

HILL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2007

Hill County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2007

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Hill County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of and for the year ended September 30, 2007, which collectively comprise Hill County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hill County, Texas's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Road and Bridge funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, the non-major budgetary comparison information, and the schedule of funding progress for the Public Employees Retirement System on pages 3 through 10, 50 through 56, and 40, respectively, 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hill County, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Wayne R. Beyer". The signature is written in a cursive style with a large initial "W".

WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
May 31, 2008

Management's Discussion and Analysis

Financial Highlights

The assets of Hill County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$19,624,381 (net assets). Of this amount, \$7,738,951 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$55,144. This increase is attributable to revenues continuing to exceed expenses.

As of the close of the current fiscal year, Hill County, Texas's governmental funds reported combined ending fund balances of \$7,200,299 a decrease of \$635,645 in comparison with the prior year. Approximately 89% of this total amount, \$6,378,776, is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, the unreserved fund balance for the general fund was \$3,972,108, or 47 percent of total general fund expenditures and the unreserved fund balance for the road and bridge fund was \$675,562, or 17 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Hill County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Hill County, Texas include general administration, public safety, public transportation, health and welfare, judicial, public facilities, legal, financial administration, conservation, capital projects.

The government-wide financial statements include only Hill County, Texas itself (known as the primary government). The government-wide financial statements can be found on pages 11-12 of this report.

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

Governmental funds:

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

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

Hill County, Texas maintains thirty (30) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the road and bridge funds, all of which are considered to be major funds. Data from the other twenty eight (28) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Budgets for all budgeted General, Debt Service and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2007 fiscal year were adopted for the General Fund, the Road and Bridge Funds, County Clerk Records, the Law Library Fund, the Jury Fund, the Records Preservation and Management Fund, the D.A. Forfeited Property Fund, the Indigent Health Care, and the Interest and Sinking Fund.

The basic governmental fund financial statements can be found on pages 13-20 of this report.

Proprietary funds:

Hill County, Texas maintains no type of proprietary fund.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Hill County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 40 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, agency funds, and non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 41-49 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 50-56 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hill County, Texas, assets exceeded liabilities by \$19,624,381 at the close of the most recent fiscal year.

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

**HILL COUNTY, TEXAS
NET ASSETS**

	Governmental Activities		Total	
	2007	2006	2007	2006
Current and other Assets	\$10,149,603	\$9,895,910	\$10,149,603	\$9,895,910
Capital Assets:	18,850,795	18,733,019	18,850,795	18,733,019
Total Assets	29,000,398	28,628,929	29,000,398	28,628,929
Long-term liabilities	8,179,426	8,501,339	8,179,426	8,501,339
Other liabilities	1,196,591	558,353	1,196,591	558,353
Total Liabilities	9,376,017	9,059,692	9,376,017	9,059,692
Invested in Capital Assets, Net of Related debt	11,063,907	10,629,778	11,063,907	10,629,778
Restricted	821,523	792,871	821,523	792,871
Unrestricted	7,738,951	8,146,588	7,738,951	8,146,588
Total Net Assets	\$19,624,381	\$19,569,237	\$19,624,381	\$19,569,237

An additional portion of Hill County, Texas's net assets (04 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,738,951) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, Hill County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Hill County, Texas reported positive balances in net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities:

Governmental activities increased Hill County, Texas's net assets by \$55,144, thereby accounting for 100 percent of the total increase in the net assets of Hill County, Texas.

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

	Governmental Activities		Total	
	2007	2006	2007	2006
Revenues:				
Program Revenues:				
Charges for Services	\$4,903,450	\$5,014,837	\$4,903,450	\$5,014,837
Operating Grants and Contributions	1,459,363	1,590,074	1,459,363	1,590,074
General Revenues:				
Maintenance and Operations Taxes	7,616,043	7,088,183	7,616,043	7,088,183
Sales Taxes	1,308,355	1,374,380	1,308,355	1,374,380
Other Taxes	36,022	87,777	36,022	87,777
Unrestricted Investment Earnings	448,882	316,213	448,882	316,213
Miscellaneous	235,256	213,331	235,256	213,331
Total Revenue	<u>16,007,371</u>	<u>15,684,795</u>	<u>16,007,371</u>	<u>15,684,795</u>
Expenses:				
General Administration	1,623,857	1,855,354	1,623,857	1,855,354
Legal	353,053	338,794	353,053	338,794
Judicial	2,452,013	3,171,855	2,452,013	3,171,855
Financial Administration	548,650	488,753	548,650	488,753
Public Facilities	634,963	317,880	634,963	317,880
Public Safety	5,873,693	5,174,893	5,873,693	5,174,893
Public Transportation	3,412,064	3,079,306	3,412,064	3,079,306
Health and Welfare	552,850	485,453	552,850	485,453
Conservation - Agriculture	101,676	91,339	101,676	91,339
Interest and Fiscal Charges	399,408	414,111	399,408	414,111
Total Expenses	<u>15,952,227</u>	<u>15,417,738</u>	<u>15,952,227</u>	<u>15,417,738</u>
Increase in net assets before transfers and special items	55,144	267,057	55,144	267,057
Transfers	0	0	0	0
Increase in Net Assets	55,144	267,057	55,144	267,057
Net Assets at 09/30/2006	<u>19,569,237</u>	<u>19,302,180</u>	<u>19,569,237</u>	<u>19,302,180</u>
Net Assets at 09/30/2007	<u>\$19,624,381</u>	<u>\$19,569,237</u>	<u>\$19,624,381</u>	<u>\$19,569,237</u>

The increase in net assets over the previous year was \$55,144. Revenues increased by \$322,576 which was greatly helped by a \$527,860 increase in ad valorem taxes while expenses increased by \$534,489. The increase in expenses was ratable throughout the different departments; however, public safety increased by \$698,800 and public transportation increased by \$332,758 while judicial decreased by \$719,842. The increase in expenses in public safety was, in part, a result of an increase in expenses in the jail, the increase in expenses in public transportation was a result of an increase in expenses in the road and bridge funds on the county roads. The decrease in expenses in judicial was, in part, a result of a decrease in expenses in the D.A. Forfeited property fund.

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Government activities:			
General Administration	\$1,623,857	\$561,639	\$247,252
Legal	353,053	82,544	62,500
Judicial	2,452,013	2,243,370	136,404
Financial Administration	548,650	374,110	
Public Facilities	634,963		
Public Safety	5,873,693	869,697	832,932
Public Transportation	3,412,064	772,090	157,524
Health and Welfare	552,850		22,751
Conservation - Agriculture	101,676		
Interest and Fiscal Charges	399,408		
Total government activities	<u>15,952,227</u>	<u>4,903,450</u>	<u>1,459,363</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$4,903,450	30.63%
Operating Grants and Contributions	1,459,363	9.12%
Property Taxes, Levies for General Purposes	7,616,043	47.58%
Sales Taxes	1,308,355	8.17%
Other Taxes	36,022	0.23%
Unrestricted Investment Earnings	448,882	2.80%
Miscellaneous	235,256	1.47%
	<u>\$16,007,371</u>	<u>100.00%</u>

Financial Analysis of the Government's Funds

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

Governmental funds:

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

As of the end of the current fiscal year, Hill County, Texas's governmental funds reported combined ending fund balances of \$7,200,299, a decrease of \$635,645 in comparison with the prior year. Approximately 89 percent of this total amount \$6,378,776 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remaining restricted amounts are as follows: 1) \$166,383 is to be used for debt service, and 2) \$655,140 is to be used for construction.

The general fund is the chief operating fund of Hill County, Texas. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,972,108, while total fund balance reached \$3,972,108. 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 fund balance represents 47 percent of total general fund expenditures, while total fund balance represents 47 percent of that same amount.

The fund balance of Hill County, Texas's general fund increased by \$561,982 during the current fiscal year and increased by \$588,980 during the prior year. Key factors in this increase are as follows:

Revenues remained approximately the same while expenditures increased by \$822,423. The increase in expenditures was offset by an increase in net transfers in of \$846,142.

At the end of the current fiscal year, unreserved fund balance of the road and bridge fund was \$675,562, while total fund balance reached \$675,562. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17 percent of total road and bridge fund expenditures, while total fund balance represents 17 percent of that same amount.

The fund balance of Hill County, Texas's road and bridge fund decreased by \$530,707 during the current fiscal year and decreased by \$257,548 during the prior year. Key factors in this decrease are as follows:

Expenditures increased by \$532,959 while revenues increased by only \$221,920.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$21,401. The major increase was attributed to the Tax Assessor Collector's office. In total, the general fund expenditures were under the budgeted expenditures by \$799,061.

Differences between the original budget and the final amended budget for the road and bridge fund were an increase of \$311,491. This increase was absorbed by the beginning fund balance. The actual expenditures were under the budgeted expenditures by \$313,279.

Capital Asset and Debt Administration

Capital assets:

Hill County, Texas's investment in capital assets for its governmental activities as of September 30, 2007, amounts to \$18,850,795 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total increase in Hill County, Texas's investment in capital assets for the current fiscal year was \$117,777 or .63 percent.

There was no major capital asset event during the current fiscal year.

**HILL COUNTY, TEXAS
CAPITAL ASSETS (net of depreciation)**

	Governmental Activities		Total	
	2007	2006	2007	2006
Land	\$18,198	\$18,198	\$18,198	\$18,198
Construction in Progress	35,940	60,940	35,940	60,940
Building and improvements	15,342,928	15,811,855	15,342,928	15,811,855
Machinery and equipment	2,481,975	2,128,981	2,481,975	2,128,981
Infrastructure	971,754	713,044	971,754	713,044
Total	\$18,850,795	\$18,733,018	\$18,850,795	\$18,733,018

Additional information on Hill County, Texas's capital assets can be found in note IV C on page 32 of this report.

Long-term debt.

At the end of the current fiscal year, Hill County, Texas had total bonded debt outstanding of \$7,710,000. All of which comprises debt backed by the full faith and credit of Hill County, Texas.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<u>Governmental activities:</u>					
Certificates of Obligation	\$7,950,000		\$240,000	\$7,710,000	\$255,000
Grand Total	\$7,950,000	\$0	\$240,000	\$7,710,000	\$255,000

Hill County, Texas's total bonded debt decreased by \$240,000 (03 percent) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds for the year.

Additional information on Hill County, Texas's long term debt can be found in note IV F on pages 34 and 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Continued population growth will have a positive economic impact on the next fiscal year.

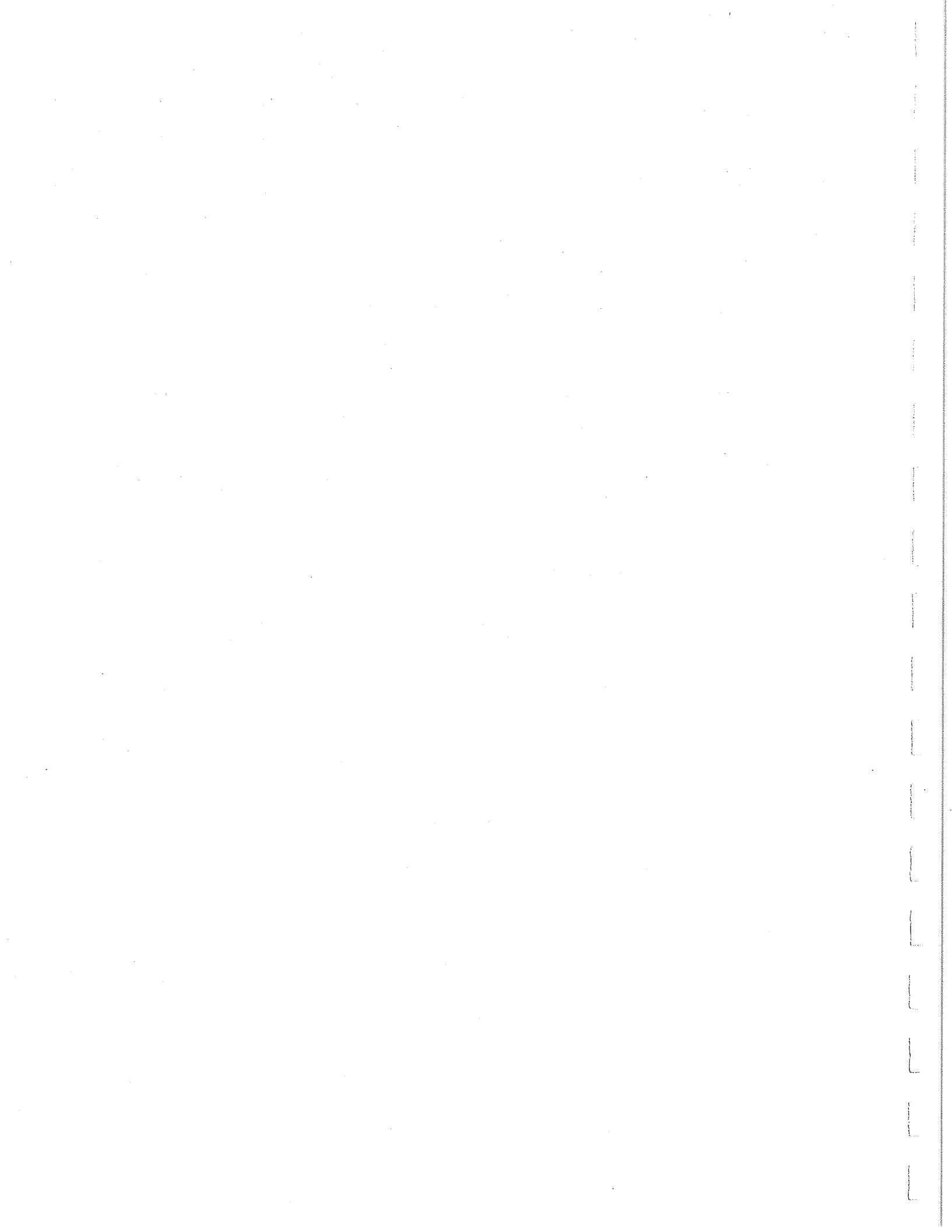
Due to exploration in the Barnett Shale, we consider this to have a positive financial impact for future years.

Hill County adopted the effective tax rate for 2007. Estimated revenue for fiscal year 2008 is \$8,076,499, including incoming transfer of \$980,000 for the General Fund and estimated expenditures are \$8,687,332.

Hill County was the recipient of \$3,339,546 from FEMA in October through December, 2007 which was not budgeted for in 2008. The funds were received for disaster relief from flooding in the summer of 2007 and will be used to repair road and bridge damage to the County public road system over the next two years.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Hill County Auditor's Office, P. O. Box 783, Hillsboro, TX 76645; Phone: 254-582-4060, Fax: 254-582-4033, or Email: auditor@co.hill.tx.us.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

HILL COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

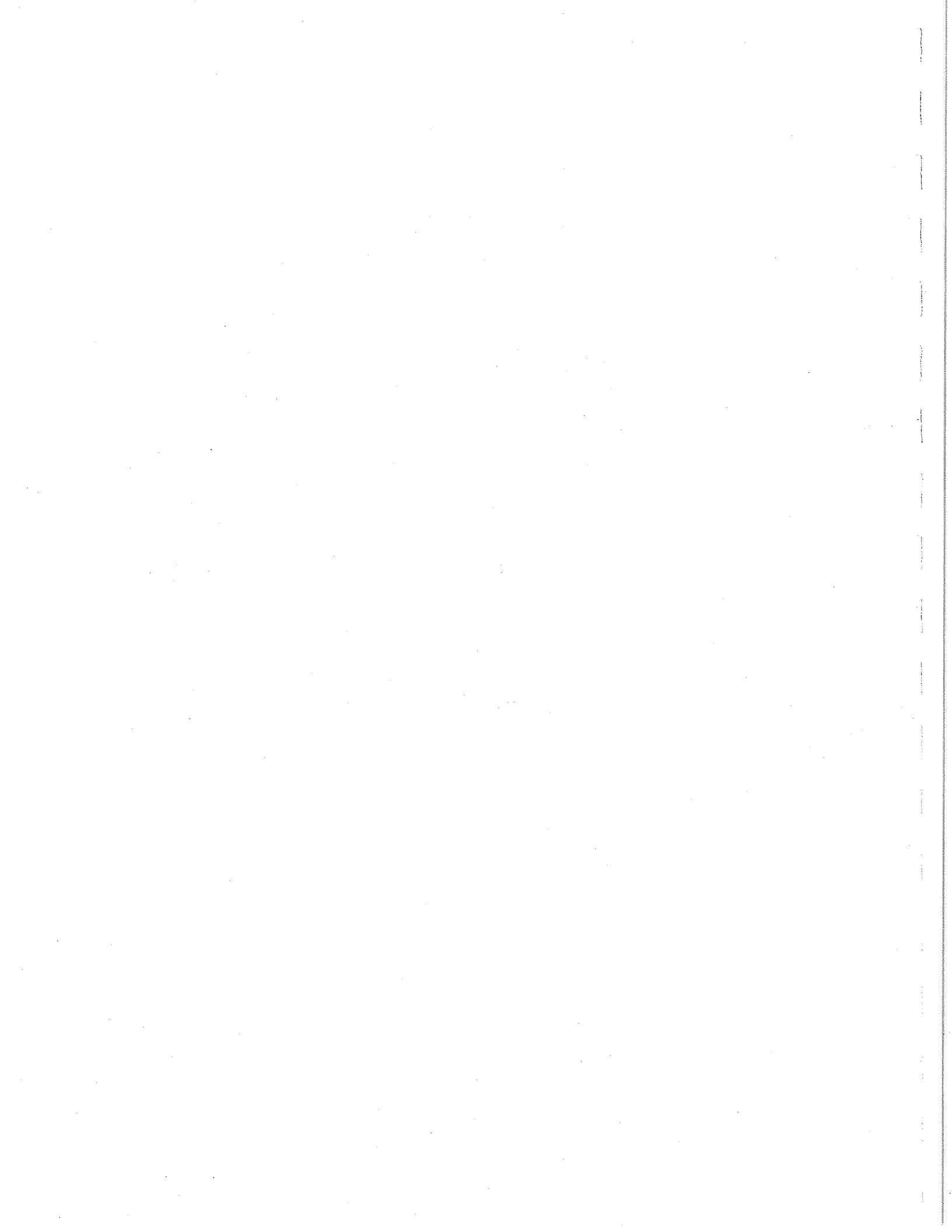
	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$7,278,637	\$7,278,637
Receivables (net of allowance for uncollectibles)	2,655,433	2,655,433
Inventory	58,523	58,523
Prepaid Items	157,010	157,010
Capital assets not being depreciated:		
Land	18,198	18,198
Construction in Progress	35,940	35,940
Total Capital assets being depreciated, net		
Building and Improvements	15,342,928	15,342,928
Machinery and Equipment	2,481,975	2,481,975
Infrastructure	971,754	971,754
Total Assets	\$29,000,398	\$29,000,398
LIABILITIES		
Accounts Payable	\$973,583	\$973,583
Bank Overdraft	54,169	54,169
Accrued Wages Payable	121,061	121,061
Accrued Interest Payable	47,778	47,778
Noncurrent Liabilities:		
Due within one year	392,852	392,852
Due in more than one year	7,786,574	7,786,574
Total Liabilities	9,376,017	9,376,017
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	11,063,907	11,063,907
Restricted for:		
Construction	655,140	655,140
Debt Service	166,383	166,383
Unrestricted	7,738,951	7,738,951
Total Net Assets	\$19,624,381	\$19,624,381

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
						Total
Primary government						
Government activities:						
General Administration	\$1,623,857	\$561,639	\$247,252	\$0	(\$814,966)	(\$814,966)
Legal	353,053	82,544	62,500		(208,009)	(208,009)
Judicial	2,452,013	2,243,370	136,404		(72,239)	(72,239)
Financial Administration	548,650	374,110			(174,540)	(174,540)
Public Facilities	634,963				(634,963)	(634,963)
Public Safety	5,873,693	869,697	832,932		(4,171,064)	(4,171,064)
Public Transportation	3,412,064	772,090	157,524		(2,482,450)	(2,482,450)
Health and Welfare	552,850		22,751		(530,099)	(530,099)
Conservation - Agriculture	101,676				(101,676)	(101,676)
Interest and Fiscal Charges	399,408				(399,408)	(399,408)
Total government activities	<u>15,952,227</u>	<u>4,903,450</u>	<u>1,459,363</u>	<u>0</u>	<u>(9,589,414)</u>	<u>(9,589,414)</u>
 Total Primary Government	 <u>\$15,952,227</u>	 <u>\$4,903,450</u>	 <u>\$1,459,363</u>	 <u>\$0</u>	 <u>(9,589,414)</u>	 <u>(9,589,414)</u>
General Revenues						
Property Taxes, Levies for General Purposes					7,378,610	7,378,610
Sales Taxes					1,545,788	1,545,788
Other Taxes					36,022	36,022
Unrestricted Investment Earnings					448,882	448,882
Miscellaneous					235,256	235,256
Total General Revenues and Transfers					<u>9,644,558</u>	<u>9,644,558</u>
Change in Net assets					55,144	55,144
Net Assets - Beginning - Restated					<u>19,569,237</u>	<u>19,569,237</u>
Net Assets - Ending					<u>\$19,624,381</u>	<u>\$19,624,381</u>

The accompanying notes are an integral part of this statement.



FUND FINANCIAL STATEMENTS

HILL COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$3,779,071	\$968,191	\$2,531,375	\$7,278,637
Receivables (net of allowance for uncollectibles)	1,037,690	234,117	443,631	1,715,438
Due from Other Funds	3,939	802	1,937	6,678
Total Assets	\$4,820,700	\$1,203,110	\$2,976,943	\$9,000,753
LIABILITIES AND FUND BALANCES:				
Liabilities				
Accounts Payable	\$373,524	\$310,302	\$289,757	\$973,583
Bank Overdraft		46,188	7,981	54,169
Due to Other Funds	6,000		678	6,678
Accrued Wages Payable	76,484	17,752	26,825	121,061
Deferred Revenues	392,584	153,306	99,073	644,963
Total Liabilities	848,592	527,548	424,314	1,800,454
Fund Balances:				
Restricted For:				
Construction			655,140	655,140
Debt Service			166,383	166,383
Unreserved, Reported in				
General Fund	3,972,108			3,972,108
Special Revenue Funds		675,562	1,731,106	2,406,668
Total Fund Balance	3,972,108	675,562	2,552,629	7,200,299
Total Liabilities and Fund Balances	\$4,820,700	\$1,203,110	\$2,976,943	\$9,000,753

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Total Fund Balances - governmental funds balance sheet	\$7,200,299
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,850,795
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,155,528
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	644,963
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(8,227,204)
Net assets of governmental activities - statement of net assets	<u>\$19,624,381</u>

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$4,560,372	\$1,746,405	\$1,135,293	\$7,442,070
Sales	1,236,631	185,494	123,663	1,545,788
Other	25,208	10,814		36,022
Intergovernmental	412,654	157,524	889,185	1,459,363
Licenses and Permits		772,090		772,090
Charges for Services	1,591,523		1,986,257	3,577,780
Fines and Forfeitures	33,140	279,142	24,170	336,452
Interest	309,059	52,643	87,180	448,882
Miscellaneous	7,142	9,999	79,143	96,284
Total Revenues	<u>8,175,729</u>	<u>3,214,111</u>	<u>4,324,891</u>	<u>15,714,731</u>
EXPENDITURES				
Current:				
General Administration	1,755,105		70,122	1,825,227
Legal	299,255		47,707	346,962
Judicial	1,161,438		1,345,631	2,507,069
Financial Administration	536,152			536,152
Public Facilities	330,529			330,529
Public Safety	4,061,627		1,517,368	5,578,995
Public Transportation	170,578	3,819,113		3,989,691
Health and Welfare	125,427		436,633	562,060
Conservation - Agriculture	96,248			96,248
Debt Service				
Principal Retirement		76,352	240,000	316,352
Interest and Fiscal Charges		5,190	394,873	400,063
Total Expenditures	<u>8,536,359</u>	<u>3,900,655</u>	<u>4,052,334</u>	<u>16,489,348</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(360,630)</u>	<u>(686,544)</u>	<u>272,557</u>	<u>(774,617)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets	13,135	125,837		138,972
Operating Transfers In	1,173,533	230,000	183,355	1,586,888
Operating Transfers Out	(264,056)	(200,000)	(1,122,832)	(1,586,888)
Total Other Financing Sources (Uses)	<u>922,612</u>	<u>155,837</u>	<u>(939,477)</u>	<u>138,972</u>
Net Changes in Fund Balances	561,982	(530,707)	(666,920)	(635,645)
Fund Balances - Beginning	3,410,126	1,206,269	3,219,549	7,835,944
Fund Balances - Ending	<u>\$3,972,108</u>	<u>\$675,562</u>	<u>\$2,552,629</u>	<u>\$7,200,299</u>

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2007

Net Changes in Fund Balances - total governmental funds (\$635,645)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	117,777
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	217,128
(Increase) decrease in Compensated Absences from beginning of period to end of period.	5,560
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(63,460)
Increase (decrease) in Inventory from beginning of period to end of period.	(9,629)
Increase (decrease) in Prepaid Items from beginning of period to end of period.	106,406
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	655
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	316,352
Change in net assets of governmental activities - statement of activities	<u><u>\$55,144</u></u>

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$4,645,878	\$4,645,878	\$4,560,372	(\$85,506)
Sales	1,019,735	1,019,735	1,236,631	216,896
Other	22,280	22,280	25,208	2,928
Intergovernmental	207,520	323,250	412,654	89,404
Charges for Services	1,799,600	1,799,600	1,591,523	(208,077)
Fines and Forfeitures	44,919	44,919	33,140	(11,779)
Interest	158,000	158,000	309,059	151,059
Miscellaneous	8,800	8,800	7,142	(1,658)
Total Revenues	7,906,732	8,022,462	8,175,729	153,267

EXPENDITURES

Current:

General Administration				
Computer	821,052	821,052	635,586	185,466
County Clerk	239,939	239,939	232,591	7,348
County Judge	137,313	137,313	131,394	5,919
Elections Administration	143,063	143,063	128,057	15,006
Employee Hospitalization	215,070	215,070	196,292	18,778
Non-Departmental	705,800	493,187	416,516	76,671
Veterans Service	14,763	14,763	14,669	94
Legal				
County Attorney	292,585	317,642	299,255	18,387
Judicial				
County Court at Law	185,563	185,563	180,614	4,949
District Attorney	145,996	146,016	146,014	2
District Clerk	322,754	322,754	314,997	7,757
District Judge	33,452	33,452	27,978	5,474
Employee Hospitalization	229,952	229,952	203,226	26,726
Justices of the Peace	295,877	304,613	288,609	16,004
Financial Administration				
County Auditor	128,398	128,398	101,223	27,175
County Treasurer	123,625	129,022	128,674	348
Tax Assessor-Collector	287,349	311,665	306,255	5,410
Public Facilities				
Courthouse	311,690	357,990	330,529	27,461
Public Safety				
911 Dispatch	276,170	277,320	271,345	5,975
Constables	168,304	172,304	162,779	9,525
Courthouse Security	153,983	157,683	138,163	19,520
Employee Hospitalization	433,699	433,699	383,292	50,407
Jail	2,055,036	2,034,311	1,877,799	156,512
Sheriff	1,268,809	1,289,949	1,228,249	61,700

(continued)

(continued)

Public Transportation				
Employee Hospitalization	193,011	193,011	170,578	22,433
Health and Welfare				
Employee Hospitalization	21,269	21,269	18,797	2,472
Public Assistance	0	114,923	106,630	8,293
Conservation - Agriculture				
Agriculture Extension Service	109,497	109,497	96,248	13,249
Total Expenditures	<u>9,314,019</u>	<u>9,335,420</u>	<u>8,536,359</u>	<u>799,061</u>

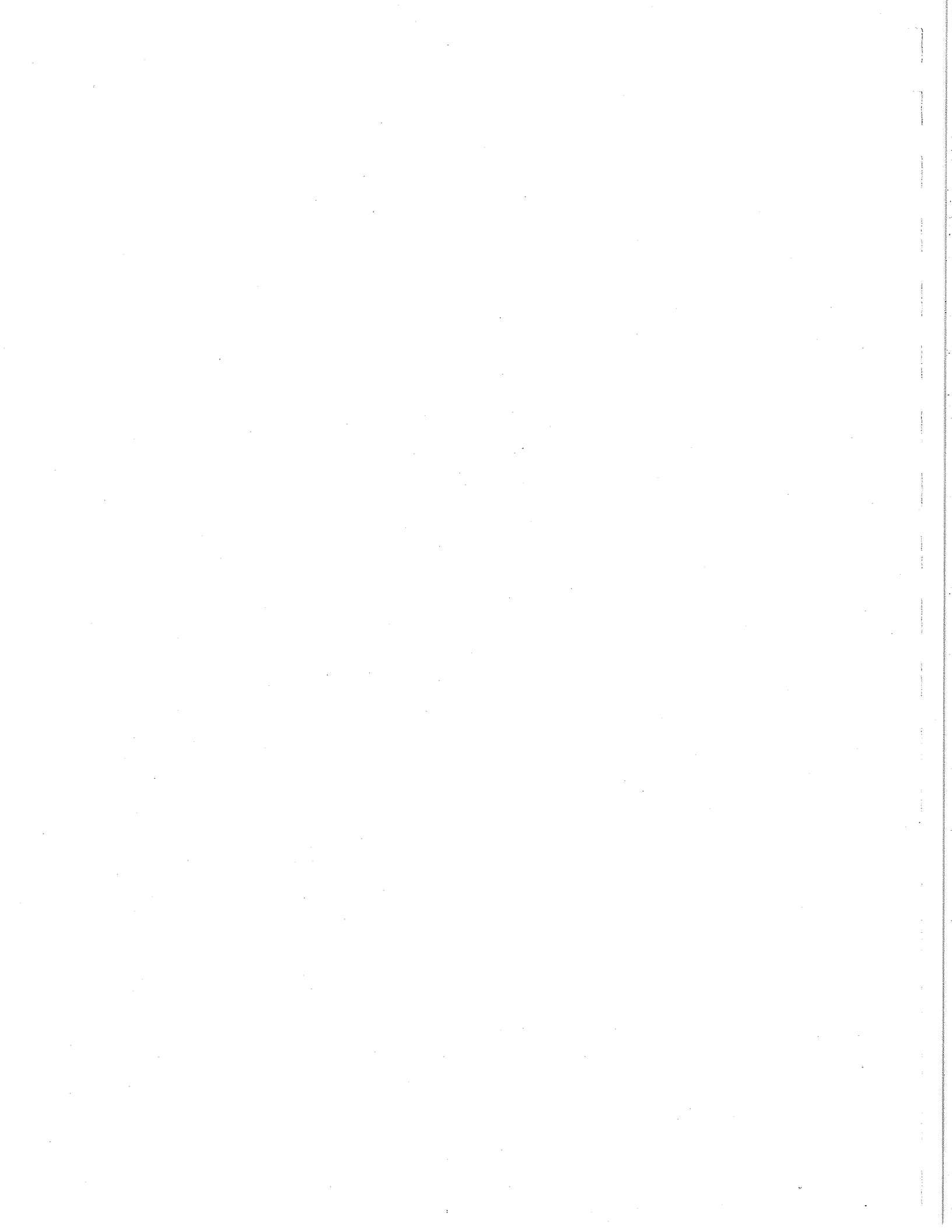
Excess (Deficiency) of Revenues Over (Under)

Expenditures	<u>(1,407,287)</u>	<u>(1,312,958)</u>	<u>(360,630)</u>	<u>952,328</u>
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OTHER FINANCING SOURCES (USES):

Sale of Capital assets		13,135	13,135	0
Operating Transfers In	1,399,000	1,399,000	1,173,533	(225,467)
Operating Transfers Out	(574,055)	(502,305)	(264,056)	238,249
Total Other Financing Sources (Uses)	<u>824,945</u>	<u>909,830</u>	<u>922,612</u>	<u>12,782</u>
Net Changes in Fund Balances	<u>(582,342)</u>	<u>(403,128)</u>	<u>561,982</u>	<u>965,110</u>
Fund Balances - Beginning	3,410,126	3,410,126	3,410,126	0
Fund Balances - Ending	<u>\$2,827,784</u>	<u>\$3,006,998</u>	<u>\$3,972,108</u>	<u>\$965,110</u>

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



HILL COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (CASH BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,737,820	\$1,737,820	\$1,746,405	\$8,585
Sales	152,960	152,960	185,494	32,534
Other	4,505	4,505	10,814	6,309
Intergovernmental	101,084	101,084	157,524	56,440
Licenses and Permits	813,257	813,257	772,090	(41,167)
Fines and Forfeitures	404,267	404,267	279,142	(125,125)
Interest	44,842	44,842	52,642	7,800
Miscellaneous	0	10,000	10,000	0
Total Revenues	3,258,735	3,268,735	3,214,111	(54,624)
EXPENDITURES				
Current				
Public Transportation	3,787,749	4,128,778	3,819,113	309,665
Debt Service				
Principal Retirement	102,721	73,183	76,352	(3,169)
Interest Retirement	11,973	11,973	5,190	6,783
Total Expenditures	3,902,443	4,213,934	3,900,655	313,279
Excess (Deficiency) of Revenues Over (Under) Expenditures	(643,708)	(945,199)	(686,544)	258,655
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets	0	89,760	125,837	36,077
Operating Transfers In	230,000	230,000	230,000	0
Operating Transfers Out	(200,000)	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	30,000	119,760	155,837	36,077
Net Changes in Fund Balances	(613,708)	(825,439)	(530,707)	294,732
Fund Balances - Beginning	1,206,269	1,206,269	1,206,269	0
Fund Balances - Ending	\$592,561	\$380,830	\$675,562	\$294,732

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



HILL COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$2,546,170
Receivables (net of allowance for uncollectibles)	<u>0</u>
Total Assets	<u>\$2,546,170</u>

LIABILITIES	
Accounts Payable	\$0
Due to Others	<u>2,546,170</u>
Total Liabilities	<u>\$2,546,170</u>

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



HILL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

I. Summary of Significant Accounting Policies

A. Reporting entity

Hill County operates under a County Judge – Commissioner’s Court type of government and provides the following services throughout the County: public safety (dispatch, jail, and law enforcement), public transportation (roads), and health, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

2. Receivables and Payables (continued)

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

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2007 and 10 percent of the delinquent outstanding property taxes at September 30, 2007.

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

3. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed in the fund financial statements. All inventories are valued at cost using the first-in/first-out (FIFO) method in the government-wide financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid items at September 30, 2007 are reflected in the accompanying financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2007.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no such construction during the current fiscal year.

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

Assets	Years
Buildings	20 - 50
Building Improvements	20 - 50
System Infrastructure	35 - 50
Vehicles	5 - 20
Office Equipment	5 - 20
Computer Equipment	5 - 20

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,227,204 difference are as follows:

Capital Leases Payable	\$58,334
Bonds Payable	7,710,000
Time Warrants	18,554
Accrued Interest Payable	47,778
Compensated Absences	392,538
	<u>\$8,227,204</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$18,850,795 difference are as follows:

Capital outlay	\$26,006,531
Depreciation expense	(7,155,736)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$18,850,795</u>

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$644,963 difference are as follows:

Property Taxes Receivable	\$727,429
Allowance for Doubtful Accounts	<u>(82,466)</u>
Net	<u>\$644,963</u>

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$1,155,528 difference are as follows:

Fines Receivable	\$1,566,659
Inventory	\$58,523
Prepaid Items	157,010
Allowance for Doubtful Accounts	<u>(626,664)</u>
Net	<u>\$1,155,528</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$117,777 difference are as follows:

Capital outlay - additions	\$1,311,203
Capital outlay - dispositions - net	(138,360)
Depreciation expense	(1,055,066)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$117,777</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The final amended budget is used in this report.

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

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. The County Judge prepares the budget by July 31 of each year pursuant to statute.

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

When the Budget has been adopted by the Commissioner's Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General, Debt Service and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2007 fiscal year were adopted for the General Fund, the Road and Bridge Funds, Records Preservation and Management Fund, the Law Library Fund, the Jury Fund, the Indigent Health Fund, the D.A. Forfeited Property Fund, the County Clerk Records Fund, and the Interest and Sinking Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2007, expenditures exceeded appropriations in the D.A. Forfeited Property Fund whereby expenditures of \$67,887 exceeded appropriations of \$43,500 by \$24,387.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2007.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

Policies Governing Deposits and Investments:

The County has an investment policy and a deposit policy.

As of September 30, 2007, the government had the following investments: None

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2007, the government's bank balance of \$7,003,887 with Wells Fargo National Bank was exposed to custodial credit risk because it was not fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name; the total amount of the pledged securities was -0- and the FDIC coverage is \$100,000. The government's bank balance of \$1,054,894 with Citizens National Bank was exposed to custodial credit risk because it was not fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name; the total amount of the pledged securities was \$-0- and the FDIC coverage is \$100,000.

The government's bank balance of \$105,616 with Citizens State Bank was NOT exposed to custodial credit risk because it was fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name; the total amount of the pledged securities was \$256,013 and the FDIC coverage is \$100,000. The amount of \$42,509 in the Bank of America was covered by the FDIC.

A schedule of the collateral/FDIC coverage is as follows:

BANK	BANK BALANCE	FDIC INSURANCE	COLLATERAL *	AMOUNT AT RISK
WELLS FARGO BANK	\$7,003,887	\$100,000	\$0	\$6,903,887
CITIZENS NATIONAL BANK	1,054,894	100,000	0	954,894
CITIZENS STATE BANK	105,616	100,000	256,013	
BANK OF AMERICA	42,507	100,000	0	
TOTAL	\$8,206,904	\$400,000	\$256,013	\$7,858,781

* COLLATERAL HELD BY THE BANK IN THE COUNTY'S NAME

B. Receivables

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

	General	Road and Bridge	Other Govern- mental	Total
<u>Receivables</u>				
Ad Valorem Taxes	\$502,309	\$195,588	\$126,762	\$824,659
Sales Taxes	234,012	35,101	23,400	292,513
Fines	1,566,659			1,566,659
Other	351,600	22,987	306,145	680,732
Gross receivables	2,654,580	253,676	456,307	3,364,563
Less: Allowance for uncollectibles	676,895	19,559	12,676	709,130
Net total receivables	\$1,977,685	\$234,117	\$443,631	\$2,655,433

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

Delinquent Property Taxes Receivable (General Fund)-Net	<u>Unavailable</u> <u>\$ 644,963</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 644,963</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2007 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$18,198			\$18,198
Construction in Progress	60,940		25,000	35,940
Total capital assets not being depreciated:	<u>79,138</u>	<u>0</u>	<u>25,000</u>	<u>54,138</u>
Capital assets being depreciated:				
Building and Improvements	18,958,552	6,600	0	18,965,152
Machinery and Equipment	5,160,415	1,001,626	266,555	5,895,486
Infrastructure	788,778	302,977	0	1,091,755
Total capital assets being depreciated:	<u>24,907,745</u>	<u>1,311,203</u>	<u>266,555</u>	<u>25,952,393</u>
Less: Accumulated Depreciation for:				
Building and Improvements	3,146,697	475,527	0	3,622,224
Machinery and Equipment	3,031,434	535,272	153,195	3,413,511
Infrastructure	75,734	44,267	0	120,001
Total Accumulated Depreciation	<u>6,253,865</u>	<u>1,055,066</u>	<u>153,195</u>	<u>7,155,736</u>
Total Capital Assets Depreciated, Net	<u>18,653,880</u>	<u>256,137</u>	<u>113,360</u>	<u>18,796,657</u>
Governmental Activities capital assets, Net	<u>\$18,733,018</u>	<u>\$256,137</u>	<u>\$138,360</u>	<u>\$18,850,795</u>

Governmental activities	
General Administration	\$15,104
Public Facilities	298,192
Judicial	14,796
Public Safety	324,613
Public Transportation	402,361
Total depreciation expense - governmental activities	<u>\$1,055,066</u>

Construction commitments

There were no major capital asset construction events during the 2006-2007 year.

D. Interfund Receivables, Payables, and Transfers

There were no advances at September 30, 2007.

The Due to/from other funds consist of \$802 due from the general fund and \$1,937 due from the general fund.

The transfers consisted of the following:

TRANSFER OUT	TRANSFER IN			TOTAL
	GENERAL FUND	ROAD AND BRIDGE FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND	\$200,000		\$64,056	\$264,056
ROAD AND BRIDGE FUND		200,000		200,000
NON-MAJOR GOVERNMENTAL FUNDS	973,533	30,000	119,299	1,122,832
TOTALS	<u>\$1,173,533</u>	<u>\$230,000</u>	<u>\$183,355</u>	<u>\$1,586,888</u>

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$53,579 for the year ended September 30, 2007. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	<u>Amount</u>
2008	\$ 88,475
2009	83,156
2010	66,351
2011	<u>52,330</u>
Total	<u>\$290,312</u>

F. Long-Term Debt

Capital Leases

The government has entered into a lease agreement as lessee for financing of two Motor Graders. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The debt service for the two Motor Graders is serviced from Precinct No. 3.

The assets acquired through capital leases are capitalized into capital assets as follows:

Asset:	TWO MOTOR	
	GRADERS	TOTAL
Cost	\$210,720	\$210,720
Less: Accumulated Depreciation	132,865	132,865
Total	<u>\$77,855</u>	<u>\$77,855</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, were as follows:

YEAR	Activities	Total
2008	\$42,580	\$42,580
2009	17,742	17,742
TOTAL MINIMUM LEASE PAYMENTS	<u>60,322</u>	<u>60,322</u>
LESS: AMOUNT REPRESENTING INTEREST	1,988	1,988
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$58,334</u>	<u>\$58,334</u>

Certificates of Obligation:

The government issues Certificates of Obligation bonds, Series 1997 and 2001, which provided funds for the re-construction of the courthouse and helped fund the acquisition, construction and improvements to the jail facilities and renovating and improving the courthouse and annex, respectively. The original amount of the Certificates of Obligation bonds Series 1997 was \$2,000,000 and the original amount of the Certificates of Obligation bonds Series 2001 was \$6,990,000. The Certificates of Obligation bonds are serviced by the Debt Service Fund.

Certificates of Obligation bonds are direct obligations and pledge the full faith and credit of the government. Certificates of Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities - Certificates of Obligation Bonds	4.30-5.875	\$ 1,370,000
Governmental activities - Certificates of Obligation Bonds	4.50-5.00	6,340,000

Annual debt service requirements to maturity for the Certificates of Obligation Bonds are as follows:

Year Ending September 30,	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2008	\$255,000	\$382,226
2009	265,000	369,365
2010	280,000	355,886
2011	295,000	341,645
2012	310,000	326,583
2013 to 2017	1,785,000	1,394,099
2018 to 2022	2,265,000	909,820
2023 to 2026	2,255,000	288,500
TOTALS	<u>\$7,710,000</u>	<u>\$4,368,124</u>

F. Long-Term Debt (continued)

The following is a summary of Time Warrants contracts payable for the year ended September 30, 2007. The debt service for the remaining warrant is serviced from Precinct No. 1.

The annual requirements to retire the Time Warrants Contracts Payable as of September 30, 2007 are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2008	\$18,554	\$343
TOTALS	\$18,554	\$343

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<u>Governmental activities:</u>					
Certificates of Obligation	\$7,950,000		\$240,000	\$7,710,000	\$255,000
Total Bonds Payable	7,950,000	0	240,000	7,710,000	255,000
Warrants Payable	59,092		40,538	18,554	18,554
Capital Leases Payable	94,149		35,815	58,334	40,790
Compensated Absences	398,098	74,060	79,620	392,538	78,508
Grand Total	\$8,501,339	\$74,060	\$395,973	\$8,179,426	\$392,852

The general fund, the probation funds and the road and bridge funds are used mainly to service the compensated absences. The estimated amount due in the 2007-08 year is \$78,508.

The government-wide statement of activities includes \$392,852 as "noncurrent liabilities, due within one year".

The interest incurred on the above debt for the current year was not capitalized but rather was expensed.

G. Restricted Net Assets

The restricted assets at September 30, 2007 were 1) \$166,383 to be used for debt service, and 2) \$655,140 to be used for construction.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

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

	Year Ended September 30, 2007	Year Ended September 30, 2006
Unpaid claims, beginning of fiscal year	\$0	\$0
Incurred claims (including IBNRs)	0	0
Claim payments	0	0
Unpaid claims, end of fiscal year	<u>\$0</u>	<u>\$0</u>

B. Related Party Transaction: The County Auditor's husband owned the building which was leased to the Independent Auditor who performed a 2007 fee audit. The commissioner's court had approved the hiring. There were no amounts due between the county and the independent auditor services were performed in an arm-length manner.

C. Subsequent Events: Hill County was the recipient of \$3,339,546 from FEMA in October through December, 2007 which was not budgeted for in 2008. The funds were received for disaster relief from flooding in the summer of 2007 and will be used to repair road and bridge damage to the County public road system over the next two years.

D. Contingent Liabilities

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

The government is not a defendant in any lawsuits.

E. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 573 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

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

The governing body elected to pay a rate of 6.15% for the 2006 and 6.31% for the 2007 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act. The contribution rate payable by the employee members for calendar years 2006 and 2007 is the rate of 6% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

Actuarial valuation date	12/31/2004	12/31/2005	12/31/2006
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, closed
Amortization period	20.0	20.0	15.0
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.00%	0.00%	0.00%

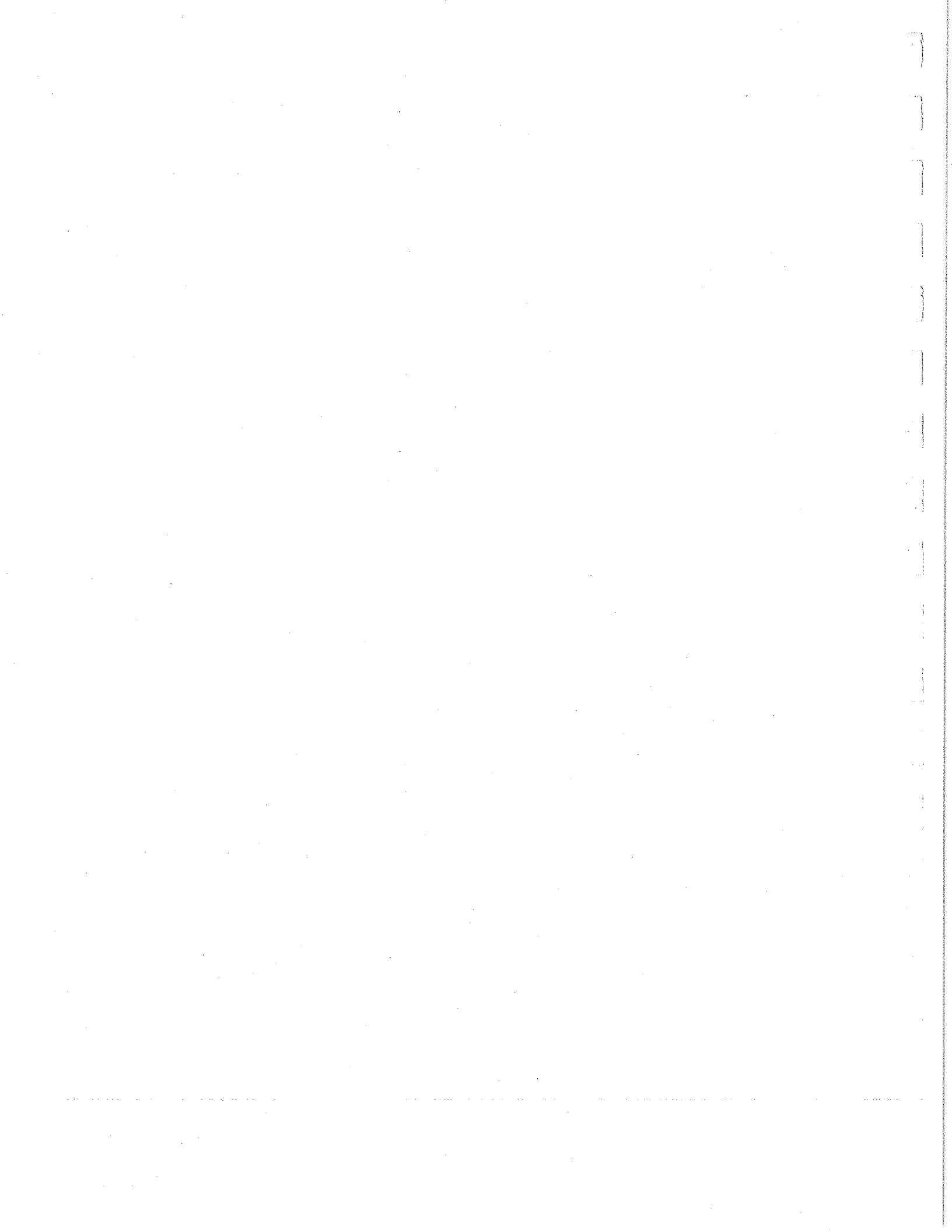
Annual Pension Cost

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

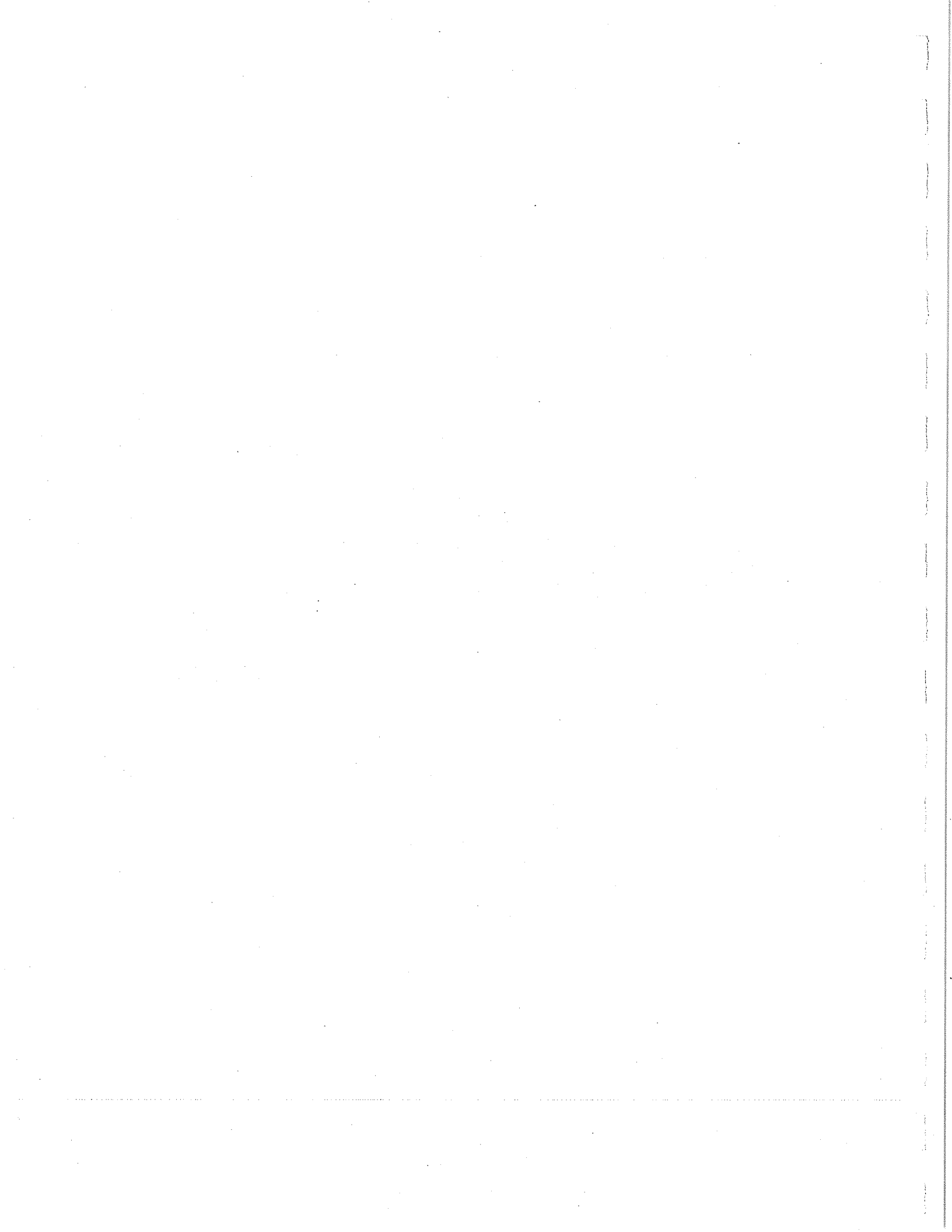
Accounting Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
09-30-2005	340,695	100%	\$ -0-
09-30-2006	386,043	100%	\$ -0-
09-30-2007	397,731	100%	\$ -0-

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
Dec. 31,	(a)	(b)	(b-a)		(c)	((b-a)/c)
2004	7,221,286	8,387,324	1,166,038	86.10	4,764,763	24.47
2005	7,564,552	8,733,921	1,169,369	86.61	5,358,236	21.82
2006	8,066,944	8,874,213	807,269	90.90	5,897,233	13.69



REQUIRED SUPPLEMENTARY INFORMATION



HILL COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2007

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date Dec. 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2004	7,221,286	8,387,324	1,166,038	86.10	4,764,763	24.47
2005	7,564,552	8,733,921	1,169,369	86.61	5,358,236	21.82
2006	8,066,944	8,874,213	807,269	90.90	5,897,233	13.69

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

HILL COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2007

	Road and Bridge General		Road and Bridge No. 1		Road and Bridge No. 2		Road and Bridge No. 3		Road and Bridge No. 4		Lateral Road No. 1		Lateral Road No. 2		Lateral Road No. 3		Lateral Road No. 4		Total Road and Bridge		
ASSETS																					
Cash and Cash Equivalents	\$7,339	\$0	\$206,157	\$20,689	\$316,709	\$53,775	\$125,268	\$19,069	\$219,125	\$60	\$968,191										
Receivables (net of allowance for uncollectibles)	22,987	25,162	25,008	28,559	24,184	26,459	26,297	30,030	25,431		234,117										
Due from Other Funds	59				743						802										
Total Assets	\$30,326	\$25,221	\$231,165	\$49,248	\$341,636	\$80,234	\$151,565	\$49,099	\$244,556	\$60	\$1,203,110										
LIABILITIES AND FUND BALANCES:																					
Liabilities:																					
Accounts Payable	\$27,191	\$6,693	\$35,887	\$26,010	\$55,968	\$11,200	\$71,313	\$778	\$75,262		\$310,302										
Bank Overdraft	46,188										46,188										
Accrued Wages Payable	1,315	3,857	2,660	5,162	4,758						17,752										
Deferred Revenues		14,398	14,309	16,342	13,838	23,086	22,944	26,201	22,188		153,306										
Total Liabilities	28,506	71,136	52,856	47,514	74,564	34,286	94,257	26,979	97,450	0	527,548										
Fund Balances:																					
Unreserved, Reported in Other Governmental Funds	1,820	(45,915)	178,309	1,734	267,072	45,948	57,308	22,120	147,106	60	675,562										
Total Fund Balance	1,820	(45,915)	178,309	1,734	267,072	45,948	57,308	22,120	147,106	60	675,562										
Total Liabilities and Fund Balances	\$30,326	\$25,221	\$231,165	\$49,248	\$341,636	\$80,234	\$151,565	\$49,099	\$244,556	\$60	\$1,203,110										

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2007

	Road and Bridge General		Road and Bridge No. 1		Road and Bridge No. 2		Road and Bridge No. 3		Road and Bridge No. 4		Lateral Road No. 1		Lateral Road No. 2		Lateral Road No. 3		Lateral Road No. 4		Total Road and Bridge			
REVENUES																						
Taxes																						
Property		\$168,339		\$167,306		\$191,059		\$161,797		\$258,832		\$257,014		\$293,505		\$248,553		\$1,746,405				
Sales		45,353		45,075		51,475		43,591										185,494				
Other		2,644		2,628		3,001		2,541										10,814				
Intergovernmental	16,536	34,512		34,312		38,921		33,243										157,524				
Licenses and Permits		188,776		187,618		214,255		181,441										772,090				
Fines and Forfeitures	279,142																	279,142				
Interest		5,656		14,150		9,670		23,167										52,643				
Miscellaneous						9,999												9,999				
Total Revenues	295,678	445,280		451,089		518,380		445,780		258,832		257,014		293,505		248,553		3,214,111				
EXPENDITURES																						
Current:																						
Public Transportation																						
Road and Bridge	328,125	542,965		450,673		795,022		401,252		295,873		368,278		312,130		324,795		3,819,113				
Debt Service																						
Principal Retirement		30,461		10,076														36,815				
Interest and Fiscal Charges		1,933		40														3,217				
Total Expenditures	328,125	575,359		460,789		795,022		401,252		295,873		368,278		351,162		324,795		3,900,655				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,447)	(130,079)		(9,700)		(276,642)		44,528		(37,041)		(111,264)		(57,657)		(76,242)		0			(686,544)	
OTHER FINANCING SOURCES (USES):																						
Sale of Capital assets				35,525		90,312												125,837				
Operating Transfers In		56,235		55,890		63,825		54,050										230,000				
Operating Transfers Out	(200,000)																	(200,000)				
Total Other Financing Sources (Uses)	(200,000)	56,235		91,415		154,137		54,050		0		0		0		0		155,837				
Net Changes in Fund Balances	(32,447)	(73,844)		81,715		(122,505)		98,578		(37,041)		(111,264)		(57,657)		(76,242)		0			(530,707)	
Fund Balances - Beginning	234,267	27,929		96,594		124,239		168,494		82,989		168,572		79,777		223,348		60			1,206,269	
Fund Balances - Ending	\$1,820	(\$45,915)		\$178,309		\$1,734		\$267,072		\$45,948		\$57,308		\$22,120		\$147,106		\$60				\$675,562

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2007

	SPECIAL REVENUE																			
	INDIGENT HEALTH CARE	ADULT PROBATION	LAW LIBRARY	JURY	JUVENILE PROBATION	CNB MONEY MARKET ACCOUNT	CRIMINAL JUSTICE	D.A.R.E.	CRIME VICTIMS ASSISTANCE 1,2&3	COUNTY CLERK	ELECTION CHAPTER 19 FUNDS	RECORDS PRESERVATION AND MANAGEMENT	COURTHOUSE SECURITY	PROBATE RECORDS MANAGEMENT	HOT CHECK RESTITUTION	SHERIFF DEPARTMENT	D.A. FORFEITED PROPERTY	COURT REPORTER SERVICE FUND	J.P. COURT COSTS	
ASSETS																				
Cash and Cash Equivalents	\$305,811	\$305,338	\$94,510	\$12,012	\$254,636	\$0	\$235,707	\$532	9,148	\$71,331	\$0	\$68,863	\$6,573	\$12,495	\$24,190	\$54,425	\$130,011	\$0	\$111,769	
Receivables (net of allowance for uncollectibles)	69,608		5,180	88,166	113,607		71,794			5,127	1,762	4,592	4,274						2,463	
Due from Other Funds	1,937																			
TOTAL ASSETS	\$374,419	\$307,275	\$99,690	\$100,198	\$368,243	\$0	\$307,501	\$532	\$9,148	\$76,458	\$1,762	\$63,475	\$10,847	\$12,495	\$24,190	\$54,425	\$130,011	\$0	\$114,232	
LIABILITIES AND FUND BALANCES																				
Liabilities																				
Accounts Payable	\$47,922	\$5,284	\$2,175	\$43,156	\$18,831		\$166,079		\$265	\$2,362	\$750	\$21	\$4				\$2,154			
Bank Overdraft									6,979		1,002									
Due to Other Funds		187		317						174										
Accrued Wages Payable	1,401	14,843		3,387	5,918				701	575										
Deferred Revenues	39,259																			
Total Liabilities	88,582	20,314	2,175	46,860	24,749	0	166,079	0	7,945	3,111	1,762	21	4	0	0	0	2,154	0	0	0
Fund Balances																				
Restricted For:																				
Construction																				
Debt service																				
Unreserved - Undesignated	285,837	286,961	97,515	53,338	343,494	0	141,422	532	1,203	73,347	0	63,454	10,843	12,495	24,190	54,425	127,857	0	114,232	
Total Fund Balances	285,837	286,961	97,515	53,338	343,494	0	141,422	532	1,203	73,347	0	63,454	10,843	12,495	24,190	54,425	127,857	0	114,232	
TOTAL LIABILITIES AND FUND BALANCES	\$374,419	\$307,275	\$99,690	\$100,198	\$368,243	\$0	\$307,501	\$532	\$9,148	\$76,458	\$1,762	\$63,475	\$10,847	\$12,495	\$24,190	\$54,425	\$130,011	\$0	\$114,232	

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

CHILD WELFARE BOARD	YOUTH COLL 1,2&3	C.A. HOT CHECK FUND	HILL COUNTY FOR M.A.D.D.	SALES TAX ESCROW ACCOUNT	D.A. SEIZURE ACCOUNT	DEB SERVICE FUND	CAPITAL PROJECTS FUNDS	JAIL/ ARMORY CONSTR- UCTION	COURT- HOUSE PROJECT	NON-MAJOR GOVERN- MENTAL FUNDS
\$1,000	\$13,717	\$7,545	\$280	\$0	\$17,476	\$158,016	\$140,841	\$514,299	\$2,531,375	
		22				58,678				443,631
						1,937				
\$1,000	\$13,717	\$7,545	\$280	\$0	\$17,476	\$226,694	\$140,841	\$514,299	\$2,976,943	
					\$57	\$697				\$289,757
										7,981
										678
										26,825
						59,814				99,073
0	0	0	0	0	57	60,511	0	0	0	424,314
1,000	13,717	7,545	280	0	17,419	166,383	140,841	514,299	655,140	186,383
										1,731,106
1,000	13,717	7,545	280	0	17,419	166,383	140,841	514,299	2,552,629	
\$1,000	\$13,717	\$7,545	\$280	\$0	\$17,476	\$226,694	\$140,841	\$514,299	\$2,976,943	

HILL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	SPECIAL REVENUE														COURT REPORTER SERVICE FUND COSTS		
	INDIGENT CARE	ADULT PROBATION	LAW LIBRARY	JURY	JUVENILE PROBATION	CNB MONEY MARKET ACCOUNT	CRIME VICTIMS ASSISTANCE 1,2,3,3	COUNTY CLERK	ELECTION CHAPTER 19 FUNDS	RECORDS AND MANAGEMENT	COURTHOUSE SECURITY	PROBATE RECORDS MANAGEMENT	HOT CHECK RESTITUTION	SHERIFF DEPARTMENT		D.A. FORFEITED PROPERTY	
Taxes	\$450,866																
Property Sales	123,663																
Intergovernmental				32,129	541,510		35,172	63,177	2,568	33,222	42,318	711	29,902	\$7,040		585	29,945
Charges for Services	455,563	25,920	507,756	86,929	710,829												
Fines and Forfeitures	2,816	11,792	2,944	1,625	9,999	3,195	48	2,417	1,539	784	380	819	4,575	1,709	4,175	32	4,085
Interest	60,681	4,288		223	5,036												
Miscellaneous	638,026	742,419	28,864	541,733	643,474	3,195	714,925	11	35,220	65,594	2,568	34,761	35,296	8,749	4,175	617	33,430
Total Revenues																	
EXPENDITURES																	
Current:																	
General Administration								67,564	2,568				35,097				
Legal																	
Judicial							45,061		10,251						67,887		
Public Safety							653,984								26,458		
Health and Welfare	433,498	821,214	18,087	550,361	666,746												
Debt Service																	
Principal Retirement																	
Interest and Fiscal Charges																	
Total Expenditures	433,498	821,214	18,087	550,361	666,746	0	653,984	0	45,061	67,564	2,568	10,251	35,097	26,458	67,887	0	0
Excess (Deficiency) of Revenues Over Expenditures	204,528	(78,795)	10,777	(8,628)	(23,272)	3,195	60,941	11	(9,841)	(1,970)	0	24,510	199	(17,709)	(63,712)	617	33,430
OTHER FINANCING SOURCES (USES):																	
Operating Transfers In	46,456			12,430	54,984										59,730		
Operating Transfers Out	(270,000)	(46,456)		(684)	(684)	(3,195)	(201,212)						(653)		(12,430)		(36,990)
Total Other Financing Sources (Uses)	(223,544)	(46,456)		(554)	(130)	(3,195)	(201,212)		9,755	0	0	0	(653)	0	(12,430)		(36,990)
Net Changes in Fund Balances	(65,016)	(78,795)	10,777	3,802	31,028	0	(140,271)	11	(86)	(1,970)	0	24,510	(464)	(17,709)	(3,982)	(11,813)	(3,560)
Fund Balances - Beginning	351,309	365,756	86,738	49,536	312,466	\$0	281,693	521	1,289	75,317	0	38,944	24,644	72,134	131,839	11,813	117,792
Fund Balances - Ending	\$286,293	\$289,961	\$97,515	\$53,338	\$343,494	\$0	\$141,422	\$532	\$1,203	\$73,347	\$0	\$63,454	\$24,190	\$54,425	\$127,857	\$0	\$114,232

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

CHILD WELFARE BOARD	YOUTH COIL 1,2&3	C.A. HOT CHECK FUND	HILL COUNTY FOR M.A.D.D.	SALES TAX ESCROW ACCOUNT	D.A. SEIZURE ACCOUNT	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		NON-MAJOR GOVERNMENTAL FUNDS
						DEBT SERVICE FUND	JAIL ARMORY CONSTR- UCTION	COURT- HOUSE PROJECT		
						\$584,427				\$1,135,293
										123,663
										889,185
										1,986,257
		4,349			19,821					24,170
21	272	364	28	116	1,311	5,934	4,801	17,867		87,180
2,998			1,342							79,143
3,019	272	4,713	1,370	116	21,132	694,361	4,801	17,867		4,324,891
		12,610								70,122
										47,707
										1,346,631
										1,517,368
3,135			2,950							436,633
3,135	0	12,610	2,950	0	0	634,873	0	0	0	4,052,334
(116)	272	(7,897)	(1,580)	116	21,132	59,488	4,801	17,867		272,557
		(373)			(411,109)	(59,730)				183,355
0	0	(373)	0	(411,109)	(59,730)	0	0	0		(1,122,892)
(116)	272	(8,270)	(1,580)	(410,993)	(58,598)	59,488	4,801	17,867		(666,920)
1,116	13,445	15,815	1,860	410,993	56,017	105,895	136,040	496,432		3,219,549
\$1,000	\$13,717	\$7,545	\$280	\$0	\$17,419	\$166,383	\$140,841	\$514,299		\$2,552,629

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HILL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Agency Funds		
	Trust	County Officer	Total
ASSETS			
Cash and Cash Equivalents	\$168,197	\$2,377,973	\$2,546,170
Receivables (net of allowance for uncollectibles)	0	0	0
Total Assets	\$168,197	\$2,377,973	\$2,546,170
LIABILITIES			
Accounts Payable			\$0
Due to Others	168,197	2,377,973	2,546,170
Total Liabilities	\$168,197	\$2,377,973	\$2,546,170

HILL COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>TREASURER - J.P. CASH</u>	BALANCE 10/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2007
ASSETS				
Cash and Cash Equivalents	\$65,955	\$1,056,661	\$954,419	\$168,197
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$65,955</u>	<u>\$1,056,661</u>	<u>\$954,419</u>	<u>\$168,197</u>
LIABILITIES:				
Accounts Payable	\$65,955	\$1,056,661	\$954,419	\$168,197
Due to Others	\$65,955	\$1,056,661	\$954,419	\$168,197
Total Liabilities	<u>\$65,955</u>	<u>\$1,056,661</u>	<u>\$954,419</u>	<u>\$168,197</u>

<u>COUNTY OFFICER ACCOUNTS</u>	BALANCE 10/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2007
ASSETS				
Cash and Cash Equivalents	\$2,517,301		\$139,328	\$2,377,973
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$2,517,301</u>	<u>\$0</u>	<u>\$139,328</u>	<u>\$2,377,973</u>

LIABILITIES:				
Accounts Payable				
Due to Others	\$2,517,301	\$0	\$139,328	\$2,377,973
Total Liabilities	<u>\$2,517,301</u>	<u>\$0</u>	<u>\$139,328</u>	<u>\$2,377,973</u>

<u>TOTAL</u>	BALANCE 10/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2007
ASSETS				
Cash and Cash Equivalents	\$2,583,256	\$1,056,661	\$1,093,747	\$2,546,170
Receivables (net of allowance for uncollectibles)	0	0	0	0
Total Assets	<u>\$2,583,256</u>	<u>\$1,056,661</u>	<u>\$1,093,747</u>	<u>\$2,546,170</u>

LIABILITIES:				
Accounts Payable	\$0	\$0	\$0	\$0
Due to Others	2,583,256	1,056,661	1,093,747	2,546,170
Total Liabilities	<u>\$2,583,256</u>	<u>\$1,056,661</u>	<u>\$1,093,747</u>	<u>\$2,546,170</u>



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



HILL COUNTY, TEXAS
INDIGENT HEALTH CARE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$459,682	\$459,682	\$450,866	(\$8,816)
Sales	101,974	101,974	123,663	21,689
Interest	11,425	11,425	2,816	(8,609)
Miscellaneous	0	0	60,681	60,681
Total Revenues	<u>573,081</u>	<u>573,081</u>	<u>638,026</u>	<u>64,945</u>
EXPENDITURES				
Current:				
Health and Welfare	525,498	525,498	433,498	92,000
Total Expenditures	<u>525,498</u>	<u>525,498</u>	<u>433,498</u>	<u>92,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,583</u>	<u>47,583</u>	<u>204,528</u>	<u>156,945</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(270,000)	(270,000)	(270,000)	0
Total Other Financing Sources (Uses)	<u>(270,000)</u>	<u>(270,000)</u>	<u>(270,000)</u>	<u>0</u>
Net Changes in Fund Balances	(222,417)	(222,417)	(65,472)	156,945
Fund Balances - Beginning	351,309	351,309	351,309	
Fund Balances - Ending	<u>\$128,892</u>	<u>\$128,892</u>	<u>\$285,837</u>	<u>\$156,945</u>

HILL COUNTY, TEXAS

LAW LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$23,200	\$23,200	\$25,920	\$2,720
Interest	\$2,350	\$2,350	2,944	594
Total Revenues	25,550	25,550	28,864	3,314
EXPENDITURES				
Current:				
Judicial	23,500	23,500	18,087	5,413
Total Expenditures	23,500	23,500	18,087	5,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,050	2,050	10,777	8,727
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	2,050	2,050	10,777	8,727
Fund Balances - Beginning	86,738	86,738	86,738	
Fund Balances - Ending	\$88,788	\$88,788	\$97,515	\$8,727

HILL COUNTY, TEXAS

JURY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$53,500	\$53,500	\$32,129	(\$21,371)
Charges for Services	\$353,200	\$353,200	507,756	154,556
Interest	\$2,637	\$2,637	1,625	(1,012)
Miscellaneous	0	0	223	223
Total Revenues	409,337	409,337	541,733	132,396
EXPENDITURES				
Current:				
Judicial	736,587	737,519	550,361	187,158
Total Expenditures	736,587	737,519	550,361	187,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(327,250)	(328,182)	(8,628)	319,554
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	321,300	321,300	12,430	(308,870)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	321,300	321,300	12,430	(308,870)
Net Changes in Fund Balances	(5,950)	(6,882)	3,802	10,684
Fund Balances - Beginning	49,536	49,536	49,536	
Fund Balances - Ending	\$43,586	\$42,654	\$53,338	\$10,684

HILL COUNTY, TEXAS
 RECORDS PRESERVATION AND MANAGEMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$0	\$0	\$33,222	\$33,222
Interest	0	0	1,539	1,539
Total Revenues	0	0	34,761	34,761
EXPENDITURES				
Current:				
Judicial	10,256	10,256	10,251	5
Total Expenditures	10,256	10,256	10,251	5
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,256)	(10,256)	24,510	34,766
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(10,256)	(10,256)	24,510	34,766
Fund Balances - Beginning	38,944	38,944	38,944	
Fund Balances - Ending	\$28,688	\$28,688	\$63,454	\$34,766

HILL COUNTY, TEXAS
D.A. FORFEITED PROPERTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$0	\$0	\$4,175	\$4,175
Total Revenues	0	0	4,175	4,175
EXPENDITURES				
Current:				
Judicial	43,500	43,500	67,887	(24,387)
Total Expenditures	43,500	43,500	67,887	(24,387)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,500)	(43,500)	(63,712)	(20,212)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	59,730	59,730
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	59,730	59,730
Net Changes in Fund Balances	(43,500)	(43,500)	(3,982)	39,518
Fund Balances - Beginning	131,839	131,839	131,839	
Fund Balances - Ending	\$88,339	\$88,339	\$127,857	\$39,518

HILL COUNTY, TEXAS
INTEREST AND SINKING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$584,975	\$584,975	\$684,427	\$99,452
Interest	\$10,000	\$10,000	9,934	(66)
Total Revenues	<u>594,975</u>	<u>594,975</u>	<u>694,361</u>	<u>99,386</u>
EXPENDITURES				
Debt Service				
Principal Retirement	240,000	240,000	240,000	0
Interest and Fiscal Charges	394,875	394,875	394,873	2
Total Expenditures	<u>634,875</u>	<u>634,875</u>	<u>634,873</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,900)</u>	<u>(39,900)</u>	<u>59,488</u>	<u>99,388</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(39,900)	(39,900)	59,488	99,388
Fund Balances - Beginning	106,895	106,895	106,895	
Fund Balances - Ending	<u>\$66,995</u>	<u>\$66,995</u>	<u>\$166,383</u>	<u>\$99,388</u>

HILL COUNTY, TEXAS
 COUNTY CLERK RECORDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$0	\$0	\$62,784	\$62,784
Interest	0	0	2,319	2,319
Total Revenues	0	0	65,103	65,103
EXPENDITURES				
Current:				
General Administration	105,777	105,777	65,959	39,818
Total Expenditures	105,777	105,777	65,959	39,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	(105,777)	(105,777)	(856)	104,921
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(105,777)	(105,777)	(856)	104,921
Fund Balances - Beginning	71,778	71,778	71,778	
Fund Balances - Ending	(\$33,999)	(\$33,999)	\$70,922	\$104,921

