISSION | CHILD WELFARE | COASTAL IMPACT ASSISTANCE | MEDIATION FUND | JUVENILE PROBATION DISCRETION | COUNTY RECORDS MANAGEMENT | COUNTY CLERK RECORDS MANAGEMENT | COURT REPORTER SERVICES | APPELLATE JUDICIAL SYSTEMS | ELECTIONS ADMINISTRATION | DISTRICT ATTORNEY | CHILD ABUSE PREVENTION | SHERIFF FORFEITURE | DISTRICT ATTORNEY FORFEITURE | DISTRICT CLERK RESERVE |
| REVENUES | | | | \$527 | | | | | | | | | | | | |
| Intergovernmental Charges for Services | 2,560 | | | | | 3,311 | 9,408 | 18,804 | 2,638 | | | 3,616 | 1,276 | | 160 | 557 |
| Interest | 32,035 | 155 | 69 | | | | | | | | | | | 11,841 | | 18,575 |
| Miscellaneous | 34,595 | 1,075 | 69 | 527 | 0 | 3,311 | 9,408 | 18,804 | 2,638 | 0 | 0 | 3,616 | 1,276 | 12,001 | 19,132 | 0 |
| Total Revenues | | | | | | | | | | | | | | | | |
| EXPENDITURES | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | |
| General Administration | | | | | | | | | | | | | | | | |
| Records Management | | | | | | | 10,023 | 42,710 | | | 116 | | | | | |
| Elections | | | | | | | | | | | | | | | | |
| Judicial | | | | | | | | | | | | | | | | |
| Court Reporter | | | | | | | | | | | | | | | | |
| Judicial | | | | | | | | | | | | | | | | |
| Legal | | | | | | | | | 1,065 | | | | | | | |
| Check Collection | | | | | | | | | | | | | | | | |
| Law Library | | | | | | | | | | | | | | | | |
| Public Safety | | | | | | | | | | | | | | | | |
| Courthouse Security | | | | | | | | | | | | | | | | |
| Juvenile Probation | | | | | | | | | | | | | | | | |
| Sheriff | 14,753 | | | | | | | | | | | | | | | |
| Culture and Recreation | | | | | | | | | | | | | | | | |
| Historical Commission | | 2,616 | | | | | | | | | | | | | | |
| Library | | | | | | | | | | | | | | | | |
| Mauritz Camp | | | | | | | | | | | | | | | | |
| Parks | | | | | | | | | | | | | | | | |
| Health and Welfare | | | | 10,967 | | | | | | | | | | | | |
| Child Welfare | | | 336 | | | | | | | | | | | | | |
| Health | | | | | | | | | | | | | | | | |
| Capital Outlay | | | | | | | | | | | | | | | | |
| Capital Outlay | | | | | | | | | | | | | | | | |
| Total Expenditures | 14,753 | 2,616 | 336 | 10,967 | 0 | 0 | 10,023 | 42,710 | 0 | 1,065 | 116 | 6,125 | 3,000 | 4,821 | 4,945 | 2,148 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 19,842 | (1,541) | (267) | (10,460) | 0 | 3,311 | (615) | (23,906) | 2,638 | (1,065) | (116) | (2,509) | (1,724) | 7,180 | 14,187 | (2,148) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | | | | | |
| Operating Transfers In | | | | | | | | | | | | | | | | |
| Operating Transfers Out | (3,794) | | | | | | | | | | | | | | | |
| Total Other Financing Sources (Uses) | (3,794) | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | 16,048 | 459 | (267) | (10,460) | 0 | 3,311 | (615) | (23,906) | 2,638 | (1,065) | (116) | (2,509) | (1,724) | 7,180 | 14,187 | (2,148) |
| Fund Balances - Beginning | 9,994 | 22,639 | 12,459 | 8,875 | 1,450 | 4,824 | 24,205 | 131,234 | 2,406 | 1,065 | 163 | 19,715 | 4,633 | 20,391 | 69,265 | 2,148 |
| Fund Balances - Ending | \$26,042 | \$73,098 | \$12,192 | (\$1,585) | \$1,450 | \$8,135 | \$23,690 | \$107,328 | \$5,044 | \$0 | \$47 | \$17,206 | \$2,909 | \$27,571 | \$83,472 | \$0 |

The notes to the financial statements are an integral part of this statement.

SPECIAL REVENUE

| COURTHOUSE SECURITY | DISTRICT | SPECIAL REVENUE | | | | | | | | | | NON-MAJOR GOVERN. MENTAL FUNDS |
|---------------------|----------|--------------------------|--------------------|----------------------|-------------|--------------------------------------|-------------------|------------------|--------------------|-------------|--------------------------|--------------------------------|
| | | CLERK RECORDS MANAGEMENT | JUSTICE COURT TECH | COMMISSARY TELEPHONE | HEALTH FUND | LAW ENFORCEMENT OFFICERS ASSOCIATION | MAURITZ CAMP FUND | MEMORIAL LIBRARY | JUVENILE PROBATION | LAW LIBRARY | COMMUNITY DEVELOP. GRANT | |
| 15,036 | 4,619 | 9,405 | 27,619 | 43,349 | 3,531 | 78 | 413 | 339 | 8,985 | \$56,008 | \$748,038 | \$877,786 |
| | | | | | | 927 | 5,891 | | | | | 156,161 |
| 15,039 | 4,619 | 9,406 | 27,619 | 78,562 | 3,531 | 1,005 | 6,304 | 96,346 | 8,985 | 748,038 | 1,106,905 | |
| | 4,057 | | | | | | | | | | | 56,790 |
| | | | | | | | | | | | | 116 |
| | | | | | | | | | | | | 0 |
| | | | | | | | | | | | | 21,998 |
| | | | | | | | | | | | | 6,125 |
| | | | | | | | | | | | | 17,146 |
| 27,250 | | | | | | | | | | | | 27,250 |
| | | | | | | | | | | | | 95,805 |
| | | | | | | | | | | | | 47,187 |
| | | | | | | | | | | | | 2,616 |
| | | | | | | | | | | | | 4,498 |
| | | | | | | | | | | | | 0 |
| | | | | | | | | | | | | 10,987 |
| | | | | | | | | | | | | 336 |
| | | | | | | | | | | | | 181,099 |
| | | | | | | | | | | | | 786,011 |
| | | | | | | | | | | | | 786,011 |
| | | | | | | | | | | | | 1,267,944 |
| (12,211) | 562 | (4,434) | 6,622 | (102,537) | (65) | 1,005 | 1,806 | 541 | (8,161) | (37,973) | (152,036) | |
| | | | | | | | | | | | | 97,711 |
| | | | | | | | | | | | | (3,794) |
| 0 | 0 | 0 | 0 | 87,211 | 0 | 0 | 0 | 0 | 8,500 | 0 | 93,917 | |
| (12,211) | 562 | (4,434) | 6,622 | (15,326) | (65) | 1,005 | 1,806 | 541 | 339 | (37,973) | (58,121) | |
| 97,977 | 1,012 | 13,504 | 76,913 | 30,483 | 6,057 | 10,221 | 3,748 | 17,184 | 1,569 | 0 | 594,224 | |
| \$85,766 | \$1,574 | \$9,070 | \$83,535 | \$15,157 | \$5,992 | \$11,226 | \$5,554 | \$17,705 | \$1,698 | (\$37,973) | \$536,103 | |

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 SEPTEMBER 30, 2011

| | JAIL COMMISSARY CURRENT YEAR | JAIL COMMISSARY PRIOR YEAR | TOTALS NON-MAJOR PROPRIETARY CURRENT YEAR | TOTALS NON-MAJOR PROPRIETARY PRIOR YEAR |
|---|---------------------------------------|-------------------------------------|---|---|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$966 | \$2,817 | \$966 | \$2,817 |
| Total Current Assets | 966 | 2,817 | 966 | 2,817 |
| TOTAL ASSETS | \$966 | \$2,817 | \$966 | \$2,817 |
| LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | |
| Liabilities | | | | |
| Current Liabilities(Payable from Current Assets) | | | | |
| Accounts Payable | 361 | 255 | 361 | 255 |
| Accrued Wages Payable | | | 0 | 0 |
| Total Current Liabilities | 361 | 255 | 361 | 255 |
| TOTAL LIABILITIES | 361 | 255 | 361 | 255 |
| Invested In Capital Assets, Net of Related debt | | | | |
| Unrestricted | 605 | 2,562 | 605 | 2,562 |
| TOTAL NET ASSETS | \$605 | \$2,562 | \$605 | \$2,562 |

The notes to the financial statements are an integral part of this statement

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | JAIL COMMISSARY CURRENT YEAR | JAIL COMMISSARY PRIOR YEAR | TOTALS NON-MAJOR PROPRIETARY CURRENT YEAR | TOTALS NON-MAJOR PROPRIETARY PRIOR YEAR |
|--|---------------------------------------|-------------------------------------|---|---|
| OPERATING REVENUES: | | | | |
| Charges for Services | \$6,627 | \$8,188 | \$6,627 | \$8,188 |
| TOTAL OPERATING REVENUES | 6,627 | 8,188 | 6,627 | 8,188 |
| OPERATING EXPENSES | | | | |
| Personal Services | | | 0 | 0 |
| Supplies | 6,675 | 8,608 | 6,675 | 8,608 |
| Other Services and Charges | 1,914 | 4,520 | 1,914 | 4,520 |
| Depreciation | | | 0 | 0 |
| TOTAL OPERATING EXPENSES | 8,589 | 13,128 | 8,589 | 13,128 |
| OPERATING INCOME (LOSS) | (1,962) | (4,940) | (1,962) | (4,940) |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest Income | 5 | 33 | 5 | 33 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 5 | 33 | 5 | 33 |
| Income Before Transfers | (1,957) | (4,907) | (1,957) | (4,907) |
| Transfers In | | | 0 | 0 |
| Change in Net Assets | (1,957) | (4,907) | (1,957) | (4,907) |
| Total Net Assets - Beginning | 2,562 | 7,469 | 2,562 | 7,469 |
| Total Net Assets - Ending | \$605 | \$2,562 | \$605 | \$2,562 |

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | JAIL COMMISSARY CURRENT YEAR | JAIL COMMISSARY PRIOR YEAR | TOTALS NON-MAJOR PROPRIETARY CURRENT YEAR | TOTALS NON-MAJOR PROPRIETARY PRIOR YEAR |
|--|---------------------------------------|-------------------------------------|---|---|
| Cash flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$6,627 | \$8,188 | \$6,627 | \$8,188 |
| Payments to Suppliers | (8,483) | (13,853) | (8,483) | (13,853) |
| Payments to Employees | 0 | 0 | 0 | 0 |
| Net Cash Provided(Used) By Operating Activities: | (1,856) | (5,665) | (1,856) | (5,665) |
| Cash Flows from Non-Capital and Related Financing Activities | | | | |
| Transfers In | | | 0 | 0 |
| Net Cash Provided(Used) By Non-Capital and Related Financing Activities | 0 | 0 | 0 | 0 |
| Cash Flows from Investing Activities | | | | |
| Interest Received | 5 | 33 | 5 | 33 |
| Net Cash Provided(Used) By Investing Activities | 5 | 33 | 5 | 33 |
| Net Increase (Decrease) in Cash Equivalents | (1,851) | (5,632) | (1,851) | (5,632) |
| Cash and Cash Equivalents at Beginning of Year | 2,817 | 8,449 | 2,817 | 8,449 |
| Cash and Cash Equivalents at End of Year | \$966 | \$2,817 | \$966 | \$2,817 |

(continued)

(continued)

Reconciliation of Operating Income to Net Cash

Provided(Used) By Operating Activities

| | | | | |
|-------------------------|-----------|-----------|-----------|-----------|
| Operating Income (Loss) | (\$1,962) | (\$4,940) | (\$1,962) | (\$4,940) |
|-------------------------|-----------|-----------|-----------|-----------|

Adjustments to Reconcile to Net Cash Flow

Non-Cash Items Included in Net Income

| | | | | |
|--------------|--|--|---|---|
| Depreciation | | | 0 | 0 |
|--------------|--|--|---|---|

Changes in Current Items

| | | | | |
|--|-----|-------|-----|-------|
| Increase(Decrease) in Accounts Payable | 106 | (725) | 106 | (725) |
|--|-----|-------|-----|-------|

| | | | | |
|---|---|---|---|---|
| Increase(Decrease) in Accrued Wages Payable | 0 | 0 | 0 | 0 |
|---|---|---|---|---|

| | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|
| Net Cash Provided(Used) by Operating | (\$1,856) | (\$5,665) | (\$1,856) | (\$5,665) |
|--------------------------------------|-----------|-----------|-----------|-----------|

Activities

Noncash Investing, Capital and Financing Activities:

| | | | | |
|-----------------------------|-----|-----|-----|-----|
| Borrowing from Capital Debt | \$0 | \$0 | \$0 | \$0 |
|-----------------------------|-----|-----|-----|-----|

Note: The above funds are all Enterprise Funds

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Agency Funds | | | | Total |
|---|---------------------|-----------------|-------------------------------------|-------------------------------|------------------|
| | Trust Investment | State Fees | County-Wide Drainage District | County Officer Accounts | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$76,315 | \$74,770 | \$0 | \$468,016 | \$619,101 |
| Receivables (net of allowance for uncollectibles) | 0 | 0 | 3,754 | 0 | 3,754 |
| Total Assets | \$76,315 | \$74,770 | \$3,754 | \$468,016 | \$622,855 |
| LIABILITIES | | | | | |
| Accounts Payable | | | \$0 | | \$0 |
| Due to Others | 76,315 | 74,770 | 3,754 | 468,016 | 622,855 |
| Total Liabilities | \$76,315 | \$74,770 | \$3,754 | \$468,016 | \$622,855 |

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

| | <u>TRUST INVESTMENT</u> | | | |
|---|-------------------------|-----------|------------|----------------------|
| | BALANCE 10/1/2010 | ADDITIONS | DEDUCTIONS | BALANCE 9/30/2011 |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$84,839 | \$0 | \$8,524 | \$76,315 |
| Receivables (net of allowance for uncollectibles) | | | | 0 |
| Total Assets | \$84,839 | \$0 | \$8,524 | \$76,315 |

| | | | | |
|---------------------|----------|-----|---------|----------|
| LIABILITIES: | | | | |
| Accounts Payable | | | | |
| Due to Others | \$84,839 | \$0 | \$8,524 | \$76,315 |
| Total Liabilities | \$84,839 | \$0 | \$8,524 | \$76,315 |

| | <u>STATE FEES</u> | | | |
|---|----------------------|-----------|------------|----------------------|
| | BALANCE 10/1/2010 | ADDITIONS | DEDUCTIONS | BALANCE 9/30/2011 |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$134,063 | \$0 | \$59,293 | \$74,770 |
| Receivables (net of allowance for uncollectibles) | | | | 0 |
| Total Assets | \$134,063 | \$0 | \$59,293 | \$74,770 |

| | | | | |
|---------------------|-----------|-----|----------|----------|
| LIABILITIES: | | | | |
| Accounts Payable | | | | |
| Due to Others | \$134,063 | \$0 | \$59,293 | \$74,770 |
| Total Liabilities | \$134,063 | \$0 | \$59,293 | \$74,770 |

| | <u>COUNTY-WIDE DRAINAGE DISTRICT</u> | | | |
|---|--------------------------------------|-------------|-------------|----------------------|
| | BALANCE 10/1/2010 | ADDITIONS | DEDUCTIONS | BALANCE 9/30/2011 |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$0 | | | \$0 |
| Receivables (net of allowance for uncollectibles) | \$3,477 | \$1,055,914 | \$1,055,637 | 3,754 |
| Total Assets | \$3,477 | \$1,055,914 | \$1,055,637 | \$3,754 |

| | | | | |
|---------------------|---------|-------------|-------------|---------|
| LIABILITIES: | | | | |
| Accounts Payable | | | | 0 |
| Due to Others | \$3,477 | 1,055,914 | 1,055,637 | 3,754 |
| Total Liabilities | \$3,477 | \$1,055,914 | \$1,055,637 | \$3,754 |

| <u>COUNTY OFFICER ACCOUNTS</u> | BALANCE | | | BALANCE |
|---|-----------|-----------|------------|-----------|
| | 10/1/2010 | ADDITIONS | DEDUCTIONS | 9/30/2011 |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$437,046 | \$30,970 | \$0 | \$468,016 |
| Receivables (net of allowance for uncollectibles) | | | | 0 |
| Total Assets | \$437,046 | \$30,970 | \$0 | \$468,016 |

| | | | | |
|---------------------|-----------|----------|-----|-----------|
| LIABILITIES: | | | | |
| Accounts Payable | | | | |
| Due to Others | \$437,046 | \$30,970 | \$0 | \$468,016 |
| Total Liabilities | \$437,046 | \$30,970 | \$0 | \$468,016 |

| <u>TOTAL</u> | BALANCE | | | BALANCE |
|---|-----------|-------------|-------------|-----------|
| | 10/1/2010 | ADDITIONS | DEDUCTIONS | 9/30/2011 |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$655,948 | \$30,970 | \$67,817 | \$619,101 |
| Receivables (net of allowance for uncollectibles) | 3,477 | 1,055,914 | 1,055,637 | 3,754 |
| Total Assets | \$659,425 | \$1,086,884 | \$1,123,454 | \$622,855 |

| | | | | |
|---------------------|-----------|-------------|-------------|-----------|
| LIABILITIES: | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$0 |
| Due to Others | 659,425 | 1,086,884 | 1,123,454 | 622,855 |
| Total Liabilities | \$659,425 | \$1,086,884 | \$1,123,454 | \$622,855 |

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL

JACKSON COUNTY, TEXAS
 ABANDONED MOTOR VEHICLES
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-----------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$9,800 | \$9,800 | \$2,560 | (\$7,240) |
| Miscellaneous | 20,000 | 20,000 | 32,035 | 12,035 |
| Total Revenues | <u>29,800</u> | <u>29,800</u> | <u>34,595</u> | <u>4,795</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 44,779 | 43,415 | 14,754 | 28,661 |
| Total Expenditures | <u>44,779</u> | <u>43,415</u> | <u>14,754</u> | <u>28,661</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(14,979)</u> | <u>(13,615)</u> | <u>19,841</u> | <u>33,456</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | (3,794) | (3,794) | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(3,794)</u> | <u>(3,794)</u> | <u>0</u> |
| Net Changes in Fund Balances - Cash Basis | <u>(\$14,979)</u> | <u>(\$17,409)</u> | <u>\$16,047</u> | <u>\$33,456</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | <u>1</u> | |
| Net Changes in Fund Balances-Modified Accrual Basis | | | <u>16,048</u> | |
| Fund Balances - Beginning | | | <u>9,994</u> | |
| Fund Balances - Ending | | | <u>\$26,042</u> | |

JACKSON COUNTY, TEXAS
COUNTY CLERK RECORDS MANAGEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|---|--------------------|--------------------|-------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$15,700 | \$15,700 | \$18,804 | \$3,104 |
| Interest | | | | 0 |
| Total Revenues | <u>15,700</u> | <u>15,700</u> | <u>18,804</u> | <u>3,104</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Administration | 147,091 | 147,091 | 42,955 | 104,136 |
| Total Expenditures | <u>147,091</u> | <u>147,091</u> | <u>42,955</u> | <u>104,136</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(131,391)</u> | <u>(131,391)</u> | <u>(24,151)</u> | <u>107,240</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances - Cash Basis | <u>(\$131,391)</u> | <u>(\$131,391)</u> | <u>(\$24,151)</u> | <u>\$107,240</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 0 | |
| Changes in Accounts Payable | | | (30) | |
| Changes in Accrued Wages Payable | | | 275 | |
| Net Changes in Fund Balances-Modified Accrual Basis | | | <u>(23,906)</u> | |
| Fund Balances - Beginning | | | 131,234 | |
| Fund Balances - Ending | | | <u>\$107,328</u> | |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$15,750 | \$15,750 | \$15,044 | (\$706) |
| Total Revenues | <u>15,750</u> | <u>15,750</u> | <u>15,044</u> | <u>(706)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 50,578 | 50,578 | 27,381 | 23,197 |
| Total Expenditures | <u>50,578</u> | <u>50,578</u> | <u>27,381</u> | <u>23,197</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(34,828)</u> | <u>(34,828)</u> | <u>(12,337)</u> | <u>22,491</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances | <u>(\$34,828)</u> | <u>(\$34,828)</u> | <u>(\$12,337)</u> | <u>\$22,491</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | | |
| Changes in Accounts Payable | | | | (77) |
| Changes in Accrued Wages Payable | | | | 202 |
| Net Changes in Fund Balances - Modified Accrual Basis | | | | <u>(12,211)</u> |
| Fund Balances - Beginning | | | | <u>97,977</u> |
| Fund Balances - Ending | | | | <u><u>85,766</u></u> |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$38,129 | \$38,129 | \$37,428 | (\$701) |
| Charges for Services | 49,950 | 49,950 | 45,029 | (4,921) |
| Total Revenues | <u>88,079</u> | <u>88,079</u> | <u>82,457</u> | <u>(5,622)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Health and Welfare | 222,464 | 222,464 | 185,240 | 37,224 |
| Total Expenditures | <u>222,464</u> | <u>222,464</u> | <u>185,240</u> | <u>37,224</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(134,385)</u> | <u>(134,385)</u> | <u>(102,783)</u> | <u>31,602</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 99,211 | 99,211 | 87,211 | (\$12,000) |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | <u>99,211</u> | <u>99,211</u> | <u>87,211</u> | <u>(12,000)</u> |
| Net Changes in Fund Balances | <u>(\$35,174)</u> | <u>(\$35,174)</u> | <u>(15,572)</u> | <u>\$19,602</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | | |
| Changes in Grants Receivable | | | (3,946) | |
| Changes in Prepaid Insurance | | | (280) | |
| Changes in Accounts Payable | | | 3,145 | |
| Changes in Accrued Wages Payable | | | 1,327 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>(15,326)</u> | |
| Fund Balances - Beginning | | | <u>30,483</u> | |
| Fund Balances - Ending | | | <u>\$15,157</u> | |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-----------|---------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$8,000 | \$8,000 | \$9,020 | \$1,020 |
| Total Revenues | 8,000 | 8,000 | 9,020 | 1,020 |
| EXPENDITURES | | | | |
| Current | | | | |
| Legal | 16,500 | 19,500 | 18,462 | 1,038 |
| Total Expenditures | 16,500 | 19,500 | 18,462 | 1,038 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,500) | (11,500) | (9,442) | 2,058 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 5,500 | 8,500 | 8,500 | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 5,500 | 8,500 | 8,500 | 0 |
| Net Changes in Fund Balances | (\$3,000) | (\$3,000) | (\$942) | \$2,058 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | | |
| Changes in Accounts Payable | | | 1,281 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | 339 | |
| Fund Balances - Beginning | | | 1,559 | |
| Fund Balances - Ending | | | \$1,898 | |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------|-----------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$7,200 | \$7,200 | \$9,413 | \$2,213 |
| Total Revenues | 7,200 | 7,200 | 9,413 | 2,213 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Administration | 22,631 | 22,631 | 11,407 | 11,224 |
| Total Expenditures | 22,631 | 22,631 | 11,407 | 11,224 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (15,431) | (15,431) | (1,994) | 13,437 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (\$15,431) | (\$15,431) | (\$1,994) | \$13,437 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 1,379 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (615) | |
| Fund Balances - Beginning | | | 24,305 | |
| Fund Balances - Ending | | | \$23,690 | |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget - |
|--|------------------|------------|----------|---------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Interest | \$100 | \$100 | \$155 | \$55 |
| Miscellaneous | 1,000 | 1,000 | 920 | (80) |
| Total Revenues | 1,100 | 1,100 | 1,075 | (25) |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and Recreation | 24,500 | 24,500 | 2,703 | 21,797 |
| Total Expenditures | 24,500 | 24,500 | 2,703 | 21,797 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (23,400) | (23,400) | (1,628) | 21,772 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 2,000 | 2,000 | 2,000 | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 2,000 | 2,000 | 2,000 | 0 |
| Net Changes in Fund Balances | (\$21,400) | (\$21,400) | \$372 | \$21,772 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Prepaid Insurance | | | (44) | |
| Changes in Accounts Payable | | | 131 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | 459 | |
| Fund Balances - Beginning | | | 22,639 | |
| Fund Balances - Ending | | | \$23,098 | |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|---------|----------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interest | \$30 | \$30 | \$69 | \$39 |
| Miscellaneous | | | | 0 |
| Total Revenues | 30 | 30 | 69 | 39 |
| EXPENDITURES | | | | |
| Current | | | | |
| Health and Welfare | 5,000 | 5,000 | 336 | 4,664 |
| Total Expenditures | 5,000 | 5,000 | 336 | 4,664 |
| Excess (Deficiency) of Revenues Over (Under) | | | | |
| Expenditures | (4,970) | (4,970) | (267) | 4,703 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (4,970) | (4,970) | (267) | 4,703 |
| Fund Balances - Beginning | 12,459 | 12,459 | 12,459 | 0 |
| Fund Balances - Ending | \$7,489 | \$7,489 | \$12,192 | \$4,703 |

JACKSON COUNTY, TEXAS
 JUVENILE PROBATION DISCRETION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - |
|--|------------------|------------------|----------------|---------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$1,800 | \$1,800 | 3,311 | \$1,511 |
| Total Revenues | 1,800 | 1,800 | 3,311 | 1,511 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 6,500 | 6,500 | 0 | 6,500 |
| Total Expenditures | 6,500 | 6,500 | 0 | 6,500 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,700) | (4,700) | 3,311 | 8,011 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | <u>(\$4,700)</u> | <u>(\$4,700)</u> | \$3,311 | <u>\$8,011</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 0 | |
| Changes in Accounts Payable | | | 0 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | 3,311 | |
| Fund Balances - Beginning | | | 4,824 | |
| Fund Balances - Ending | | | <u>\$8,135</u> | |

JACKSON COUNTY, TEXAS
 COURT REPORTER SERVICES
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-----------|---------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$1,900 | \$1,900 | \$2,653 | \$753 |
| Total Revenues | 1,900 | 1,900 | 2,653 | 753 |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | 3,700 | 3,700 | 0 | 3,700 |
| Total Expenditures | 3,700 | 3,700 | 0 | 3,700 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,800) | (1,800) | 2,653 | 4,453 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (\$1,800) | (\$1,800) | \$2,653 | \$4,453 |
| Reconciliation from cash basis to modified accrual basis: | | | | |
| Changes in Accounts Payable | | | (15) | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | 2,638 | |
| Fund Balances - Beginning | | | 2,406 | |
| Fund Balances - Ending | | | \$5,044 | |

JACKSON COUNTY, TEXAS
 COMMUNITY DEVELOPMENT GRANT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-----------|------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$398,401 | \$748,038 | \$748,038 | \$0 |
| Total Revenues | 398,401 | 748,038 | 748,038 | 0 |
| EXPENDITURES | | | | |
| Capital Outlay | | | | |
| Capital Outlay | 398,401 | 748,038 | 748,038 | 0 |
| Total Expenditures | 398,401 | 748,038 | 748,038 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balances - Beginning | 0 | 0 | 0 | 0 |
| Fund Balances - Ending | \$0 | \$0 | \$0 | \$0 |
| Reconciliation from cash basis to modified accrual basis: | | | | |
| Changes in Accounts Payable | | | (37,973) | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (37,973) | |
| Fund Balances - Beginning | | | 0 | |
| Fund Balances - Ending | | | (\$37,973) | |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------------|------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$5,000 | \$5,000 | \$3,616 | (\$1,384) |
| Total Revenues | 5,000 | 5,000 | 3,616 | (1,384) |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | 14,175 | 14,175 | 6,125 | 8,050 |
| Total Expenditures | 14,175 | 14,175 | 6,125 | 8,050 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (9,175) | (9,175) | (2,509) | 6,666 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | <u>(\$9,175)</u> | <u>(\$9,175)</u> | <u>(\$2,509)</u> | <u>\$6,666</u> |
| Reconciliation from cash basis to modified accrual basis: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 0 | |
| Changes in Accounts Payable | | | 0 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (2,509) | |
| Fund Balances - Beginning | | | 19,715 | |
| Fund Balances - Ending | | | <u>\$17,206</u> | |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget - |
|--|------------------|------------|----------|---------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Interest | \$30 | \$30 | \$160 | \$130 |
| Miscellaneous | | | 11,686 | 11,686 |
| Total Revenues | 30 | 30 | 11,846 | 11,816 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 11,000 | 11,000 | 4,338 | 6,662 |
| Total Expenditures | 11,000 | 11,000 | 4,338 | 6,662 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,970) | (10,970) | 7,508 | 18,478 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (\$10,970) | (\$10,970) | 7,508 | \$18,478 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Receivable | | | 155 | |
| Changes in Accounts Payable | | | (483) | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | 7,180 | |
| Fund Balances - Beginning | | | 20,391 | |
| Fund Balances - Ending | | | \$27,571 | |

JACKSON COUNTY, TEXAS
DISTRICT ATTORNEY FORFEITURE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-----------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interest | \$175 | \$175 | \$557 | \$382 |
| Miscellaneous | 3,500 | 3,500 | 18,575 | 15,075 |
| Total Revenues | <u>3,675</u> | <u>3,675</u> | <u>19,132</u> | <u>15,457</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | 16,658 | 16,658 | 5,067 | 11,591 |
| Total Expenditures | <u>16,658</u> | <u>16,658</u> | <u>5,067</u> | <u>11,591</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(12,983)</u> | <u>(12,983)</u> | <u>14,065</u> | <u>27,048</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances | <u>(\$12,983)</u> | <u>(\$12,983)</u> | <u>\$14,065</u> | <u>\$27,048</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 281 | |
| Changes in Accrued Wages Payable | | | (159) | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>14,187</u> | |
| Fund Balances - Beginning | | | <u>69,285</u> | |
| Fund Balances - Ending | | | <u>\$83,472</u> | |

JACKSON COUNTY, TEXAS
 JUSTICE COURT TECHNOLOGY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | | | | \$0 |
| Charges for Services | 9,250 | 9,250 | 9,406 | 156 |
| Miscellaneous | | | | 0 |
| Total Revenues | 9,250 | 9,250 | 9,406 | 156 |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | 19,965 | 19,965 | 14,055 | 5,910 |
| Total Expenditures | 19,965 | 19,965 | 14,055 | 5,910 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,715) | (10,715) | (4,649) | 6,066 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (\$10,715) | (\$10,715) | (\$4,649) | \$6,066 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 215 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (4,434) | |
| Fund Balances - Beginning | | | 13,504 | |
| Fund Balances - Ending | | | \$9,070 | |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget - |
|--|-------------------|-------------------|-----------------|---------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$35,000 | \$35,000 | \$30,993 | (\$4,007) |
| Total Revenues | <u>35,000</u> | <u>35,000</u> | <u>30,993</u> | <u>(4,007)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 108,825 | 108,825 | 20,997 | 87,828 |
| Total Expenditures | <u>108,825</u> | <u>108,825</u> | <u>20,997</u> | <u>87,828</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(73,825)</u> | <u>(73,825)</u> | <u>9,996</u> | <u>83,821</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances | <u>(\$73,825)</u> | <u>(\$73,825)</u> | <u>9,996</u> | <u>\$83,821</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | (3,374) | |
| Changes in Accounts Payable | | | 0 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>6,622</u> | |
| Fund Balances - Beginning | | | <u>76,913</u> | |
| Fund Balances - Ending | | | <u>\$83,535</u> | |

JACKSON COUNTY, TEXAS
LAW ENFORCEMENT OFFICERS EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|---------|---------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$3,552 | \$3,531 | \$3,531 | \$0 |
| Total Revenues | 3,552 | 3,531 | 3,531 | 0 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 9,459 | 9,438 | 3,596 | 5,842 |
| Total Expenditures | 9,459 | 9,438 | 3,596 | 5,842 |
| Excess (Deficiency) of Revenues Over (Under) | | | | |
| Expenditures | (5,907) | (5,907) | (65) | 5,842 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (5,907) | (5,907) | (65) | 5,842 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 0 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (65) | |
| Fund Balances - Beginning | | | 6,057 | |
| Fund Balances - Ending | | | \$5,992 | |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|--------------|----------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interest | \$500 | \$500 | \$413 | (\$87) |
| Miscellaneous | 3,200 | 3,811 | 5,891 | 2,080 |
| Total Revenues | <u>3,700</u> | <u>4,311</u> | <u>6,304</u> | <u>1,993</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Culture and Recreation | 4,500 | 5,111 | 4,515 | 596 |
| Total Expenditures | <u>4,500</u> | <u>5,111</u> | <u>4,515</u> | <u>596</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(800)</u> | <u>(800)</u> | <u>1,789</u> | <u>2,589</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances | <u>(800)</u> | <u>(800)</u> | <u>1,789</u> | <u>2,589</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 17 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>1,806</u> | |
| Fund Balances - Beginning | | | <u>3,748</u> | |
| Fund Balances - Ending | | | <u>\$5,554</u> | |

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

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------------|-----------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$72,535 | \$126,688 | \$79,118 | (\$47,570) |
| Interest | 200 | 200 | 338 | 138 |
| Total Revenues | <u>72,735</u> | <u>126,888</u> | <u>79,456</u> | <u>(47,432)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 75,954 | 130,107 | 94,673 | 35,434 |
| Total Expenditures | <u>75,954</u> | <u>130,107</u> | <u>94,673</u> | <u>35,434</u> |
| Excess (Deficiency) of Revenues Over (Under) | | | | |
| Expenditures | <u>(3,219)</u> | <u>(3,219)</u> | <u>(15,217)</u> | <u>(11,998)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balances | <u>(\$3,219)</u> | <u>(\$3,219)</u> | <u>(15,217)</u> | <u>(\$11,998)</u> |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Officers Fees and Sales Tax Receivable | | | 544 | |
| Changes in Prepaid Insurance | | | 313 | |
| Changes in Accounts Payable | | | 14,418 | |
| Changes in Accrued Wages Payable | | | 483 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | <u>541</u> | |
| Fund Balances - Beginning | | | 17,164 | |
| Fund Balances - Ending | | | <u>\$17,705</u> | |

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

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|-------|--------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Administration | 605 | 605 | 116 | 489 |
| Total Expenditures | 605 | 605 | 116 | 489 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (605) | (605) | (116) | 489 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (605) | (605) | (116) | 489 |
| Reconciliation from cash basis to modified accrual: | | | | |
| Changes in Accounts Payable | | | 0 | |
| Net Changes in Fund Balances - Modified Accrual Basis | | | (116) | |
| Fund Balances - Beginning | | | 163 | |
| Fund Balances - Ending | | | \$47 | |

JACKSON COUNTY, TEXAS
DISTRICT CLERK RECORDS MANAGEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - |
|--|------------------|---------|---------|---------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Charges for Services | \$3,300 | \$3,300 | \$4,619 | \$1,319 |
| Total Revenues | 3,300 | 3,300 | 4,619 | 1,319 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Administration | 4,210 | 4,210 | 4,057 | 153 |
| Total Expenditures | 4,210 | 4,210 | 4,057 | 153 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (910) | (910) | 562 | 1,472 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (910) | (910) | 562 | 1,472 |
| Fund Balances - Beginning | 1,012 | 1,012 | 1,012 | 0 |
| Fund Balances - Ending | \$102 | \$102 | \$1,574 | \$1,472 |

JACKSON COUNTY, TEXAS
 CHILD ABUSE PREVENTION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive |
|--|------------------|---------|---------|---|
| | Original | Final | | (Negative) |
| REVENUES | | | | |
| Charges for Services | \$800 | \$800 | \$1,276 | \$476 |
| Total Revenues | 800 | 800 | 1,276 | 476 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 5,000 | 5,000 | 3,000 | 2,000 |
| Total Expenditures | 5,000 | 5,000 | 3,000 | 2,000 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,200) | (4,200) | (1,724) | 2,476 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (4,200) | (4,200) | (1,724) | 2,476 |
| Fund Balances - Beginning | 4,633 | 4,633 | 4,633 | 0 |
| Fund Balances - Ending | \$433 | \$433 | \$2,909 | \$2,476 |

JACKSON COUNTY, TEXAS
 MAURITZ CAMP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|----------|----------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interest | \$50 | \$50 | \$78 | \$28 |
| Miscellaneous | | | 927 | 927 |
| Total Revenues | 50 | 50 | 1,005 | 955 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | 10,200 | 10,200 | 0 | 10,200 |
| Total Expenditures | 10,200 | 10,200 | 0 | 10,200 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,150) | (10,150) | 1,005 | 11,155 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | | | | 0 |
| Operating Transfers Out | | | | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Changes in Fund Balances | (10,150) | (10,150) | 1,005 | 11,155 |
| Fund Balances - Beginning | 10,221 | 10,221 | 10,221 | 0 |
| Fund Balances - Ending | \$71 | \$71 | \$11,226 | \$11,155 |

SINGLE AUDIT SECTION

JACKSON COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| SOURCE AND TITLE OF GRANT | FEDERAL CFDA NUMBER | GRANTOR'S/ PASS-THROUGH GRANTOR'S NUMBER | AWARD AMOUNT | PROGRAM EXPENDI- TURES |
|--|---------------------------|---|-----------------|------------------------------|
| FEDERAL ASSISTANCE | | | | |
| NON-STIMULUS PROGRAMS | | | | |
| U.S. Department of Justice | | | | |
| Passed Through | | | | |
| Texas SAVNS | | | | |
| Statewide Automated Victim Information Notification (SAVIN) Program (NM) | 16.740 | | | |
| | | 1224658 | \$5,843 | \$0 |
| Passed Through | | | | |
| Office of Governor - Criminal Justice Division | | | | |
| Bulletproof Vest Partnership Program (NM) | | | | |
| Fiscal Year 2008 | | | 1,588 | 317 |
| Fiscal Year 2010 | | | 699 | 0 |
| Fiscal Year 2011 | | | 1,875 | 0 |
| | | | | <u>317</u> |
| Total U.S. Department of Justice | | | | <u>317</u> |
| U.S. Department of Homeland Security | | | | |
| Passed Through | | | | |
| Texas Department of Public Safety - | | | | |
| Division of Emergency Management | | | | |
| Emergency Management Performance Grants (NM) | 97.042 | | | |
| Fiscal Year 2010 | | | 7,523 | 0 |
| Fiscal Year 2011 | | | 8,651 | 8,651 |
| | | | | <u>8,651</u> |
| Total U.S. Department of Homeland Security | | | | <u>8,651</u> |
| Passed Through | | | | |
| Texas Department of Public Safety | | | | |
| Homeland Security Grant Program (M) | | | | |
| Fiscal Year 2010 | 97.067 | | | |
| | | SR48239-02 | 213,605 | 82,911 |
| | | | | <u>82,911</u> |
| Passed Through | | | | |
| Texas Department of Public Safety - | | | | |
| Division of Emergency Management | | | | |
| Hazard Mitigation Grant (NM) | | | | |
| Fiscal Year 2011 | 97.039 | | | |
| | | DR1780-027 | 53,102 | 41,569 |
| Fiscal Year 2011 - Community Safe Room | | | 1,720,170 | 0 |
| | | | | <u>41,569</u> |
| Passed Through | | | | |
| Texa Department of Public Safety | | | | |
| State Homeland Security Program (NM) | | | | |
| Fiscal Year 2010 | 97.073 | | | |
| | | SR48239-01 | 34,393 | 33,379 |
| Fiscal Year 2010 | | SR48239-03 | 500,000 | 0 |
| Fiscal Year 2010 | | SR48239-01 | 43,500 | 43,285 |
| Fiscal Year 2011 | | SR48239-01 | 19,784 | 0 |
| | | | | <u>76,664</u> |
| Total U.S. Department of Homeland Security | | | | <u>209,795</u> |

| | | | | |
|---|--------|-------------------|---------|----------------|
| U.S. General Services Administration (GSA) | | | | |
| Passed Through | | | | |
| Texas Facilities Commission/Federal Surplus Program | | | | |
| Donation of Federal Surplus Personal Property (NM) | 39.003 | | | |
| Fiscal Year 2011 | | 15425 | None | <u>1,846</u> |
| Total U.S. General Services Administration (GSA) | | | | <u>1,846</u> |
| U.S. Department of Health and Human Services | | | | |
| Passed Through | | | | |
| Texas Department of State Health Services | | | | |
| Preventive Health and Health Services Block Grant (NM) | 93.991 | | | |
| Fiscal Year 2010 | | 32876 | 28,129 | 0 |
| Fiscal Year 2011 | | 35557 | 28,129 | 28,129 |
| Fiscal Year 2011 - Direct Support - Vaccines | | | 69,689 | 69,689 |
| Fiscal Year 2012 - Direct Support - Vaccines | | | 0 | 0 |
| Total U.S. Department of Health and Human Services | | | | <u>97,818</u> |
| U.S. Election Assistance Commission | | | | |
| Passed Through | | | | |
| Texas Secretary of State - Elections Division | | | | |
| Help America Vote Act of 2002 (HAVA) (NM) | 90.401 | | 21,906 | <u>6,394</u> |
| Total U.S. Election Assistance Commission | | | | <u>6,394</u> |
| U.S. Department of the Interior | | | | |
| Bureau of Ocean Energy Management, Regulations and Enforcement (BOEMRE) | | | | |
| Direct | | | | |
| Coastal Impact Assistance Program (NM) | 16.426 | | | |
| Fiscal Year 2011 | | | 433,034 | 10,139 |
| Total U.S. Department of the Interior | | | | <u>10,139</u> |
| U.S. Department of Transportation | | | | |
| Passed Through | | | | |
| Texas Department of Transportation-Aviation Division | | | | |
| Airport Improvement Program (M) | 20.106 | | | |
| Fiscal Year 2011 | | 3-48-SBGP-57-2010 | 106,924 | 76,853 |
| Total U.S. Department of Transportation | | | | <u>76,853</u> |
| U.S. Department of Health and Human Services | | | | |
| Passed Through | | | | |
| Office of the Attorney General | | | | |
| Child Support Enforcement-Title IV-D (NM) | 93.563 | | None | |
| Fiscal Year 2011 | | | | |
| Passed Through | | | | |
| Texas Department of Family and Protective Services | | | | |
| Foster Care - Title IV (NM) | 20.106 | | | |
| Fiscal Year 2011 | | | | 13,737 |
| Total U.S. Department of Health and Human Services | | | | <u>13,737</u> |
| TOTAL NON-STIMULUS PROGRAMS | | | | <u>416,899</u> |

STIMULUS PROGRAMS**U.S. Department of Housing and Urban Development**

Passed Through

Texas Department of Rural Affairs

State-Administered Small Cities Program (M)

Fiscal Year 2011

14.255

R-729300

250,000

231,220

Total U.S. Department of Housing and Urban Development

231,220**U.S. Department of Justice**

Passed Through

Texas Facilities Commission/Federal Surplus Program

Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)

Program/ Grants to States and Territories (NM)

Fiscal Year 2010

Fiscal Year 2011

16.803

SU-09-A10-22653

15,000

5,000

SU-09-A10-23257

45,069

67,900

Total U.S. Department of Justice

72,900**U.S. Department of Energy**

Passed Through

Texas Comptroller of Public Accounts

Energy Efficiency and Conservation Block Grant Program (EECBG) (NM)

Fiscal Year 2011

81.128

57,576

53,027

Total U.S. Department of Energy

53,027**TOTAL STIMULUS PROGRAMS**357,147

Total Federal Assistance

\$774,046

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER

M=MAJOR PROGRAM

NM=NONMAJOR PROGRAM

See Accompanying Notes to Schedule of Federal Financial Assistance

JACKSON COUNTY, TEXAS
 COMMUNITY DEVELOPMENT BLOCK GRANTS/STATES PROGRAM
 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011

Federal Financial Assistance
 Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Rural Affairs (TDRA)
 CFDA Number: 14.255
 Project Number: R-729300
 Contract Period: 10/17/2010 to 10/16/2012

| | FEDERAL | | LOCAL MATCH | | VARIANCE |
|----------------------------------|------------|--------------|-------------|--------------|------------|
| | PRIOR YEAR | CURRENT YEAR | PRIOR YEAR | CURRENT YEAR | |
| BUDGET | | | | | |
| REVENUE | | | | | |
| Federal | \$250,000 | \$0 | \$231,200 | | (\$18,800) |
| TOTAL REVENUE: | 250,000 | 0 | 231,200 | 0 | (18,800) |
| EXPENSES | | | | | |
| Federal | | | | | |
| Sewer Facilities | 250,000 | 0 | 231,200 | 0 | 18,800 |
| TOTAL EXPENSES | 250,000 | 0 | 231,200 | 0 | 18,800 |
| Excess Revenue over Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 |

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P.O. BOX 366 830/569-8781 FAX 830/569-8778
PLEASANTON, TEXAS 78064

111 NORTH ODEM
830/569-8781 FAX 830/569-8776
SINTON, TEXAS 78387

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 Commissioners' Court
Jackson County, Texas

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

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in the internal control over financial reporting that I consider to be material weaknesses as defined above.

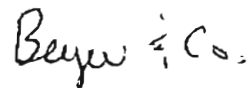
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I did not identify any deficiencies in the internal control over financial reporting that I consider to be significant deficiency as defined above.

Compliance and Other Matters

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Sincerely,

Handwritten signature in cursive script that reads "Beyers & Co."

BEYER & CO.
Certified Public Accountants
May 4, 2012

BEYER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

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P.O. BOX 366 830/569-8781 FAX 830/569-6776
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SINTON, TEXAS 78387

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Commissioners' Court
Jackson County, Texas

Compliance

We have audited Jackson County, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jackson County, Texas's major federal programs for the year ended September 30, 2011. Jackson County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jackson County, Texas's management. Our responsibility is to express an opinion on Jackson County, Texas's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jackson County, Texas's compliance with those requirements.

In our opinion, Jackson County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control over Compliance

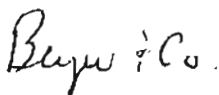
Management of Jackson County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County, Texas's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Sincerely,



BEYER & CO.
Certified Public Accountants
May 4, 2012

JACKSON COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

General

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all the Jackson County, Texas's Federal grants for the year ended September 30, 2011. This report is intended for the information of the Jackson County, Texas, and Federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

The Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting.

Non Cash Grants

Jackson County received non-cash grants of \$76,853 for the year ended September 30, 2011 for the TxDOT Aviation Grant.

JACKSON COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal

There were no prior audit findings for Federal Awards.

JACKSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jackson County, Texas.
2. There were no significant deficiencies disclosed during the audit. There was no material weakness disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Jackson County, Texas, which would be required to be reported in accordance with Government Auditing Standards and the Uniform Grant Management Standards (UGMS), disclosed during the audit.
4. There were no significant deficiencies over major Federal award programs disclosed during the audit. There was no material weakness over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for the Jackson County, Texas expresses an unqualified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs: Community Development Block Grant - CFDA 14.255, Airport Improvement Program – CFDA 20.106, and Homeland Security Grant Program – CFDA 97.067.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Jackson County did not qualify as a low-risk auditee.
10. Material Weaknesses
 - a. There were no material weakness disclosed during the audit.

Findings relating to the Financial Statements

None

Findings and Questioned Costs for Federal Awards

None

Sheriff's Office

Finding:

1. We noted that the Commissary / Inmate Trust Fund bank account is not correctly reconciled each month; therefore, we were unable to determine the source of inmate monies being held.

Recommendation:

We recommend all bank accounts be reconciled monthly.

Corrective Action

The County will reconcile all banks accounts on a monthly basis.

Finding:

2. We were unable to obtain a true and correct year-end Resident Balance Report; therefore, we were unable to determine actual amounts owed to inmates.

Recommendation:

We recommend that correct inmate balances be entered into the computer software system routinely; and that the Resident Balance Report remain current; and be reconciled to the bank statement(s).

Corrective Action

The County will make sure all balances are correct and all reports are current.

Finding:

3. We noted that reports pertaining to the Commissary / Inmate Trust Account are not being remitted to the Treasurer / Auditor.

Recommendation:

We recommend that reports be remitted to the Treasurer / Auditor at least monthly.

Corrective Action

The reports will be remitted to the Treasurer / Auditor on a monthly basis.

Finding:

4. We noted that reports pertaining to the Commissary / Inmate Trust Account are not being printed out and kept on file by the jail administrator.

Recommendation:

We recommend that reports be run daily, weekly, and monthly; and kept on file for auditing purposes.

Corrective Action

The County will run reports and keep on file.

Finding:

5. We noted that checks are not being issued and sent to inmates if the jail administrator feels he does not have a current address.

Recommendation:

We recommend that inmate balances be determined, and checks issued for the balance amount to inmates immediately upon release.

Corrective Action

The County will determine all inmate balances and issue amount upon release.

County of Jackson

Michelle Darilek, CPA
Jackson County Auditor

411 North Wells, Room 201
Edna, Texas. 77957

Phone: 361.782.2072
Fax: 361.782.0856
E-mail: m.darilek@co.jackson.tx.us

May 31, 2012

Honorable Stephen Williams
District Judge
135th Judicial District
115 N Bridge
Victoria, Texas 77901

Honorable Judge Williams:

Enclosed is a copy of Jackson County's audited Comprehensive Annual Financial Report for the year ended September 30, 2011 as well as a management letter dated May 4, 2012. There are several findings listed in the report all pertaining to the Commissary/Inmate Trust Fund. The bank account has not been reconciled since July 2010 when the new Keefe kiosk system for tracking inmate transactions was installed and many of the issues stem from the omission of this vital procedure.

The Auditor's Office has contacted the Jail Administrator numerous times concerning the non-reconciliation of the Commissary/Inmate Trust Fund bank account and requested monthly reports. The Auditor's Office concurs with all the management letter's recommendations and will again discuss the importance of recordkeeping, reconciling and reporting with the Jail Administration and the Sheriff's Office. The Auditor, Treasurer and Jail Administration plan to work together to resolve the numerous issues of the Commissary/Inmate Trust Fund.

If you have any questions or need additional information, please do not hesitate to contact me at the number or address above.

Sincerely



Michelle Darilek, CPA
Jackson County Auditor

Enclosures

Cc: County Judge
Commissioners
Audit File