

ANNUAL FINANCIAL REPORT

TYLER COUNTY, TEXAS

Fiscal Year Ended
December 31, 2010

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TYLER COUNTY, TEXAS

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INTRODUCTORY SECTION

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TYLER COUNTY AUDITOR

Jackie Skinner

100 W. Bluff Room 110 Woodville, Texas 75979
Phone: 409-283-3652 or 409-283-5305

September 22, 2011

To the Honorable County Judge,
Members of Commissioners Court,
and Management
Tyler County, Texas:

The Annual Financial Report (AFR) of the County of Tyler, Texas (the "County"), for the fiscal year ended December 31, 2010, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

In 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*. This statement establishes new requirements for the annual financial reports of state and local governments. It was developed to provide additional information about the fiscal health of governments and to make the annual reports more comprehensive and easier to understand and use. GASB Statement No. 34 mandated that governments comparable to the County implement the new reporting model by fiscal year 2003.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the independent auditors' report.

The Annual Financial Report is presented in two sections: **Introductory** and **Financial**. The Introductory Section includes this transmittal letter and a list of principle officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, budgetary comparison schedules, required supplementary information other than MD&A, as well as the independent auditors' report, financial statements, and schedules.

The financial reporting entity, the County, includes all the funds of the primary government (i.e., Tyler County as legally defined), as well as any component units. Component units are legally separate entities for which the primary government is financially accountable. Currently, the County does not have a component unit.

The County provides a full range of services complemented by statute or charter. This includes police protection, legal and judicial services, construction and maintenance of roads and bridges, and waste management.

TYLER COUNTY HISTORY

Tyler County was organized in 1846. It covered an area of 923 square miles. It was named for President John Tyler, who signed the resolution to annex Texas to the United States. An election was held to choose a County Seat. Although Town Bluff was popular, a more centrally located place was preferable. Josiah Wheat offered 200 acres of his land in the forks of Turkey Creek for a town site. His generous offer was accepted. Woodville was named for Governor George T. Wood who guided the bill creating the County successfully through the State Legislature while he was a State Senator. The town was surveyed, laid off in blocks and lots, and citizens began to clear the timber from the public square.

The census taken in 1850 records a population of 4,515. In 1960 the County's population had grown to 10,666. In 1990, the census count lists the population of Tyler County at 16,646, and in 2000, the population increased by 25.4% to 20,871.

The County Courthouse, a three story brick building, was originally built in 1891. An annex housing the Tax Office was added in 1962 on the Courthouse Square. The County's Justice Center was completed in 1988 with a 43 inmate capacity County Jail. It is located on Highway 69 and 287 North of Woodville. Another annex was purchased in 1992 at 1001 West Bluff to house the Tax Office, Veteran's Service and Driver's License Office. The Criminal District Attorney moved into the first annex and other offices filled its vacancy in the Courthouse.

The County owns and maintains a Collection Center, Rodeo Arena, and a small Airport. In 1989, Tyler County began construction on the Tyler County Human Resource Center at 201 Willow, Woodville. Funded by a TDOC Grant #707981, donations from Temple-Inland, and a land lease from the Veterans of Foreign Wars, the center was completed in 1990. Serving as accommodations for the Tyler County Aging Services, it has become a vital part of our community. In 1999, the County Extension Offices were moved from the County Courthouse building to the Center to accommodate more room for other offices in the Courthouse. In 2005 the Veterans Service Officer relocated to the Tyler County Human Resource Center, also known as Tyler County Nutrition (Senior) Center, for better accommodations to the veterans of Tyler County. Several Organizations now lease office space in this building and assist the County in many ways. In 2006, the County purchased the J. B. Best Building, a County landmark, to house the Tyler County Clerk's Office.

MAJOR INITIATIVES

For the Year

The Jail Commission of Texas has informed Tyler County that its jail is out of compliance on population and inmates are being housed in other counties. Commissioners Court began researching what is needed and where to get answers to this problem. A new jail is being studied.

For the Future

At this time, Tyler County is contemplating the answers to the overcrowding in the Jail. A contract has been awarded to a firm to study and report what is needed to correct the current problem plus give a report on future needs. It appears a new jail will be needed and the decisions on what kind of facility to build.

Tyler County has established an Emergency Operations Center in the Tyler County Nutrition (Senior Citizens) Building at 201 Willow, Woodville, Texas. Here the operations will have much needed room to operate during another disaster if needed. The disaster grants continue to be a major item for consideration. They have assisted so many of Tyler County's needs.

Tyler County, Texas
Letter of Transmittal
December 31, 2010

The Tyler Collection Center (garbage transfer station) is located west of Woodville. It is one of the best in the state. Being established in 1993, much of the original equipment is still being used. An update of this equipment is anticipated in the near future.

General Government Functions

The Commissioners Court is the governing body of the County. The Texas Constitution specifies that the Court consists of a County Judge, who is elected at large and serves as presiding officer, and four County Commissioners elected by the voters of their individual precinct. The court exercises the powers provided by law to conduct the varied business of the County. The Local Government Code prescribes the duties and grants authority to the Commissioners Court and other County officers relating to financial management. In compliance with state statutes, the Commissioners Court maintains budgetary control to ensure that provisions embodied within the annually appropriated budget are met for most County functions. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund.

The Budget Process

The County Judge serves as the Budget Officer and, along with the County Auditor, prepares an annual budget for presentation and approval by the Commissioners Court. Departments submit budget requests for budget revisions and amendments to the County Auditor, who reviews for conformity to statutes, appropriateness within the scope of budget objectives and makes recommendations to the Commissioners Court as required. The Commissioners Court maintains sole authority for revising or amending the budget.

Notices, budget request forms, and a proposed budget planning calendar are distributed to elected officials and department heads who are responsible for preparing a departmental budget request and submitting the same to the County Judge, along with supporting documentation.

The County Auditor estimates historical revenues and beginning balances in conjunction with information obtained from various County offices. The County Judge compiles and analyzes budget requests and estimated revenues, conducting budget review meetings with departments and the County Auditor.

A preliminary budget is submitted to Commissioners Court and budget workshops are held with individual departments, if requested. A proposed budget is filed with the County Clerk for public inspection and a tax rate is proposed to support that budget, based upon the Tax Assessor/Collector's publication of the "Effective Tax Rate." Notices of the proposed tax rate are published in the local newspaper and public hearings are held to receive comments on the proposed budget and on the proposed tax rate. Changes warranted by law and required in the interest of the taxpayer are made, the budget is adopted, and a tax rate is set. The approved budget is filed with the County Clerk and the County Auditor.

The County Auditor monitors expenditures of the various departments to prevent expenditures from exceeding budget appropriations and sends a monthly financial report to Commissioners Court and the District Judges. The County Auditor provides a budget to actual expenditures report to each department on a monthly basis.

Departments may receive added incentives for efforts in cost effective measures during the budget year. Certain budget balances are carried forward (through the budget process) to allow and encourage departments to save toward larger expenditures. Road and Bridge departments are probably the most affected by the budget carry forward issue, as larger balances may occur.

Internal Control Structure

The County's accounting records for general government operations are maintained and the financial statements are presented on a cash basis. The financial operating controls are shared by the Commissioners Court, which is the governing body, and the County Auditor, who is appointed by the District Judges.

The County Auditor has the basic responsibility for maintaining the records of all financial transactions of the County and examining, auditing, and approving all disbursements from County funds prior to submission to Commissioners Court for payment.

The Commissioners Court sets the tax rate, establishes policies for County operation, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor.

In developing the County's accounting systems, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of the financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived there from, and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The County's internal accounting controls are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Cash Management

The County Treasurer, by statute, serves as the custodian of County funds and is responsible for the receipt and disbursement of all monies owed to or by the County. The County Treasurer is required to maintain accurate records of all transactions of his/her office and to regularly report to the Commissioners Court.

The Commissioners Court selected qualified banks to serve as the County depositories, in which the County Treasurer deposits all monies received. The County's investment policy was revised to meet the changes in Public Funds Investment Act. Investment strategies were identified for each group of funds.

Risk Management

The County participates in the Texas Association of Counties Workers Compensation Pool to cover job related risk. The development of a limited risk management program has resulted in significant savings in Workers Compensation Insurance premiums. These savings are passed on to all County employees in the form of cost of living and merit salary increases. Additionally, the County annually reviews with its carrier all liability coverage, making necessary amendments and/or adjustments to policy deductibles and limits.

Tyler County, Texas
Letter of Transmittal
December 31, 2010

OTHER INFORMATION

Independent Audit

The County requires an annual audit of the books of accounts, financial records, and transactions of all departments of the County by an independent certified public accountant. The accounting firm of Belt Harris Pechacek, LLLP, *Certified Public Accountants* was selected by Commissioners Court as the County's auditors, and their opinion letter on the general purpose financial statements is included in the Financial Section of this report.

Acknowledgements

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the County Auditor's office. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the County Judge, members of the Commissioners Court, and the Department Heads for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jackie Skinner". The signature is written in black ink and is positioned above the printed name and title.

Jackie Skinner
Tyler County Auditor

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TYLER COUNTY, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2010

COMMISSIONERS COURT:

Jacques L. Blanchette	County Judge
Martin Nash	Commissioner, Precinct #1
Rusty Hughes	Commissioner, Precinct #2
Mike Marshall	Commissioner, Precinct #3
Jack Walston	Commissioner, Precinct #4

JUDICIAL:

Joe R. Smith	District Attorney
Melissie Evans	District Clerk

COUNTY COURT AT LAW:

Donece Gregory	County Clerk
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JUSTICE COURTS:

Bryan Weatherford	Justice of Peace, Precinct #1
Stevan Sturrock	Justice of Peace, Precinct #2
Milton Powers	Justice of Peace, Precinct #3
Jim Moore	Justice of Peace, Precinct #4

LAW ENFORCEMENT:

David Hennigan	County Sheriff
Guy Gary Mattingly	Constable, Precinct #1
David Davis	Constable, Precinct #2
Wade Skinner	Constable, Precinct #3
Jim Zachary	Constable, Precinct #4

FINANCIAL ADMINISTRATION:

Lynnette Cruse	Tax Assessor/Collector
Sharon Fuller	County Treasurer
Jackie Skinner	County Auditor*

*Designated appointed official. All others are elected.

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners Court
Tyler County, Texas:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tyler County, Texas (the "County"), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the County, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in cash basis financial position thereof for the year ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and pension information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in

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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 the County's financial statements as a whole. The introductory section and combining statements and schedules 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 fund statements and schedules 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

September 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TYLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
December 31, 2010

The Statement of Net Assets presents information on all of Tyler County's cash, investments, and cash basis – net assets. The reported change in financial condition is a change in cash position and not a change in the economic condition of the County. Other non-financial factors, such as the County's property tax base, need to be considered in order to assess the overall health of the County.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as cash receipts are received and disbursements are made. Thus, receipts and disbursements are reported in these statements.

In the Statement of Net Assets and the Statement of Activities, the County has only one type of activity:

Governmental Activities - The County's basic services are reported here such as general government, administration of justice, roads and bridges, public safety, public transportation, health and human services, tax administration and interest and fees on long-term debt.

The government-wide financial statements can be found on pages 23 through 25 of this report.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds - not the County as a whole.

The County has two types of funds:

Governmental Funds - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's major programs.

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.

Information is presented separately in the governmental fund statement of cash basis assets, liabilities and fund balances and in the governmental fund statement of receipts, disbursements, and changes in fund balances for the general, road and bridge, jail interest and sinking, emergency disaster relief, TC disaster project round II, and SECO block grant fund which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

TYLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 December 31, 2010

Notes to Financial Statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 33 through 41 of this report.

Other Information – In addition to basic financial statements, the MD&A, and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and road and bridge fund as well as a schedule of funding progress for the Texas County and District Retirement System (TCDRS). RSI can be found on pages 44 through 51.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

In accordance with GASB Statement No. 34, the County is providing comparative information. A comparative analysis of government-wide information is presented below.

Statement of Net Assets – Cash Basis

The following table reflects the condensed cash basis Statement of Net Assets:

	Governmental Activities	
	2010	2009
Current and other assets	\$ 8,939,837	\$ 7,050,513
Total Assets	8,939,837	7,050,513
Net assets:		
Restricted	6,615,795	1,991,171
Unrestricted	2,324,042	5,059,342
Total Net Assets	\$ 8,939,837	\$ 7,050,513

The County's net assets increased by \$1,889,324 from \$7,050,513 to \$8,939,837 primarily due to an increase in tax revenues and closely monitoring expenses.

TYLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
December 31, 2010

Statement of Activities – Cash Basis:

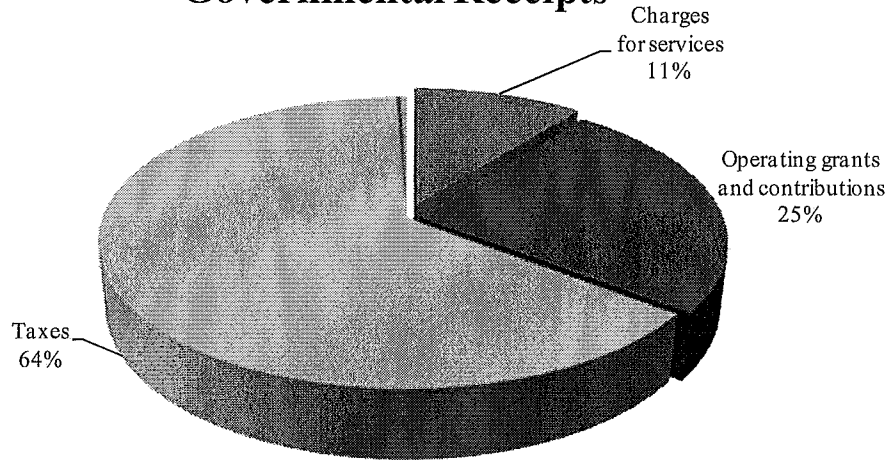
The following table provides a summary of the County's changes in cash basis net assets:

	Governmental Activities	
	2010	2009
Receipts		
Program cash receipts:		
Charges for services	\$ 1,440,825	\$ 2,004,353
Operating grants and contributions	3,391,307	11,819,409
General receipts:		
Taxes	8,730,482	8,109,669
Investment income	34,512	48,401
Other receipts	57,321	3,390
Total Receipts	13,654,447	21,985,222
Disbursements		
General government	2,907,118	3,336,985
Administration of justice	773,110	881,766
Roads and bridges	2,241,929	2,493,095
Public safety	2,760,395	12,854,001
Public transportation	-	6,705
Health and human services	616,999	1,033,302
Tax administration	223,945	218,377
Debt service	69,388	58,673
Other	2,172,239	10,714
Total Disbursements	11,765,123	20,893,618
Change in Net Assets	1,889,324	1,091,604
Beginning Net Assets	7,050,513	5,958,909
Ending Net Assets	\$ 8,939,837	\$ 7,050,513

TYLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 December 31, 2010

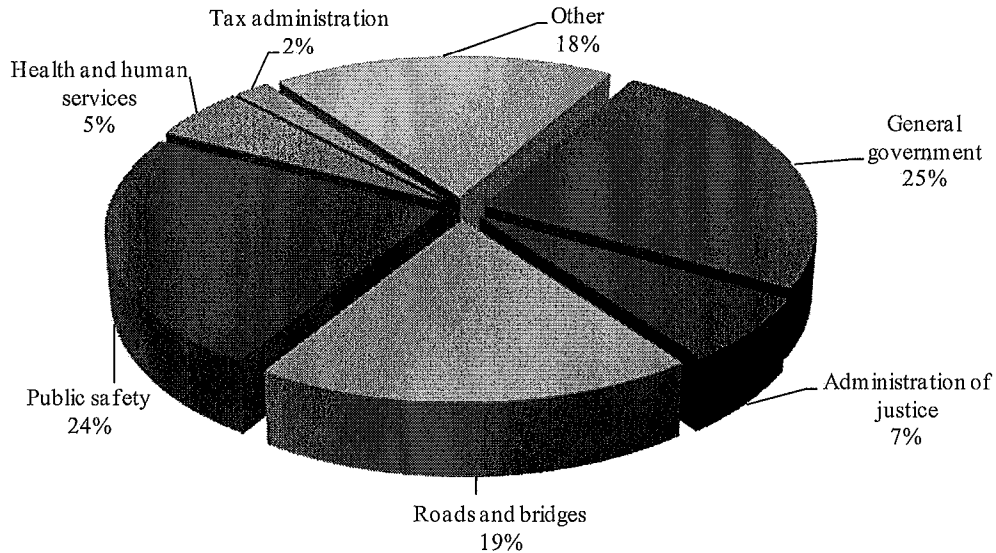
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Receipts



Total governmental receipts decreased by 38% or \$8,330,775 from the prior year. This is primarily the result of reduced grant revenue related to Hurricane Ike. Charges for services decreased by \$563,528, however, property and sales tax revenue increased over the prior year by 8% or \$620,813.

Governmental Disbursements



Governmental disbursements have decreased as well by 44% or \$9,128,495 from the prior year. The majority of this decrease is directly related to the decrease of expenditures from Hurricane Ike. Other changes include a decrease in general and road and bridge expenditures of \$429,867 and \$251,166, respectively.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

TYLER COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
December 31, 2010

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

The County's governmental funds reflect a combined fund balance of \$8,939,837. Of this, \$2,338,972 is unreserved and available for day-to-day operations of the County; \$1,040,281 is reserved for construction and improvements to the jail; \$2,058,621 is reserved for grant projects; \$1,989,528 is reserved for road and bridge projects; and \$1,512,435 is unreserved within the County's special revenue funds.

The general fund is the chief operating fund of Tyler County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$2,338,972. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 39% of total general fund expenditures, while total fund balance represents the same amount.

There was an increase in the combined fund balance of \$1,889,324 over the prior year. The general fund and disaster relief fund experienced the most significant increases of \$1,176,137 and \$520,161, respectively. The jail interest/sinking fund also experienced a slight increase of \$17,240. These increases are primarily due to decreases in expenditures. The road and bridge and SECO block grant funds experienced a decrease in the amounts of \$1,642 and \$14,930, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund receipts were over final budgeted receipts by \$1,048,092 during the year. This increase is attributable to taxes, other fees, and receipts exceeding the anticipated amount in the original budget projections. General fund disbursements were under the final budget by \$584,553.

CAPITAL ASSETS

The County maintains its financial records on the cash basis of accounting and, as a result, has not recorded capital assets.

LONG-TERM DEBT

At the end of the fiscal year, the County had total debt outstanding of \$182,504 comprised of four lease purchase agreements. As a result of maintaining financial records on the cash basis of accounting, the County has not recorded this liability in its financial statements.

ECONOMIC FACTORS

The County continues to grow as seen in the increase in assessed property valuations for both residential and commercial entities, and has continued the permanent road program to solidify the infrastructure of the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to Jackie Skinner, County Auditor, Tyler County, 100 West Bluff, Woodville, TX 75979.

BASIC FINANCIAL STATEMENTS

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TYLER COUNTY, TEXAS
STATEMENT OF NET ASSETS - CASH BASIS
December 31, 2010

		<u>Primary Governmental Activities</u>
<u>Assets</u>		
Cash and cash equivalents		\$ 8,939,837
	Total Assets	<u>8,939,837</u>
<u>Net Assets</u>		
Restricted for:		
Road and bridge		1,989,528
Construction and improvements		1,040,281
Grant projects		2,058,621
Other purposes		1,527,365
Unrestricted		2,324,042
	Total Net Assets	<u>\$ 8,939,837</u>

See Notes to Financial Statements.

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TYLER COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2010

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 2,907,118	\$ 1,359,604	\$ 924,805	\$ (622,709)
Administration of justice	773,110	-	-	(773,110)
Roads and bridges	2,241,929	81,221	47,588	(2,113,120)
Public safety	2,760,395	-	2,418,914	(341,481)
Health and human services	616,999	-	-	(616,999)
Tax administration	223,945	-	-	(223,945)
Debt service	69,388	-	-	(69,388)
Other	2,172,239	-	-	(2,172,239)
Program (Disbursements) Receipts	\$ 11,765,123	\$ 1,440,825	\$ 3,391,307	(6,932,991)

General Receipts:		
Property taxes		7,910,265
Sales taxes		580,700
Special auto tax		170,966
Other taxes		68,551
Investment income		34,512
Other receipts		57,321
Total General Receipts		8,822,315
Change in Net Assets		1,889,324
Beginning Net Assets		7,050,513
Ending Net Assets		\$ 8,939,837

See Notes to Financial Statements.

TYLER COUNTY, TEXAS
STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2010

	General	Road and Bridge	Jail Interest and Sinking	Emergency Disaster Relief
Assets				
Cash and cash equivalents	\$ 2,324,032	\$ 1,989,528	\$ 1,040,281	\$ 2,058,621
Due from other funds	14,940	-	-	-
Total Assets	\$ 2,338,972	\$ 1,989,528	\$ 1,040,281	\$ 2,058,621
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances				
Reserved for:				
Road and bridge	-	1,989,528	-	-
Construction and improvements	-	-	1,040,281	-
Grant projects	-	-	-	2,058,621
Unreserved, undesignated, reported in:				
General fund	2,338,972	-	-	-
Special revenue funds	-	-	-	-
Total Fund Balances	2,338,972	1,989,528	1,040,281	2,058,621
Total Liabilities and Fund Balances	\$ 2,338,972	\$ 1,989,528	\$ 1,040,281	\$ 2,058,621

See Notes to Financial Statements.

TC Disaster Project Round II	SECO Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,527,375	\$ 8,939,837
-	-	-	14,940
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527,375</u>	<u>\$ 8,954,777</u>
\$ -	\$ 14,930	\$ 10	\$ 14,940
-	14,930	10	14,940
-	-	-	1,989,528
-	-	-	1,040,281
-	-	-	2,058,621
-	-	-	2,338,972
-	(14,930)	1,527,365	1,512,435
-	(14,930)	1,527,365	8,939,837
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,527,375</u>	<u>\$ 8,954,777</u>

TYLER COUNTY, TEXAS

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	General	Road and Bridge	Jail Interest and Sinking	Emergency Disaster Relief
Receipts				
Taxes	\$ 6,387,225	\$ 2,343,257	\$ -	\$ -
Intergovernmental	189,885	47,588	-	1,191,305
Auto registration	-	67,349	-	-
Other fees	1,063,401	81,221	-	-
Investment income	20,976	4,562	1,906	3,686
Other receipts	38,002	-	852	-
Total Receipts	7,699,489	2,543,977	2,758	1,194,991
Disbursements				
General government	2,830,132	-	-	-
Administration of justice	773,110	-	-	-
Roads and bridges	-	2,241,929	-	-
Public safety	1,972,251	-	-	674,830
Health and human services	117,037	-	-	-
Tax administration	223,945	-	-	-
Other disbursements	-	-	-	-
Debt Service:				
Debt service	-	69,388	-	-
Capital Outlay	118,335	434,302	2,977	-
Total Disbursements	6,034,810	2,745,619	2,977	674,830
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,664,679	(201,642)	(219)	520,161
Other Financing Sources (Uses)				
Transfers in	94,599	2,972,916	17,459	-
Transfers (out)	(583,141)	(2,772,916)	-	-
Total Other Financing Sources (Uses)	(488,542)	200,000	17,459	-
Net Change in Fund Balances	1,176,137	(1,642)	17,240	520,161
Beginning Fund Balances	1,162,835	1,991,170	1,023,041	1,538,460
Ending Fund Balances	\$ 2,338,972	\$ 1,989,528	\$ 1,040,281	\$ 2,058,621

See Notes to Financial Statements.

TC Disaster Project Round II	SECO Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 8,730,482
1,227,609	-	734,920	3,391,307
-	-	-	67,349
-	-	228,854	1,373,476
-	-	3,382	34,512
-	-	18,467	57,321
<u>1,227,609</u>	<u>-</u>	<u>985,623</u>	<u>13,654,447</u>
-	14,930	62,056	2,907,118
-	-	-	773,110
-	-	-	2,241,929
44,284	-	69,030	2,760,395
-	-	499,962	616,999
-	-	-	223,945
-	-	386,485	386,485
-	-	-	69,388
<u>1,183,325</u>	<u>-</u>	<u>46,815</u>	<u>1,785,754</u>
<u>1,227,609</u>	<u>14,930</u>	<u>1,064,348</u>	<u>11,765,123</u>
-	(14,930)	(78,725)	1,889,324
-	-	363,894	3,448,868
-	-	(92,811)	(3,448,868)
-	-	271,083	-
-	(14,930)	192,358	1,889,324
-	-	1,335,007	7,050,513
<u>\$ -</u>	<u>\$ (14,930)</u>	<u>\$ 1,527,365</u>	<u>\$ 8,939,837</u>

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TYLER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUNDS
December 31, 2010

	<u>Total Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 4,776,614
Total Assets	<u>\$ 4,776,614</u>
<u>Liabilities</u>	
Due to other units	\$ 4,776,614
Total Liabilities	<u>\$ 4,776,614</u>

See Notes to Financial Statements.

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TYLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of the county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statute (VACS).

These financial statements are presented on a cash basis of accounting. The cash basis differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting Entity

The County's basic financial statements include the primary government only. The County has no oversight responsibility for any other entity since they are not considered financially accountable to the County. Financial accountability is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body.

B. Government-Wide and Fund Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the County as a whole, excluding fiduciary activities. These statements include all activities of the primary government. 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 receipts, are reported separately from business-type activities, which the County has none.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, such as taxes and investment earnings, are presented as general receipts.

Separate financial statements are provided for governmental and agency funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts, and disbursements, as appropriate. Following is a description of the various funds:

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2010

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of receipts include local property taxes, licenses and permits, fines and forfeitures, and charges for services. Disbursements include general government, administration of justice, health and human services, and tax administration.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific receipts sources that are legally restricted to disbursements for specified purposes (not including permanent funds or major capital projects).

The following special revenue funds are considered a major fund for reporting purposes:

Road & Bridge Fund - This fund is used to account for receipts of property taxes levied and vehicle registration fees for the road & bridge fund. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations as well as permanent road monies are accounted for in this fund.

Jail Interest and Sinking Fund – This fund is a special revenue fund used to account for tax revenue received for construction, improvements and repairs to the jail center.

Emergency Disaster Relief– This fund is a special revenue fund used to account for grant revenue received from FEMA which provides supplemental Federal disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities.

TC Disaster Project Round II– This fund is a special revenue fund used to account for grant revenue received from FEMA to assist State and local governments in responding to and recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed.

SECO Block Grant Fund– This fund is a special revenue fund used to account for grant revenue received from the State to develop and implement projects to improve energy efficiency, and reduce energy use and fossil fuel emissions in their communities.

Fiduciary Funds

The fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has the following types of fiduciary funds:

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and fund financial statements are presented under the cash basis of accounting. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

As a result of the use of this cash basis of accounting, certain assets and their related receipts (such as capital assets, accounts receivable, and revenue for billed or provided services not yet collected), and certain liabilities and their related expenses (such as long-term debt, accounts payable, expenses for goods or services received but not yet paid, accrued expenses, and liabilities) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

The County'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.

The Local Government Code of Texas authorizes the County to invest in:

1. obligations of the United States or its agencies and instrumentalities;
2. direct obligations of the State of Texas or its agencies and instrumentalities;
3. collateral mortgage obligations although significantly limited;
4. other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

5. obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
6. certificates of deposit issued by state and national banks or savings and loan domiciled in Texas which are:
 - a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
 - b. secured by obligations of paragraphs (1) to (5) above and that have a market value of not less than the principal amount of the certificates but excluding certain mortgage-backed securities;
7. fully collateralized repurchase agreements, bankers' acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools all of which are required to meet certain restrictive criteria.

2. Property Taxes

General property taxes are recorded as receipts when levied for the current year and due, payable, and collected in the current year.

The property tax calendar dates are:

Levy date and Due date – October 1
Collection dates – October 1 through June 30
Lien date – July 1

The County bills and collects its own taxes and those for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, and interest and sinking fund of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

The appraisal of property within the County is the responsibility of the countywide appraisal district, which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value, and is prohibited from applying any assessment ratios. The appraisal district must review the value of the property within the County every three years unless the County, at its own discretion, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

3. Net Assets

Equity is classified as net assets and displayed in two components:

Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that do not meet the definition of “restricted.”

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget is adopted by the Commissioners Court prior to the beginning of the year. The legal level of control is the department level as defined by state statute. Management is authorized to transfer budgeted amounts between departments within any fund; however any revisions that alter the total disbursements of any fund must be approved by the Commissioners Court.

Budgets for the governmental fund types are adopted on a cash basis. Budgeted amounts are as originally adopted, or as amended by the Commissioner’s Court. Budgetary comparison schedules are presented as RSI for the general fund and each major special revenue fund with an annually adopted budget.

A. Deficit Fund Equity

The funds below had deficit fund balances at December 31, 2010, as indicated.

Special Revenue Funds:		
SECO Block Grant	\$	14,930
Tyler County Justice Grant	\$	10

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the stated maturity of its investment portfolio to no more than 90 days.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of December 31, 2010, pledged securities and FDIC insurance exceeded bank balances.

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

B. Interfund Transactions

The compositions of interfund balances as of year end were as follows:

	Due to	Due from
Governmental Funds		
Individual major governmental funds:		
General	\$ -	\$ 14,940
SECO Block Grant	14,930	-
Other non-major funds	10	-
Total due to and from	\$ 14,940	\$ 14,940

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary governmental funds during the 2010 year were as follows:

	Transfers in	Transfers out
Governmental Funds		
Individual major governmental funds:		
General	\$ (94,599)	\$ 583,141
Road and Bridge	(2,972,916)	2,772,916
Other non-major funds	(381,353)	92,811
Total transfers	\$ (3,448,868)	\$ 3,448,868

Amounts transferred between funds relate to amounts collected by general, road and bridge, and special revenue funds for various governmental disbursements.

IV. OTHER INFORMATION

A. Risk Management

The County 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 County carries commercial insurance. In addition, the County participates along with 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. This pool was created by the Texas Association of Counties in 1974 to insure the County for workers' compensation related claims. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

The County reports liabilities 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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

The County reports liabilities 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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at December 31, 2010.

B. 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.

C. Pension Plans

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 601 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 Commissioners' Court within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight 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 eight 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 contribution to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court 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 County has elected the annually determined contribution rate (ACDR) 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 County contributed using the actuarially determined rate of 9.53 percent for the calendar year of 2010.

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

The Commissioners' Court adopted the rate of seven percent as the contribution rate payable by the employee members for calendar year 2010. The Commissioners' Court may change the employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Annual Pension Costs

The County's schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The funded status as of December 31, 2010, the most recent valuation date, is as follows:

	2010
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 8,001,257
Actuarial Accrued Liability	\$ 9,038,326
Percentage Funded	88.5%
Unfunded Actuarial	
Accrued Liability	\$ 1,037,069
Annual Covered Payroll	\$ 3,198,039
Unfunded Actuarial	
Accrued Liability	
(UAAL) % of Covered Payroll	32.43%

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008, the basis for determining the contribution rates for plan year 2010.

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	20
Asset valuation method	10-yr smoothed value
	Fund value
Investment rate of return	8%
Projected salary increases	5.3%
Includes inflation at	3.5%
Cost of living adjustments	None

	2010	2009	2008
Annual Req. Contrib. (ARC)	\$ 355,681	\$ 297,821	\$ 247,528
Contributions made	355,681	297,821	247,528
NPO at the End of Period	\$ -	\$ -	\$ -

TYLER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For the year ended December 31, 2010

D. Commitments

The County has entered into several capital leases for various public works equipment. For the year ended December 31, 2010, lease expenditures totaled \$113,327. Future minimum lease commitments are as follows:

	Principal	Interest	Total
2011	\$ 111,574	\$ 8,766	\$ 120,340
2012	54,129	3,523	57,652
2013	16,065	402	16,467
Total	\$ 181,768	\$ 12,691	\$ 194,459

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REQUIRED SUPPLEMENTARY INFORMATION

TYLER COUNTY, TEXAS

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND

CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Receipts</u>				
Taxes	\$ 5,341,337	\$ 5,341,337	\$ 6,387,225	\$ 1,045,888
Intergovernmental	232,360	232,360	189,885	(42,475)
Other fees	1,026,500	1,026,500	1,063,401	36,901
Interest	51,200	51,200	20,976	(30,224)
Other receipts	-	-	38,002	38,002
Total Receipts	6,651,397	6,651,397	7,699,489	1,048,092
<u>Disbursements</u>				
General Government:				
General operations	402,886	497,886	382,810	115,076
Personnel	1,530,639	1,425,807	1,311,788	114,019
County judge	148,408	148,408	144,864	3,544
County treasurer	98,106	97,953	99,432	(1,479)
County auditor	129,849	129,849	120,631	9,218
County clerk	243,280	243,280	224,269	19,011
Maintenance	464,552	464,552	402,787	61,765
County court	182,833	182,833	143,551	39,282
	3,200,553	3,190,568	2,830,132	360,436
Administration of Justice:				
Justice of the peace	246,261	246,261	240,173	6,088
District attorney	330,878	330,878	306,635	24,243
1-A judicial district	70,824	70,824	65,167	5,657
District clerk	170,751	170,751	161,135	9,616
	818,714	818,714	773,110	45,604
Public Safety:				
DPS	39,933	39,933	39,161	772
Sheriff department jail	474,298	462,483	444,404	18,079
Sheriff department office	1,449,854	1,461,669	1,449,455	12,214
Constables	41,310	41,310	39,231	2,079
	2,005,395	2,005,395	1,972,251	33,144

TYLER COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND

For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Disbursements (continued)</u>				
Health and Human Services:				
Veterans services	\$ 29,839	\$ 29,839	\$ 27,467	\$ 2,372
County extension	80,254	80,254	77,299	2,955
Health and sanitation	20,600	20,600	12,271	8,329
	<u>130,693</u>	<u>130,693</u>	<u>117,037</u>	<u>13,656</u>
Tax Administration:				
Tax assessor collector	236,937	236,937	223,945	12,992
	<u>236,937</u>	<u>236,937</u>	<u>223,945</u>	<u>12,992</u>
Capital Outlay:				
Capital outlay	270,200	270,200	118,335	151,865
	<u>270,200</u>	<u>270,200</u>	<u>118,335</u>	<u>151,865</u>
Total Disbursements	<u>4,657,097</u>	<u>4,647,112</u>	<u>6,034,810</u>	<u>584,553</u>
Excess (Deficiency) of				
Receipts Over (Under) Disbursements				
	<u>1,994,300</u>	<u>2,004,285</u>	<u>1,664,679</u>	<u>463,539</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	26,500	26,500	94,599	68,099
Transfers (out)	(476,794)	(576,394)	(583,141)	(6,747)
Total Other Financing Sources (Uses)	<u>(450,294)</u>	<u>(549,894)</u>	<u>(488,542)</u>	<u>61,352</u>
Net Change in Fund Balance	<u>\$ 1,544,006</u>	<u>\$ 1,454,391</u>	<u>1,176,137</u>	<u>\$ 524,891</u>
Beginning Fund Balance			<u>1,162,835</u>	
Ending Fund Balance			<u>\$ 2,338,972</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a cash basis.

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TYLER COUNTY, TEXAS

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL ROAD AND BRIDGE FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Receipts</u>				
Property taxes	\$ 1,795,235	\$ 1,795,235	\$ 2,343,257	\$ 548,022
Intergovernmental	47,750	47,750	47,588	(162)
Auto registration	525,000	525,000	67,349	(457,651)
Other fees	45,000	45,000	81,221	36,221
Investment income	16,500	16,500	4,562	(11,938)
Total Receipts	2,429,485	2,429,485	2,543,977	114,492
<u>Disbursements</u>				
Roads and bridges	2,427,637	2,482,714	2,241,929	240,785
Capital outlay	575,397	661,379	434,302	227,077
Debt service	69,391	69,391	69,388	3
Total Disbursements	3,072,425	3,213,484	2,745,619	467,865
Excess (Deficiency) of Receipts Over (Under) Disbursements	(642,940)	(783,999)	(201,642)	582,357
<u>Other Financing Sources (Uses)</u>				
Transfers in	2,648,088	2,648,088	2,972,916	324,828
Transfers (out)	(2,448,088)	(2,448,088)	(2,772,916)	(324,828)
Total Other Financing Sources (Uses)	200,000	200,000	200,000	-
Net Change in Fund Balance	\$ (642,940)	\$ (783,999)	(1,642)	\$ 582,357
Beginning Fund Balance			1,991,170	
Ending Fund Balance			\$ 1,989,528	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a cash basis.

TYLER COUNTY, TEXAS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
JAIL INTEREST AND SINKING
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Investment income	\$ 1,500	\$ 1,500	\$ 1,906	\$ 406
Other	600	600	852	252
Total Receipts	<u>2,100</u>	<u>2,100</u>	<u>2,758</u>	<u>658</u>
<u>Disbursements</u>				
Current:				
General Government	17,550	17,550	-	17,550
Capital:				
Capital outlay	1,015,550	1,015,550	2,977	1,012,573
Total Disbursements	<u>1,033,100</u>	<u>1,033,100</u>	<u>2,977</u>	<u>1,030,123</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	17,459	17,459
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>17,459</u>	<u>17,459</u>
Net Change in Fund Balance	<u>\$ (1,031,000)</u>	<u>\$ (1,031,000)</u>	17,240	<u>\$ 1,048,240</u>
Beginning Fund Balance			<u>1,023,041</u>	
Ending Fund Balance			<u>\$ 1,040,281</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a cash basis.

TYLER COUNTY, TEXAS
*SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
 SECO BLOCK GRANT*

For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Intergovernmental	\$ -	\$ 86,385	\$ -	\$ (86,385)
Total Receipts	<u>-</u>	<u>86,385</u>	<u>-</u>	<u>(86,385)</u>
<u>Disbursements</u>				
Current:				
General government	30,620	86,365	14,930	71,435
Total Disbursements	<u>30,620</u>	<u>86,365</u>	<u>14,930</u>	<u>71,435</u>
Net Change in Fund Balance	<u>\$ (30,620)</u>	<u>\$ 20</u>	<u>(14,930)</u>	<u>\$ (14,950)</u>
Beginning Fund Balance			<u>-</u>	
Ending Fund Balance			<u>\$ (14,930)</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a cash basis.

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TYLER COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

The County's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the County makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the County's Schedule of Funding Progress.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 8,001,257	\$ 7,923,299	\$ 8,160,805	\$ 7,254,707
Actuarial Accrued Liability	\$ 9,038,326	\$ 8,374,994	\$ 8,457,495	\$ 7,851,752
Percentage Funded	88.5%	94.6%	96.5%	92.4%
Unfunded Actuarial				
Accrued Liability	\$ 1,037,069	\$ 451,695	\$ 296,690	\$ 597,045
Annual Covered Payroll	\$ 3,198,039	\$ 2,919,334	\$ 2,742,682	\$ 2,714,158
Unfunded Actuarial				
Accrued Liability				
(UAAL) % of Covered Payroll	32.43%	15.47%	10.82%	22.00%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	\$ 355,681	\$ 297,821	\$ 247,528	\$ 222,055
Contributions Made	\$ 355,681	\$ 297,821	\$ 247,528	\$ 222,055
NPO at the End of Period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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***COMBINING STATEMENTS
AND SCHEDULES***

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)

December 31, 2010

		Special Revenue Funds			
		Tyler County Airport	Tyler County Rodeo Arena/ Fairgrounds	TDHCA Owner Occupied Home Grant	Economic Development
<u>Assets</u>					
Cash and cash equivalents		\$ 45,964	\$ 17,082	\$ 3,416	\$ 21,525
Total Assets		\$ 45,964	\$ 17,082	\$ 3,416	\$ 21,525
<u>Liabilities</u>					
Due to other funds		\$ -	\$ -	\$ -	\$ -
Total Liabilities		-	-	-	-
<u>Fund Balances</u>					
Unreserved		45,964	17,082	3,416	21,525
Total Fund Balances		45,964	17,082	3,416	21,525
Total Liabilities and Fund Balances		\$ 45,964	\$ 17,082	\$ 3,416	\$ 21,525

Special Revenue Funds

Benevolence Fund	District Clerk Appropriations	County Clerk RMP	CDA Forfeiture	Sheriff Forfeiture	District Clerk RMP
\$ 327	\$ 48,139	\$ 245,911	\$ 16,904	\$ 31,215	\$ 9,294
<u>\$ 327</u>	<u>\$ 48,139</u>	<u>\$ 245,911</u>	<u>\$ 16,904</u>	<u>\$ 31,215</u>	<u>\$ 9,294</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
327	48,139	245,911	16,904	31,215	9,294
<u>327</u>	<u>48,139</u>	<u>245,911</u>	<u>16,904</u>	<u>31,215</u>	<u>9,294</u>
<u>\$ 327</u>	<u>\$ 48,139</u>	<u>\$ 245,911</u>	<u>\$ 16,904</u>	<u>\$ 31,215</u>	<u>\$ 9,294</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)

December 31, 2010

		Special Revenue Funds			
		Temple Foundation	Law Library	Tyler County Collection Center	Violence Against Women
<u>Assets</u>					
Cash and cash equivalents		\$ -	\$ 5,535	\$ 10,731	\$ -
Total Assets		\$ -	\$ 5,535	\$ 10,731	\$ -
<u>Liabilities</u>					
Due to other funds		\$ -	\$ -	\$ -	\$ -
Total Liabilities		-	-	-	-
<u>Fund Balances</u>					
Unreserved		-	5,535	10,731	-
Total Fund Balances		-	5,535	10,731	-
Total Liabilities and Fund Balances		\$ -	\$ 5,535	\$ 10,731	\$ -

Special Revenue Funds

Small Business Loan	Water Improvement Grant (Rockland)	Peace Officer Service Fee	Help America Vote Grant	Courthouse Security	County RMP
\$ 698	\$ -	\$ 22,296	\$ 15,109	\$ 111,117	\$ 64,319
<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 22,296</u>	<u>\$ 15,109</u>	<u>\$ 111,117</u>	<u>\$ 64,319</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
698	-	22,296	15,109	111,117	64,319
<u>698</u>	<u>-</u>	<u>22,296</u>	<u>15,109</u>	<u>111,117</u>	<u>64,319</u>
<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 22,296</u>	<u>\$ 15,109</u>	<u>\$ 111,117</u>	<u>\$ 64,319</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)

December 31, 2010

Special Revenue Funds

		Crime Stoppers	County Right of Way	CDA Fees	Homeland Security
Assets					
Cash and cash equivalents		\$ 472	\$ 646,989	\$ 33,697	\$ 9,686
Total Assets		<u>\$ 472</u>	<u>\$ 646,989</u>	<u>\$ 33,697</u>	<u>\$ 9,686</u>
Liabilities					
Due to other funds		\$ -	\$ -	\$ -	\$ -
Total Liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Unreserved		472	646,989	33,697	9,686
Total Fund Balances		<u>472</u>	<u>646,989</u>	<u>33,697</u>	<u>9,686</u>
Total Liabilities and Fund Balances		<u>\$ 472</u>	<u>\$ 646,989</u>	<u>\$ 33,697</u>	<u>\$ 9,686</u>

Special Revenue Funds

Emergency Operation Center	State DNA Testing Fee	CVA Coordinating Team	Tyler Co Nutrition Center	TXCDBG Disaster Recovery	Child Welfare Board
\$ 72,576	\$ 108	\$ -	\$ 39,125	\$ -	\$ 1,324
<u>\$ 72,576</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 39,125</u>	<u>\$ -</u>	<u>\$ 1,324</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
72,576	108	-	39,125	-	1,324
<u>72,576</u>	<u>108</u>	<u>-</u>	<u>39,125</u>	<u>-</u>	<u>1,324</u>
<u>\$ 72,576</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 39,125</u>	<u>\$ -</u>	<u>\$ 1,324</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)

December 31, 2010

		Special Revenue Funds			
		Child Safety	Detcog Social Services Block Grant	Water Improvement Fred-Grant	JP Court Technology
<u>Assets</u>					
Cash and cash equivalents		\$ 50,840	\$ 312	\$ -	\$ 2,664
Total Assets		\$ 50,840	\$ 312	\$ -	\$ 2,664
<u>Liabilities</u>					
Due to other funds		\$ -	\$ -	\$ -	\$ -
Total Liabilities		-	-	-	-
<u>Fund Balances</u>					
Unreserved		50,840	312	-	2,664
Total Fund Balances		50,840	312	-	2,664
Total Liabilities and Fund Balances		\$ 50,840	\$ 312	\$ -	\$ 2,664

Special Revenue Funds

BJA FY 09 Recovery Act/ E. Byrne Memorial	Tyler Co Justice Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,527,375
\$ -	\$ -	\$ 1,527,375
\$ -	\$ 10	\$ 10
\$ -	\$ 10	\$ 10
\$ -	\$ (10)	\$ 1,527,365
\$ -	\$ (10)	\$ 1,527,365
\$ -	\$ -	\$ 1,527,375

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (page 1 of 4)

For the Year Ended December 31, 2010

	Special Revenue Funds			
	Tyler County Airport	Tyler County Rodeo Arena/ Fairgrounds	TDHCA Owner Occupied Home Grant	Economic Development
Receipts				
Intergovernmental	-	-	1,054	-
Other fees	3,403	-	-	-
Investment income	96	5	6	37
Other receipts	-	1,050	-	-
Total Receipts	3,499	1,055	1,060	37
Disbursements				
General government	-	-	-	5,307
Public safety	-	-	-	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
Other disbursements	16,056	9,485	-	-
Total Disbursements	16,056	9,485	-	5,307
Excess (Deficiency) of Receipts Over (Under) Disbursements	(12,557)	(8,430)	1,060	(5,270)
Other Financing Sources (Uses)				
Transfers in	6,500	26,800	-	10,500
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	6,500	26,800	-	10,500
Net Change in Fund Balances	(6,057)	18,370	1,060	5,230
Beginning Fund Balances	52,021	(1,288)	2,356	16,295
Ending Fund Balances	\$ 45,964	\$ 17,082	\$ 3,416	\$ 21,525

Special Revenue Funds

Benevolence Fund	District Clerk Appropriations	County Clerk RMP	CDA Forfeiture	Sheriff Forfeiture	District Clerk RMP
-	-	-	-	-	-
-	-	64,392	678	6,985	3,923
250	91	439	33	61	16
-	-	-	-	-	-
<u>250</u>	<u>91</u>	<u>64,831</u>	<u>711</u>	<u>7,046</u>	<u>3,939</u>
-	-	36,237	1,000	-	4,165
-	-	-	-	2,891	-
-	-	-	-	-	-
-	-	3,733	-	4,331	-
36	-	-	1,778	-	-
<u>36</u>	<u>-</u>	<u>39,970</u>	<u>2,778</u>	<u>7,222</u>	<u>4,165</u>
214	91	24,861	(2,067)	(176)	(226)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
214	91	24,861	(2,067)	(176)	(226)
113	48,048	221,050	18,971	31,391	9,520
<u>\$ 327</u>	<u>\$ 48,139</u>	<u>\$ 245,911</u>	<u>\$ 16,904</u>	<u>\$ 31,215</u>	<u>\$ 9,294</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 4)
For the Year Ended December 31, 2010

	Special Revenue Funds			
	Temple Foundation	Law Library	Tyler County Collection Center	Violence Against Women
<u>Receipts</u>				
Intergovernmental	-	-	-	79,131
Other fees	-	8,652	82,318	-
Investment income	2	8	23	245
Other receipts	-	-	-	-
Total Receipts	2	8,660	82,341	79,376
<u>Disbursements</u>				
General government	-	-	-	-
Public safety	-	-	-	-
Health and human services	-	-	198,830	-
Capital outlay	-	-	-	-
Other disbursements	3,168	6,713	-	29,284
Total Disbursements	3,168	6,713	198,830	29,284
Excess (Deficiency) of Receipts Over (Under) Disbursements	(3,166)	1,947	(116,489)	50,092
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	110,000	-
Transfers (out)	-	-	-	(61,755)
Total Other Financing Sources (Uses)	-	-	110,000	(61,755)
Net Change in Fund Balances	(3,166)	1,947	(6,489)	(11,663)
Beginning Fund Balances	3,166	3,588	17,220	11,663
Ending Fund Balances	\$ -	\$ 5,535	\$ 10,731	\$ -

Special Revenue Funds

Small Business Loan	Water Improvement Grant (Rockland)	Peace Officer Service Fee	Help America Vote Grant	Courthouse Security	County RMP
8,363	178,268	-	16,999	-	-
-	-	3,610	-	15,116	6,496
-	-	39	20	203	116
-	16,385	-	-	-	-
<u>8,363</u>	<u>194,653</u>	<u>3,649</u>	<u>17,019</u>	<u>15,319</u>	<u>6,612</u>
8,223	-	-	-	7,124	-
-	-	-	-	-	-
-	194,653	-	-	-	-
-	-	-	-	-	840
-	-	-	-	-	-
<u>8,223</u>	<u>194,653</u>	<u>-</u>	<u>-</u>	<u>7,124</u>	<u>840</u>
<u>140</u>	<u>-</u>	<u>3,649</u>	<u>17,019</u>	<u>8,195</u>	<u>5,772</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>140</u>	<u>-</u>	<u>3,649</u>	<u>17,019</u>	<u>8,195</u>	<u>5,772</u>
<u>558</u>	<u>-</u>	<u>18,647</u>	<u>(1,910)</u>	<u>102,922</u>	<u>58,547</u>
<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 22,296</u>	<u>\$ 15,109</u>	<u>\$ 111,117</u>	<u>\$ 64,319</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 3 of 4)
For the Year Ended December 31, 2010

<u>Special Revenue Funds</u>				
	<u>Crime Stoppers</u>	<u>County Right of Way</u>	<u>CDA Fees</u>	<u>Homeland Security</u>
<u>Receipts</u>				
Intergovernmental	-	-	-	-
Other fees	-	-	6,695	-
Investment income	254	1,206	-	18
Other receipts	218	-	-	-
Total Receipts	<u>472</u>	<u>1,206</u>	<u>6,695</u>	<u>18</u>
<u>Disbursements</u>				
General government	-	-	-	-
Public safety	-	-	-	-
Health and human services	-	-	-	-
Capital outlay	-	-	-	-
Other Disbursements	-	-	5,070	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>5,070</u>	<u>-</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>472</u>	<u>1,206</u>	<u>1,625</u>	<u>18</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	37,500	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	472	38,706	1,625	18
Beginning Fund Balances	-	608,283	32,072	9,668
Ending Fund Balances	<u>\$ 472</u>	<u>\$ 646,989</u>	<u>\$ 33,697</u>	<u>\$ 9,686</u>

Special Revenue Funds

Emergency Operation Center	State DNA Testing Fee	CVA Coordinating Team	Tyler Co Nutrition Center	TXCDBG Disaster Recovery	Child Welfare Board
-	-	28,468	-	9,590	3,516
-	408	-	5,926	-	-
87	-	-	41	-	4
-	-	-	-	-	814
<u>87</u>	<u>408</u>	<u>28,468</u>	<u>5,967</u>	<u>9,590</u>	<u>4,334</u>
-	-	-	-	-	-
56,548	-	-	-	9,591	-
-	-	-	30,341	-	3,951
11,095	-	-	3,456	-	-
-	300	-	-	-	-
<u>67,643</u>	<u>300</u>	<u>-</u>	<u>33,797</u>	<u>9,591</u>	<u>3,951</u>
<u>(67,556)</u>	<u>108</u>	<u>28,468</u>	<u>(27,830)</u>	<u>(1)</u>	<u>383</u>
118,794	-	-	53,800	-	-
-	-	(31,056)	-	-	-
<u>118,794</u>	<u>-</u>	<u>(31,056)</u>	<u>53,800</u>	<u>-</u>	<u>-</u>
51,238	108	(2,588)	25,970	(1)	383
21,338	-	2,588	13,155	1	941
<u>\$ 72,576</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 39,125</u>	<u>\$ -</u>	<u>\$ 1,324</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (page 4 of 4)

For the Year Ended December 31, 2010

	Special Revenue Funds			
	Child Safety	Detcog Social Services Block Grant	Water Improvement Fred-Grant	JP Court Technology
Receipts				
Intergovernmental	-	71,586	245,483	-
Other fees	17,590	-	-	2,662
Investment income	79	1	-	2
Other receipts	-	-	-	-
Total Receipts	17,669	71,587	245,483	2,664
Disbursements				
General government	-	-	-	-
Public safety	-	-	-	-
Health and human services	-	72,187	-	-
Capital outlay	-	-	-	-
Other disbursements	-	-	245,483	-
Total Disbursements	-	72,187	245,483	-
Excess (Deficiency) of Receipts Over (Under) Disbursements	17,669	(600)	-	2,664
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	17,669	(600)	-	2,664
Beginning Fund Balances	33,171	912	-	-
Ending Fund Balances	\$ 50,840	\$ 312	\$ -	\$ 2,664

Special Revenue Funds

BJA FY 09 Recovery Act/ E. Byrne Memorial	Tyler Co Justice Grant	Total Nonmajor Governmental Funds
23,360	69,102	734,920
-	-	228,854
-	-	3,382
-	-	18,467
<u>23,360</u>	<u>69,102</u>	<u>985,623</u>
-	-	62,056
-	-	69,030
-	-	499,962
23,360	-	46,815
-	69,112	386,485
<u>23,360</u>	<u>69,112</u>	<u>1,064,348</u>
-	(10)	(78,725)
-	-	363,894
-	-	(92,811)
-	-	271,083
-	(10)	192,358
-	-	1,335,007
<u>\$ -</u>	<u>\$ (10)</u>	<u>\$ 1,527,365</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES

ROAD AND BRIDGE FUNDS

December 31, 2010

	Road and Bridge General	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<u>Assets</u>				
Cash and cash equivalents	\$ 102,389	\$ 185,742	\$ 149,326	\$ 790,558
Due from other funds	-	-	-	-
Total Assets	\$ 102,389	\$ 185,742	\$ 149,326	\$ 790,558
 <u>Fund Balances</u>				
Fund balances	102,389	185,742	149,326	790,558
Total Fund Balances	\$ 102,389	\$ 185,742	\$ 149,326	\$ 790,558

Road and Bridge Precinct No. 4	Total
\$ 761,513	\$ 1,989,528
-	-
<u>\$ 761,513</u>	<u>\$ 1,989,528</u>

<u>761,513</u>	<u>1,989,528</u>
<u>\$ 761,513</u>	<u>\$ 1,989,528</u>

TYLER COUNTY, TEXAS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

ROAD AND BRIDGE FUNDS

For the Year Ended December 31, 2010

	Road and Bridge General	Road and Bridge Precinct No. 1	Road and Bridge Precinct No. 2	Road and Bridge Precinct No. 3
<u>Receipts</u>				
Property taxes	\$ 2,343,257	\$ -	\$ -	\$ -
Intergovernmental	47,588	-	-	-
Auto registration	67,349	-	-	-
Other fees	59,202	15,575	3,538	-
Investment income	-	778	354	1,848
Total Receipts	2,517,396	16,353	3,892	1,848
<u>Disbursements</u>				
Roads and bridges	-	508,923	478,449	702,556
Capital outlay	-	199,571	49,537	161,223
Debt service	-	20,590	29,390	-
Total Disbursements	-	729,084	557,376	863,779
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,517,396	(712,731)	(553,484)	(861,931)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	675,572	609,739	884,597
Transfers (out)	(2,737,813)	-	(17,424)	-
Total Other Financing Sources (Uses)	(2,737,813)	675,572	592,315	884,597
Net Change in Fund Balances	(220,417)	(37,159)	38,831	22,666
Beginning Fund Balance	322,806	222,901	110,495	767,892
Ending Fund Balance	\$ 102,389	\$ 185,742	\$ 149,326	\$ 790,558

Road and Bridge Precinct No. 4	Total
\$ -	\$ 2,343,257
-	47,588
-	67,349
2,906	81,221
1,582	4,562
<u>4,488</u>	<u>2,543,977</u>
552,001	2,241,929
23,971	434,302
19,408	69,388
<u>595,380</u>	<u>2,745,619</u>
(590,892)	(201,642)
803,008	2,972,916
<u>(17,679)</u>	<u>(2,772,916)</u>
<u>785,329</u>	<u>200,000</u>
194,437	(1,642)
<u>567,076</u>	<u>1,991,170</u>
<u>\$ 761,513</u>	<u>\$ 1,989,528</u>

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TYLER COUNTY, TEXAS

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL ROAD AND BRIDGE FUND GENERAL

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts</u>				
Property taxes	\$ 1,795,235	\$ 1,795,235	\$ 2,343,257	\$ 548,022
Intergovernmental	47,750	47,750	47,588	(162)
Auto registration	525,000	525,000	67,349	(457,651)
Other fees	45,000	45,000	59,202	14,202
Total Receipts	2,412,985	2,412,985	2,517,396	104,411
<u>Other Financing (Uses)</u>				
Transfers (out)	(2,412,985)	(2,412,985)	(2,737,813)	(324,828)
Total Other Financing (Uses)	(2,412,985)	(2,412,985)	(2,737,813)	(324,828)
Net Change in Fund Balance	\$ -	\$ -	(220,417)	\$ (220,417)
Beginning Fund Balance			322,806	
Ending Fund Balance			\$ 102,389	

TYLER COUNTY, TEXAS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND PRECINCT NO. 1
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Other fees	\$ -	\$ -	\$ 15,575	\$ 15,575
Investment income	2,000	2,000	778	(1,222)
Total Receipts	<u>2,000</u>	<u>2,000</u>	<u>16,353</u>	<u>14,353</u>
<u>Disbursements</u>				
Roads and bridges	549,027	603,134	508,923	94,211
Capital outlay	162,812	249,794	199,571	50,223
Debt service	20,591	20,591	20,590	1
Total Disbursements	<u>732,430</u>	<u>873,519</u>	<u>729,084</u>	<u>144,435</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(730,430)	(871,519)	(712,731)	158,788
<u>Other Financing Sources</u>				
Transfers in	603,418	603,418	675,572	72,154
Total Other Financing Sources	<u>603,418</u>	<u>603,418</u>	<u>675,572</u>	<u>72,154</u>
Net Change in Fund Balance	<u>\$ (127,012)</u>	<u>\$ (268,101)</u>	(37,159)	<u>\$ 230,942</u>
Beginning Fund Balance			<u>222,901</u>	
Ending Fund Balance			<u>\$ 185,742</u>	

TYLER COUNTY, TEXAS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND PRECINCT NO. 2
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Other fees	\$ -	\$ -	\$ 3,538	\$ 3,538
Investment income	2,000	2,000	354	(1,646)
Total Receipts	<u>2,000</u>	<u>2,000</u>	<u>3,892</u>	<u>1,892</u>
<u>Disbursements</u>				
Roads and bridges	516,058	516,058	478,449	37,609
Capital outlay	112,585	112,585	49,537	63,048
Debt service	29,391	29,391	29,390	1
Total Disbursements	<u>658,034</u>	<u>658,034</u>	<u>557,376</u>	<u>100,658</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(656,034)	(656,034)	(553,484)	102,550
<u>Other Financing Sources (Uses)</u>				
Transfers in	543,328	543,328	609,739	66,411
Transfers (out)	(17,424)	(17,424)	(17,424)	-
Total Other Financing Sources (Uses)	<u>525,904</u>	<u>525,904</u>	<u>592,315</u>	<u>66,411</u>
Net Change in Fund Balance	<u>\$ (130,130)</u>	<u>\$ (130,130)</u>	38,831	<u>\$ 168,961</u>
Beginning Fund Balance			<u>110,495</u>	
Ending Fund Balance			<u>\$ 149,326</u>	

TYLER COUNTY, TEXAS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND PRECINCT NO. 3
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>Receipts</u>				
Other fees	\$ -	\$ -	\$ -	\$ -
Investment income	7,500	7,500	1,848	(5,652)
Total Receipts	7,500	7,500	1,848	(5,652)
<u>Disbursements</u>				
Roads and bridges	725,616	726,586	702,556	24,030
Capital outlay	200,000	199,000	161,223	37,777
Total Disbursements	925,616	925,586	863,779	61,807
Excess (Deficiency) of Receipts Over (Under) Disbursements	(918,116)	(918,086)	(861,931)	56,155
<u>Other Financing Sources (Uses)</u>				
Transfers in	787,675	787,675	884,597	96,922
Total Other Financing Sources (Uses)	787,675	787,675	884,597	96,922
Net Change in Fund Balance	\$ (130,441)	\$ (130,411)	22,666	\$ 153,077
Beginning Fund Balance			767,892	
Ending Fund Balance			\$ 790,558	

TYLER COUNTY, TEXAS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND PRECINCT NO. 4
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Other fees	\$ -	\$ -	\$ 2,906	\$ 2,906
Investment income	5,000	5,000	1,582	(3,418)
Total Receipts	<u>5,000</u>	<u>5,000</u>	<u>4,488</u>	<u>(512)</u>
<u>Disbursements</u>				
Roads and bridges	636,936	636,936	552,001	84,935
Capital outlay	100,000	100,000	23,971	76,029
Debt service	19,409	19,409	19,408	1
Total Disbursements	<u>756,345</u>	<u>756,345</u>	<u>595,380</u>	<u>160,965</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(751,345)	(751,345)	(590,892)	160,453
<u>Other Financing Sources (Uses)</u>				
Transfers in	713,667	713,667	803,008	89,341
Transfers (out)	(17,679)	(17,679)	(17,679)	-
Total Other Financing Sources (Uses)	<u>695,988</u>	<u>695,988</u>	<u>785,329</u>	<u>89,341</u>
Net Change in Fund Balance	<u>\$ (55,357)</u>	<u>\$ (55,357)</u>	194,437	<u>\$ 249,794</u>
Beginning Fund Balance			<u>567,076</u>	
Ending Fund Balance			<u>\$ 761,513</u>	

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - CASH BASIS
AGENCY FUNDS (page 1 of 5)
December 31, 2010

	<u>CDA Trust</u>	<u>CDA State Appropriations</u>	<u>Alternate Dispute Resolution</u>	<u>State Criminal Justice Planning</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 469	\$ 11,489	\$ 450	\$ 21
Total Assets	\$ 469	\$ 11,489	\$ 450	\$ 21
<u>Liabilities</u>				
Due to other units	\$ 469	\$ 11,489	\$ 450	\$ 21
Total Liabilities	\$ 469	\$ 11,489	\$ 450	\$ 21

<u>State LEOCE</u>	<u>State OCLF Insurance</u>	<u>State DPS Arrest Fees</u>	<u>State General Revenue</u>	<u>State Law Enforcement</u>	<u>State LEOA</u>
\$ 2	\$ 204	\$ 7,156	\$ -	\$ 1	\$ 4
<u>\$ 2</u>	<u>\$ 204</u>	<u>\$ 7,156</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4</u>
<u>\$ 2</u>	<u>\$ 204</u>	<u>\$ 7,156</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - CASH BASIS
AGENCY FUNDS (page 2 of 5)
December 31, 2010

	<u>State TLFTA</u>	<u>State Time Payment</u>	<u>State Fugitive</u>	<u>State CCC</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 130	\$ 3,141	\$ 230	\$ 29,085
Total Assets	\$ 130	\$ 3,141	\$ 230	\$ 29,085
<u>Liabilities</u>				
Due to other units	\$ 130	\$ 3,141	\$ 230	\$ 29,085
Total Liabilities	\$ 130	\$ 3,141	\$ 230	\$ 29,085

<u>State Juvenile Crime and Detention</u>	<u>Tyler County Search and Rescue</u>	<u>Justice Court Tech Fund</u>	<u>Corrective Management Inst. TX</u>	<u>State Territory Care</u>	<u>State Traffic Fee</u>
\$ 26	\$ 196	\$ 45,396	\$ 37	\$ 29,641	\$ 9,598
<u>\$ 26</u>	<u>\$ 196</u>	<u>\$ 45,396</u>	<u>\$ 37</u>	<u>\$ 29,641</u>	<u>\$ 9,598</u>
\$ 26	\$ 196	\$ 45,396	\$ 37	\$ 29,641	\$ 9,598
<u>\$ 26</u>	<u>\$ 196</u>	<u>\$ 45,396</u>	<u>\$ 37</u>	<u>\$ 29,641</u>	<u>\$ 9,598</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - CASH BASIS
AGENCY FUNDS (page 3 of 5)
December 31, 2010

	<u>State Bail Bond</u>	<u>State EMS Trauma Fund</u>	<u>State Judicial Support Fees</u>	<u>Jury Reimbursement Fee</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 4,294	\$ 2,448	\$ 5,183	\$ 2,460
Total Assets	\$ 4,294	\$ 2,448	\$ 5,183	\$ 2,460
<u>Liabilities</u>				
Due to other units	\$ 4,294	\$ 2,448	\$ 5,183	\$ 2,460
Total Liabilities	\$ 4,294	\$ 2,448	\$ 5,183	\$ 2,460

<u>State CVC</u>	<u>State Judicial Education</u>	<u>Sheriff Department Cash Bond</u>	<u>Sheriff Jail Commissary</u>	<u>District Clerk Fee</u>	<u>District Clerk Trust</u>
\$ 1,819	\$ 7	\$ 21,250	\$ 10,595	\$ 22,398	\$ 1,048,967
<u>\$ 1,819</u>	<u>\$ 7</u>	<u>\$ 21,250</u>	<u>\$ 10,595</u>	<u>\$ 22,398</u>	<u>\$ 1,048,967</u>
\$ 1,819	\$ 7	\$ 21,250	\$ 10,595	\$ 22,398	\$ 1,048,967
<u>\$ 1,819</u>	<u>\$ 7</u>	<u>\$ 21,250</u>	<u>\$ 10,595</u>	<u>\$ 22,398</u>	<u>\$ 1,048,967</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - CASH BASIS
AGENCY FUNDS (page 4 of 5)
December 31, 2010

	<u>District Clerk Child Support</u>	<u>Tax Assessor Tax</u>	<u>Tax Assessor Auto</u>	<u>Tax Assessor VIT</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 16	\$ 3,353,243	\$ 59,112	\$ 20,571
Total Assets	<u>\$ 16</u>	<u>\$ 3,353,243</u>	<u>\$ 59,112</u>	<u>\$ 20,571</u>
<u>Liabilities</u>				
Due to other units	\$ 16	\$ 3,353,243	\$ 59,112	\$ 20,571
Total Liabilities	<u>\$ 16</u>	<u>\$ 3,353,243</u>	<u>\$ 59,112</u>	<u>\$ 20,571</u>

<u>County Clerk General</u>	<u>County Clerk Trust</u>	<u>District Attorney Seizure</u>	<u>District Attorney Investigative</u>	<u>Justice of Peace Cash Bond</u>	<u>State Drug Court Programs</u>
\$ 34,214	\$ 33,561	\$ 11,882	\$ 677	\$ 200	\$ 1,251
<u>\$ 34,214</u>	<u>\$ 33,561</u>	<u>\$ 11,882</u>	<u>\$ 677</u>	<u>\$ 200</u>	<u>\$ 1,251</u>
\$ 34,214	\$ 33,561	\$ 11,882	\$ 677	\$ 200	\$ 1,251
<u>\$ 34,214</u>	<u>\$ 33,561</u>	<u>\$ 11,882</u>	<u>\$ 677</u>	<u>\$ 200</u>	<u>\$ 1,251</u>

TYLER COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - CASH BASIS
AGENCY FUNDS (page 5 of 5)
December 31, 2010

	<u>State Indigent Defense</u>	<u>State Appellate Judicial</u>	<u>Supplement Court Guardianship</u>	<u>Total All Agency Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,034	\$ 212	\$ 3,944	\$ 4,776,614
Total Assets	\$ 1,034	\$ 212	\$ 3,944	\$ 4,776,614
<u>Liabilities</u>				
Due to other units	\$ 1,034	\$ 212	\$ 3,944	\$ 4,776,614
Total Liabilities	\$ 1,034	\$ 212	\$ 3,944	\$ 4,776,614

SINGLE AUDIT SECTION



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

To the Honorable County Judge and
Commissioners Court of
Tyler County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tyler County, Texas (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 22, 2011. The County prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the County'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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting, item 2010-1. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the County, in a separate letter dated September 22, 2011.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

September 22, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable County Judge and
Commissioners Court of
Tyler County, Texas

Compliance

We have audited Tyler County, Texas's (the County'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 the County's major federal programs for the year ended December 31, 2010. The County'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 the County's management. Our responsibility is to express an opinion on the County'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 the County'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 the County's compliance with those requirements.

In our opinion, the County, 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 December 31, 2010.

Internal Control over Compliance

Management of the County 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 the County'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 the County's internal control over compliance.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as 2009-5 to be a material weakness.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Commissioners' Court, others within the County, 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

September 22, 2011

TYLER COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2010

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2009-5: U. S. DEPARTMENT OF HOMELAND SECURITY, HURRICANE IKE DISASTER RELIEF, CFDA #97.036, SUSPENSION AND DEBARMENT

Condition and Criteria

We identified instances in which documentation verifying a vendor's suspension or debarment status could not be provided by the County. We verified the vendors included in our sample were not suspended or debarred. According to OMB Circular A-133, recipients of federal awards are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. The County should have control procedures in place to verify that each entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Effect

The County may purchase goods or services from vendors who are suspended or debarred.

Cause

The County does not have controls in place to prevent it from contracting with or purchasing goods or services from parties that are suspended or debarred.

Recommendation

We recommend the County implement a policy to verify that each entity it contracts with or purchases goods or services from is not suspended, debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List system (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Additionally, management or representatives of management should periodically conduct independent reviews of procurements and contracting activities to determine whether policies and procedures are being followed as intended.

Management's Response

We concur with the recommendation.

Current Status

Unresolved

TYLER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Tyler County, Texas.
2. A significant deficiency in internal control was disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. A material weakness in internal control over major federal award programs was disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion.
6. An audit finding relative to the major federal award programs for the County is reported in Part C of this schedule.
7. Major programs included:

	<u>CFDA number</u>
a. Hurricane Ike Disaster Relief	97.036
b. Community Development Block Grant	14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The County was not classified as a low-risk auditee in the context of OMB Circular A-133.

B. FINDINGS –BASIC FINANCIAL STATEMENT AUDIT

Significant Deficiency

2010-1: Bank Reconciliations

Condition

During the audit, it was noted that some of the County offices, the Sheriff Department and District Attorney, are not reconciling bank statements.

Effect

Failure to reconcile bank accounts could cause County funds to be misrepresented and has the potential for monetary loss to the County.

Cause

The internal control policy to perform bank reconciliations is not being enforced.

Criteria

The County should enforce internal controls to help ensure the reconciling of bank statements and the loss of any monetary value.

TYLER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended December 31, 2010

Recommendation

The County should enforce this internal control policy to ensure that all departments and offices are reconciling monthly and providing reconciled bank statements to the County auditor's office each month.

Management's Response

The County auditor is enforcing the internal control policy to ensure timely bank reconciliations are turned into the auditor's office.

C. FINDINGS – FEDERAL AUDIT AWARDS

2009-5: U. S. DEPARTMENT OF HOMELAND SECURITY, HURRICANE IKE DISASTER RELIEF, CFDA #97.036, SUSPENSION AND DEBARMENT

Condition and Criteria

We identified instances in which documentation verifying a vendor's suspension or debarment status could not be provided by the County. We verified the vendors included in our sample were not suspended or debarred. According to OMB Circular A-133, recipients of federal awards are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. The County should have control procedures in place to verify that each entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Effect

The County may purchase goods or services from vendors who are suspended or debarred.

Cause

The County does not have controls in place to prevent it from contracting with or purchasing goods or services from parties that are suspended or debarred.

Recommendation

We recommend the County implement a policy to verify that each entity it contracts with or purchases goods or services from is not suspended, debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List system (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Additionally, management or representatives of management should periodically conduct independent reviews of procurements and contracting activities to determine whether policies and procedures are being followed as intended.

Management's Response

We concur with the recommendation.

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TYLER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Federal Grantor/Pass Through Grantor/Program or Cluster Title	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Texas Department of Public Safety's Division of Emergency Management:</i>			
Hurricane Ike Disaster Relief	FEMA-1791-DR	97.036	\$ 674,830
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>674,830</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Texas Department of Rural Affairs:</i>			
2008 Water Improvement Grant	728410	14.228	245,483
Disaster Recovery	DRS060089	14.228	9,591
Flood Disaster Project Rita Round II	DRS 0705	14.228	1,227,609
Water Improvement Grant - Rockland	72661	14.228	194,653
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,677,336</u>
DEPARTMENT OF JUSTICE			
<i>Passed through Office of the Governor:</i>			
Violence Against Women	WF-08-V30-13941-11	16.588	95,204
Tyler County Justice Grant	2259001	16.803	69,102
FY 2009 Recovery Act JAG Program	2009-SB-B9-2148	16.804	23,360
TOTAL DEPARTMENT OF JUSTICE			<u>187,666</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Deep East Texas Council of Governments</i>			
Social Services Block Grant	SSBG-08-016	81.9228	72,187
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>72,187</u>
DEPARTMENT OF ENERGY			
<i>Passed through Energy Efficiency and Conservation</i>			
ARRA - (EECGB) Energy and Conservation Block Grant	DE-EE0000893	93.667	14,930
TOTAL DEPARTMENT OF ENERGY			<u>14,930</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,626,949</u>

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TYLER COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tyler County, Texas, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.