

HILL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2011

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

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INTRODUCTORY SECTION



COUNTY OF HILL

80 N. Waco St.
Hillsboro, Texas 76645

March 29, 2012

The Honorable District Judge
F.B. (Bob) McGregor, 66th Judicial District

The Honorable Commissioners' Court, Hill County, Texas
Justin W. Lewis County Judge
Danny Bodeker County Commissioner, Precinct One
Steve Sulak County Commissioner, Precinct Two
Larry Wright County Commissioner, Precinct Three
Harley Davis County Commissioner, Precinct Four

The Citizens of Hill County

In compliance with the statutory duties of the County Auditor as prescribed by Section 114.025 of the Texas Local Government Code, the Comprehensive Annual Financial Report (CAFR) of Hill County, Texas is submitted herewith.

This report consists of management's representations concerning the finances of Hill County. Consequently management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Hill County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Hill County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal control should not outweigh the benefit; therefore, Hill County's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As financial management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hill County's basic financial statements were audited by Beyer and Co., licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Hill County for the fiscal year ended September 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Hill County's financial statements for the

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Hill County's financial statements for the fiscal year ended September 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

Located about 65 miles south of Dallas, Hill County is a member of the Heart of Texas Council of Governments comprised of six counties. Interstate 35, a major thoroughfare, crosses the county centrally from north to south. The Interstate-35 east and west split is located just north of the county seat of Hillsboro, allowing both commercial and retail trade to benefit the County. Hill County is also the home of Lake Whitney and Lake Aquilla, two Corp of Engineer Lakes, bringing tourism into the area. In 1852 a movement began to divide Navarro County, which resulted in Hill County being established on May 14, 1853. Hill County was named for Dr. George Washington Hill who had served as Secretary of War for President Sam Houston of the Texas Republic and also had been previously elected to the state legislature from Navarro County.

Hill County is a political subdivision of the State of Texas with no legislative powers and very restrictive judicial and administrative powers. The governing body of the County is the Commissioners' Court which consists of five members. The County Judge presides over the Court; and the Commissioners from each of the four precincts make up the remaining members. The Court has only such powers as are conferred upon it by the Constitution, Statutes, or by citizens - including judicial, detention facilities, public safety, county roads, emergency medical service, health and limited social services, public improvements, libraries, and general administrative services.

In counties with a population less than 125,000 the County Judge serves as the budget officer, assisted by the County Auditor. The County Judge may also solicit from each department whatever data may be required to prepare an accurate budget. The budget is presented on a line-item basis and adopted on the fund level. The budget must be itemized to make possible a comparison of the proposed expenditures with the prior year expenditures. The budget must show, as accurately as possible, the purpose of each expenditure and the amount of money appropriated. Upon completion of the proposed budget, the County Judge files a copy with the County Clerk. The Commissioners' Court holds a public hearing on the proposed budget. Any taxpayer of the County may attend and participate in the hearing.

At the conclusion of the public hearing, the Commissioners' Court takes action on the proposed budget. The Commissioners' Court may make any changes in the proposed budget that it considers warranted by law and required in the best interest of the taxpayers. The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the County Judge shall file a copy with the County Clerk and may spend county funds only in strict compliance with the budget, except in an emergency.

The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court files a copy of its order amending the budget with the County Clerk. The clerk attaches the copy to the original budget.

The Commissioners' Court, by order, may amend the budget to transfer an amount budgeted for one item to another budgeted item within the same fund without authorizing an emergency expenditure.

State law requires counties to adopt a budget before adopting a tax rate. The Commissioners' Court may levy taxes only in accordance with the budget. Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in setting tax rates. This law has two purposes:

- to make the taxpayers more knowledgeable about tax rate proposals;
- to allow taxpayers to roll back or limit a tax increase in certain cases.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Hill County operates.

Hill County is experiencing many of the same problems and economic conditions as other Texas counties. While initially benefitting from the Barnett Shale gas exploration activities a few years ago, the County has seen a decrease in gas exploration due to the declining price of natural gas. However, the royalty income, created by the original drilling activity and continued producing wells, is still boosting the economy, but has a lesser impact than it did a few years ago. Extreme drought conditions in 2011 had a severe impact on local tourism dollars coming into the County; however it appears that sales tax collections are increasing during the current year. The County's tax base experienced a slight decrease in valuation of approximately 2.29% for fiscal year 2011 which is mostly attributed to the fall in the price of natural gas. However, Hill County is well positioned, financially, with the above average fund balances it maintains meaning that the downturn will not create an unmanageable hardship.

Looking ahead, Hill County must continue to monitor all financial resources and carefully plan for future years. While increased growth in some areas of the County offers hope for the future, some areas of the County are not experiencing economic growth. In addition, such growth will demand more services in the future. County officials will have to continue to work with a spirit of cooperation and expect change to meet future needs of governmental operations.

Weather conditions look more favorable for tourism during 2012. With the recent hike in fuel prices we are anticipating that more families may plan "staycations" and utilize the area lakes this summer in an attempt to tone down travel expenses. The loss to property valuations for tax year 2011 (fiscal year 2012) was less than 1% and should bring an end to our decline in tax base. A major expense for the County in fiscal year 2012 will be the repairing and cleaning of the limestone exterior of the courthouse. The

expenditure has been budgeted and will be paid for out of a portion of the capital project fund. The County is anticipating additional job growth in the next few years with the construction of a power plant on the Brazos River in western Hill County. The plant is forecasted to add an additional 350 jobs once it is open and operating. The County works closely with the Economic Development Board to provide tax incentives to businesses relocating to the area.

Cash management policies and practices: In accordance with Section 116.112, Local Government Code, the County Treasurer, with the approval of the Commissioners' Court, is authorized to invest idle unobligated county funds that have been deposited in a county depository. The Treasurer may invest those funds as allowed by statute. Interest rates on the deposits are governed by the county depository contract which was awarded to Wells Fargo Bank during the current year.

Risk management: The County provides for the management of risks through a combination of self-insurance and traditional insurance. Property and casualty coverage has continued to be obtainable at reasonable premium rates on building and improvements. Comprehensive general liability and public officials liability coverage has continued to be obtainable at reasonable premium rates. Workers Compensation coverage with Texas Association of Counties is partially self-funded.


The County of Hill provides basic group medical benefits to its employees through pooled coverage in the Texas Association of Counties. The provider of the medical benefits is Blue Cross Blue Shield of Texas.

Pension and other post-employment benefits: Hill County continues to provide retirement, disability, and death benefits for all full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The plan provisions are adopted by the Commissioners' Court within the options available in the Texas State Statutes governing TCDRS. Members are vested after eight years of service but must leave accumulated contributions in the plan to receive employer contributions. The employee members' contribution rate as adopted by the Court is 6% of gross compensation. The County's 2011 employer rate is 7.19%. The County provides an option to employees to participate in COBRA benefits as required by law.

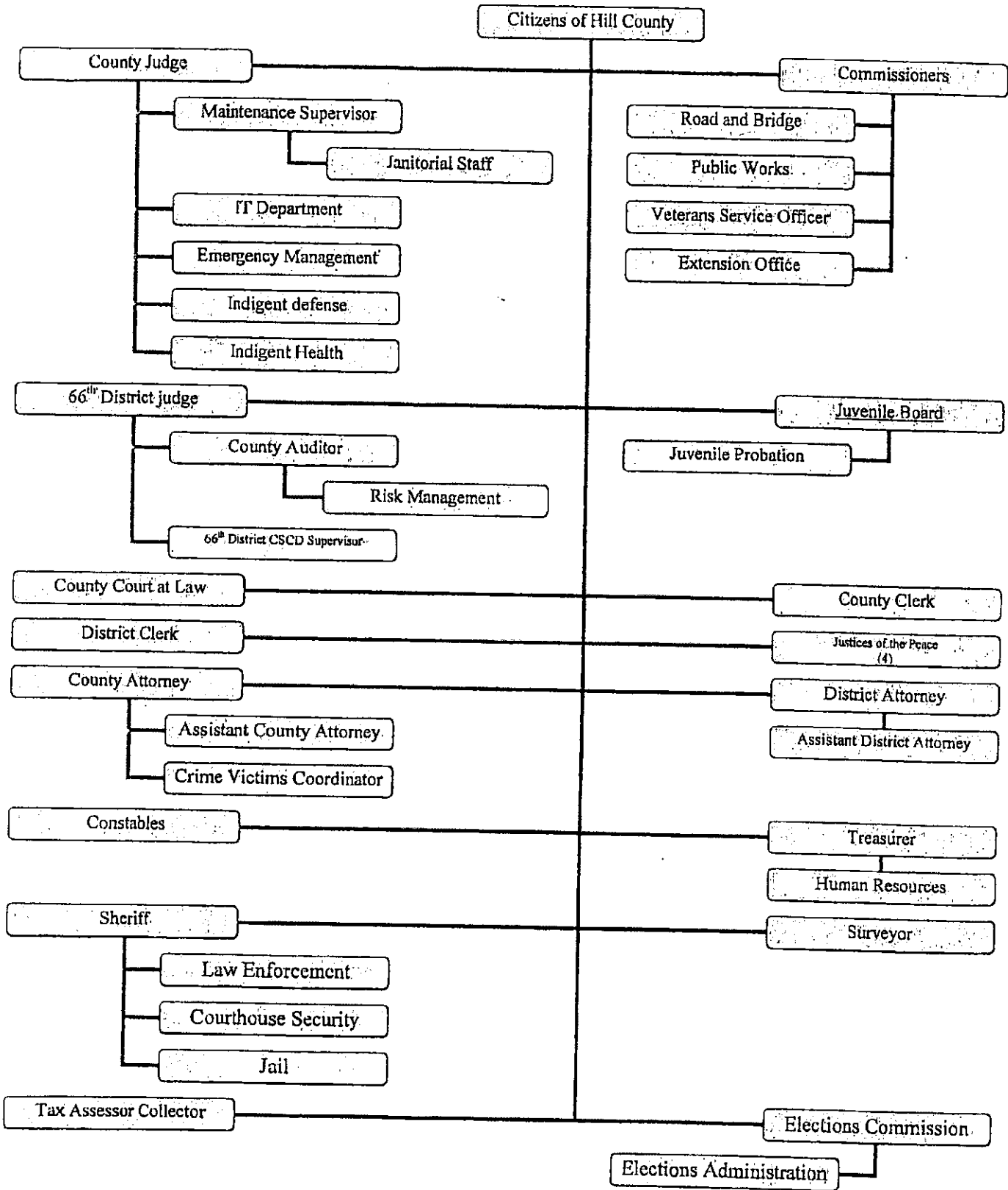
The production of this report is attributable to the dedication and work of the County Auditor's Office staff and Wayne Beyer, CPA and his staff, our independent auditor.

Additionally, our sincere appreciation is extended to all Hill County Elected Officials, department heads, and staff for their cooperation and leadership in conducting the financial affairs of the County. I would like to extend special thanks to my staff who worked so diligently throughout the year.

Respectfully submitted,


Susan S. Swilling
Hill County Auditor

HILL COUNTY ORGANIZATION CHART



HILL COUNTY, TEXAS

PRINCIPAL OFFICIALS

FOR THE YEAR ENDING SEPTEMBER 30, 2011

Commissioners Court

Justin Lewis
Danny Bodeker
Steven Sulak
Larry Wright
Harley Davis

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

Judicial

F. B. (Bob) McGregor
A. Lee Harris
John Milburn
Charles Jones
Brad Henley
Martis Ward

Judge, 66th Judicial District Court
County Court-At-Law
Justice of the Peace, Precinct 1
Justice of the Peace, Precinct 2
Justice of the Peace, Precinct 3
Justice of the Peace, Precinct 4

Law Enforcement and Legal

Dan V. Dent
Mark F. Pratt
Jeffery T. Lyon
David Bledsoe
Billy Ray Gerke
Leddy Fowler
Bill Wilkins
Deborah Pruitt *
Tina Lincoln *

Criminal District Attorney
County Attorney
County Sheriff
Constable, Precinct 1
Constable, Precinct 2
Constable, Precinct 3
Constable, Precinct 4
Community Supervision Director
Juvenile Probation Director

Financial Administration

Susan Swilling *
Becky Wilkins
Marchel Eubank

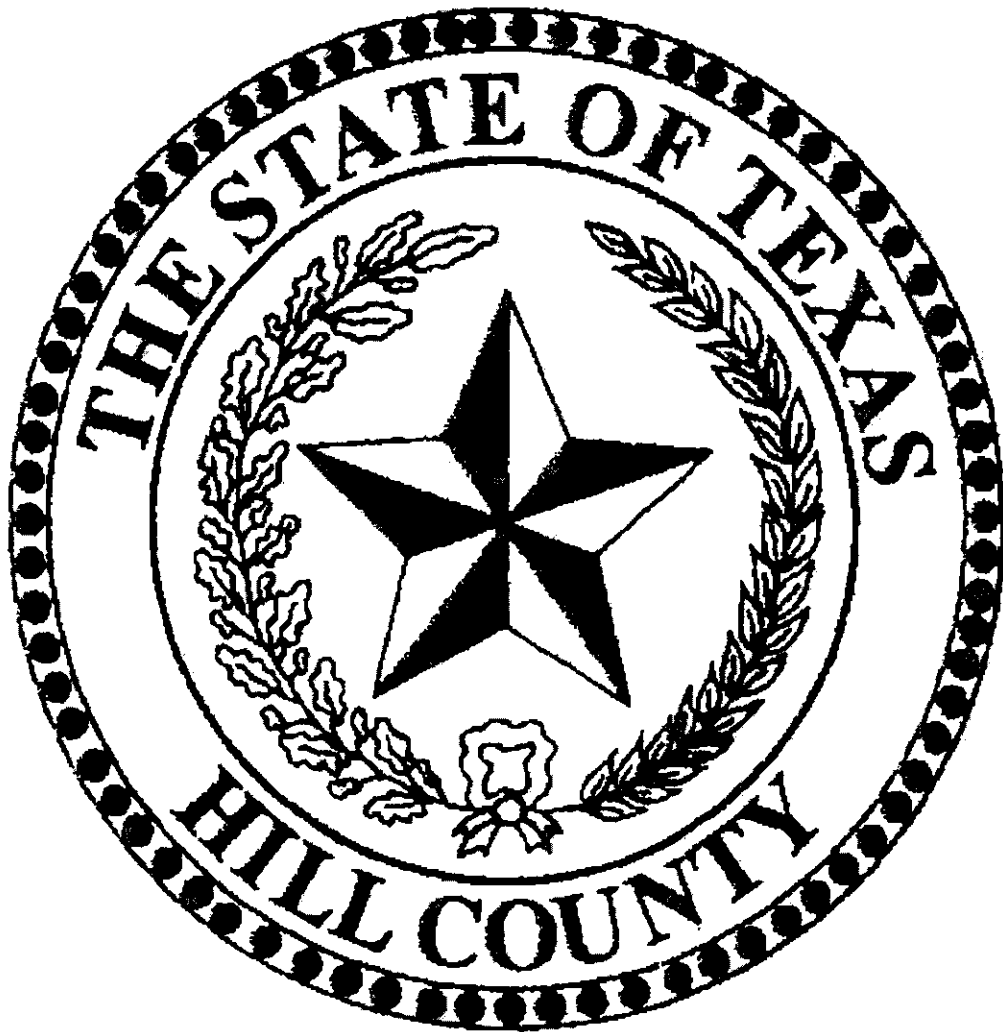
County Auditor
County Treasurer
County Tax Assessor-Collector

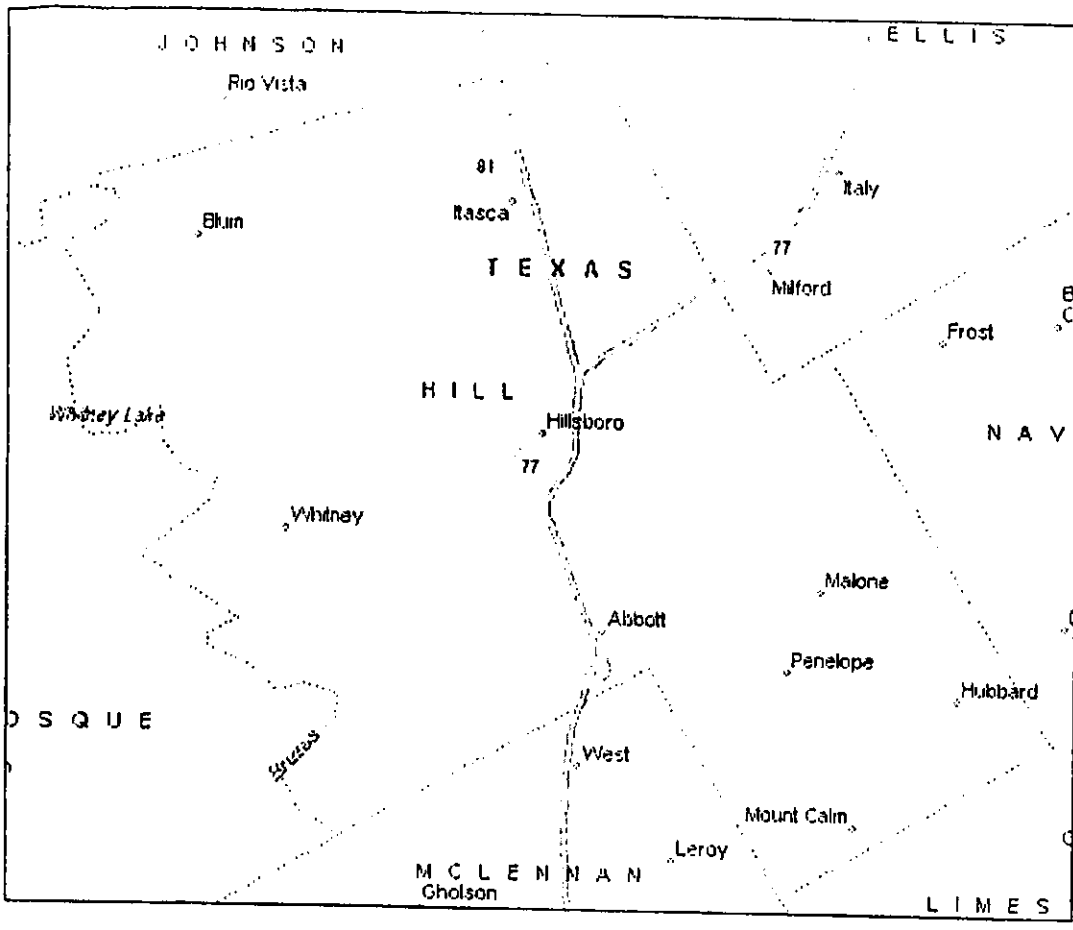
Recording Officials

Angelia Orr
Nicole Tanner

District Clerk
County Clerk

*Appointed officials. All others are elected.







FINANCIAL SECTION

BEYER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

442 WEST OAKLAWN
P.O. BOX 366 830/569-8781 FAX 830/569-6776
PLEASANTON, TEXAS 78064

111 NORTH ODEM
830/569-8781 FAX 830/569-6776
SINTON, TEXAS 78387

INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Hill County, Texas

We 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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hill County, Texas's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress for the Public Employees Retirement System and budgetary comparison information on pages 3 through 10, page 42 and pages 52 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Respectfully submitted,

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
Pleasanton, Texas
March 29, 2012

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 \$26,870,919 (net assets). Of this amount, \$4,879,811 (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 \$3,088,486. This increase is attributable to a donation of bridges from the State of Texas valued at \$2,925,217. The charges for services increased by \$1,066,918 due mainly to an increase in court fines and operating grants and contributions decreased by \$978,608 due mainly to a decrease in forfeiture income. The decrease of \$290,284 in the remaining revenues were offset by a decrease of \$351,891 in expenditures.
- . As of the close of the current fiscal year, Hill County, Texas's governmental funds reported combined ending fund balances of \$7,737,155 an increase of \$263,652 in comparison with the prior year. Approximately 39% of this total amount, \$3,074,936, 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 \$3,105,138, or 32 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$2,353,534, or 66 percent of total road and bridge fund expenditures, and the fund balance for the indigent health care fund was \$159,528, or 17 percent of total indigent health care.

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, and 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, the indigent health care fund, and the road and bridge funds, all of which are considered to be major funds. Data from the other twenty seven (27) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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 2011 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, Probation Education, Justice Court Technology Fund, the Interest and Sinking Fund, the Investigative Fund, the Courthouse Security Fund, the Elections Machine Fund, the County Clerk Archive fund, and the District Clerk Archive fund.

The basic governmental fund financial statements can be found on pages 13-21 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 22-41 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 42 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 43-51 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 52-64 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 \$26,870,919 at the close of the most recent fiscal year.

Sixty-four percent of Hill County, Texas's net assets (\$17,328,889) 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	
	2011	2010	2011	2010
Current and Other Assets	\$10,949,994	\$10,842,052	\$10,949,994	\$10,842,052
Capital Assets:	24,486,040	21,933,917	24,486,040	21,933,917
Total Assets	35,436,034	32,775,969	35,436,034	32,775,969
Long-Term Liabilities	7,668,825	7,780,129	7,668,825	7,780,129
Other Liabilities	896,290	1,213,407	896,290	1,213,407
Total Liabilities	8,565,115	8,993,536	8,565,115	8,993,536
Invested in Capital Assets, Net of Related Debt	17,328,889	14,724,845	17,328,889	14,724,845
Restricted	4,662,219	4,069,999	4,662,219	4,069,999
Unrestricted	4,879,811	4,987,589	4,879,811	4,987,589
Total Net Assets	\$26,870,919	\$23,782,433	\$26,870,919	\$23,782,433

An additional portion of Hill County, Texas's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,879,811) 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 \$3,088,486, 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	
	2011	2010	2011	2010
Revenues:				
Program Revenues:				
Charges for Services	\$5,416,197	\$4,349,279	\$5,416,197	\$4,349,279
Operating Grants and Contributions	1,466,080	2,444,688	1,466,080	2,444,688
Capital Grants and Contributions	3,139,046	445,416	3,139,046	445,416
General Revenues:				
Maintenance and Operations Taxes	9,271,081	9,488,891	9,271,081	9,488,891
Sales Taxes	1,460,061	1,482,698	1,460,061	1,482,698
Other Taxes	107,906	103,433	107,906	103,433
Unrestricted Investment Earnings	159,162	211,104	159,162	211,104
Miscellaneous	474,843	472,475	474,843	472,475
Total Revenue	21,494,376	18,997,984	21,494,376	18,997,984
Expenses:				
General Administration	1,996,623	1,822,935	1,996,623	1,822,935
Legal	371,978	382,089	371,978	382,089
Judicial	3,352,430	2,772,521	3,352,430	2,772,521
Financial Administration	721,383	736,347	721,383	736,347
Public Facilities	675,167	679,385	675,167	679,385
Public Safety	6,337,504	7,180,138	6,337,504	7,180,138
Public Transportation	3,461,988	3,636,553	3,461,988	3,636,553
Health and Welfare	1,164,990	1,028,786	1,164,990	1,028,786
Conservation - Agriculture	104,688	128,235	104,688	128,235
Interest and Fiscal Charges	219,139	390,792	219,139	390,792
Total Expenses	18,405,890	18,757,781	18,405,890	18,757,781
Increase in Net Assets Before Transfers and Special Items	3,088,486	240,203	3,088,486	240,203
Transfers	0	0	0	0
Increase in Net Assets	3,088,486	240,203	3,088,486	240,203
Net Assets at 09/30/2010	23,782,433	23,542,230	23,782,433	23,542,230
Net Assets at 09/30/2011	\$26,870,919	\$23,782,433	\$26,870,919	\$23,782,433

The government's total net assets increased by \$3,088,486. This increase is attributable to a donation of bridges from the State of Texas valued at \$2,925,217. The charges for services increased by \$1,066,918 due mainly to an increase in court fines and operating grants and contributions decreased by \$978,608 due mainly to a decrease in forfeiture income. The decrease of \$290,284 in the remaining revenues were offset by a decrease of \$351,891 in expenditures.

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$1,996,623	\$325,953	\$56,475	\$0
Legal	371,978	62,340	62,500	
Judicial	3,352,430	2,984,706	165,700	
Financial Administration	721,383	473,015		
Public Facilities	675,167			
Public Safety	6,337,504	747,193	1,002,567	
Public Transportation	3,461,988	822,990	155,680	3,139,046
Health and Welfare	1,164,990		23,158	
Conservation - Agriculture	104,688			
Interest and Fiscal Charges	219,139			
Total Government Activities	<u>\$18,405,890</u>	<u>\$5,416,197</u>	<u>\$1,466,080</u>	<u>\$3,139,046</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$5,416,197	25.20%
Operating Grants and Contributions	1,466,080	6.82%
Capital Grants and Contributions	3,139,046	14.60%
Property Taxes, Levies for General Purposes	9,271,081	43.13%
Sales Taxes	1,460,061	6.79%
Other Taxes	107,906	0.50%
Unrestricted Investment Earnings	159,162	0.74%
Miscellaneous	474,843	2.21%
	<u>\$21,494,376</u>	<u>100.00%</u>

The increase or decrease in expenses closely parallels a rise or fall in demand for services.

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 \$7,737,155, an increase of \$263,652 in comparison with the prior year. Approximately 40 percent of this total amount \$3,074,936 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remaining restricted and committed amounts of \$4,662,219 are to be used for the various functions of the County.

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 \$3,105,138, while total fund balance reached \$3,105,138. 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 32 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

The fund balance of Hill County, Texas's general fund decreased by \$298,366 during the current fiscal year. Key factors in this decrease are as follows:

- . The general fund had a loss of \$494,018 in the prior year. Income increased by \$52,119 while expenditures decreased by \$29,079. The respective increase and decrease in the revenues and expenditures were ratable. The county had a capital lease of \$167,200.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$2,353,534, while total fund balance reached \$2,353,534. As a measure of the road and bridge fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 66 percent of total road and bridge fund expenditures, while total fund balance represents 66 percent of that same amount.

The fund balance of Hill County, Texas's road and bridge fund increased by \$314,727 during the current fiscal year. Key factors in this increase are as follows:

- . The primary reason for the increase is the County received a capital lease of \$137,700 and had proceeds from the sale of assets of \$218,604.

At the end of the current fiscal year, unrestricted fund balance of the indigent health care fund was \$159,528, while total fund balance reached \$159,528. As a measure of the indigent health care fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 17 percent of total indigent health care fund expenditures, while total fund balance represents 17 percent of that same amount.

The fund balance of Hill County, Texas's indigent health care fund decreased by \$123,363 during the current fiscal year. Key factors in this decrease are as follows:

- The health care expenditures increased by \$103,139. More indigent clients were enrolled in the County program resulting in greater expense.

Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$250,413. The increase in the budget was due to the certifications of revenues and expenditures due to funds that were neither unanticipated nor budgeted for in the original budget. The increase was mostly ratable amongst the expenditures with the exception of non-departmental which increased by \$86,364 for grant expenditures. The increase in the budgeted expenditures was financed by an increase in budgeted revenues and beginning of the year fund balance. Overall, the actual expenditures were under budget by \$378,157.

Differences between the original budget and the final amended budget for the road and bridge fund were an increase of \$321,029. The increase in the budget was due to an unexpected increase in road maintenance expenditures. The increase in the budgeted expenditures was financed by an increase in budgeted revenues and beginning of the year fund balance. Overall, the actual expenditures were under budget by \$1,649,574.

Differences between the original budget and the final amended budget for the indigent health care fund were an increase of \$19,422. The increase in the budgeted expenditures was financed by an increase in budgeted revenues and beginning of the year fund balance. Due to greater indigent health expenditures than expected, the total indigent health fund expenditures exceeded the budgeted Expenditures by \$222,169.

Capital Asset and Debt Administration

Capital assets:

Hill County, Texas's investment in capital assets for its governmental activities as of September 30, 2011, amounts to \$24,486,040 (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 \$2,552,123 or 12 percent.

The County had no major construction in the 2010-2011 year.

**HILL COUNTY, TEXAS
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Total	
	2011	2010	2011	2010
Land	\$53,031	\$18,198	\$53,031	\$18,198
Building and Improvements	15,177,092	15,408,631	15,177,092	15,408,631
Machinery and Equipment	3,356,616	3,463,476	3,356,616	3,463,476
Infrastructure	5,899,301	3,043,612	5,899,301	3,043,612
Total	\$24,486,040	\$21,933,917	\$24,486,040	\$21,933,917

Additional information on Hill County, Texas’s capital assets can be found in note IV C on page 34 of this report.

Long-term debt:

At the end of the current fiscal year, Hill County, Texas had total bonded debt outstanding of \$6,715,000. All of which comprises debt backed by the full faith and credit of Hill County, Texas.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>
<u>Governmental Activities:</u>						
Certificates of Obligation	\$7,090,000		\$375,000	\$6,715,000	\$410,000	\$6,305,000
Grand Total	<u>\$7,090,000</u>	<u>\$0</u>	<u>\$375,000</u>	<u>\$6,715,000</u>	<u>\$410,000</u>	<u>\$6,305,000</u>

Hill County, Texas’s total bonded debt decreased by \$375,000 (05 percent) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds of \$375,000.

Additional information on Hill County, Texas’s long term debt can be found in note IV F on pages 36 thru 37 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- Exploration in the Barnett Shale has slowed considerably during 2011.
- While the state is facing deep expenditure cuts, Hill County will focus on maintaining its current reserve for 2012 and 2013. State unfunded mandates are likely.

Estimated revenue for fiscal year 2012 is \$10,519,799, including incoming transfer of \$1,381,422 for the General Fund and estimated expenditures are \$10,670,709.

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, 2011

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$8,059,379	\$8,059,379
Receivables (net of allowance for uncollectibles)	2,516,930	2,516,930
Bond Issuance Costs	143,538	143,538
Inventory	81,893	81,893
Prepaid Items	148,254	148,254
Capital assets not being depreciated:		
Land	53,031	53,031
Total Capital assets being depreciated, net		
Building and Improvements	15,177,092	15,177,092
Machinery and Equipment	3,356,616	3,356,616
Infrastructure	5,899,301	5,899,301
Total Assets	\$35,436,034	\$35,436,034
LIABILITIES		
Accounts Payable	\$806,780	\$806,780
Accrued Wages Payable	30,095	30,095
Accrued Interest Payable	59,415	59,415
Noncurrent Liabilities:		
Due within one year	636,780	636,780
Due in more than one year	7,032,045	7,032,045
Total Liabilities	8,565,115	8,565,115
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	17,328,889	17,328,889
Restricted	4,662,219	4,662,219
Unrestricted	4,879,811	4,879,811
Total Net Assets	\$26,870,919	\$26,870,919

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in Net Assets	Changes in Net Assets
				Governmental Activities	Total	
Primary Government						
Government Activities:						
General Administration	\$1,996,623	\$325,953	\$56,475	\$0	(\$1,614,195)	(\$1,614,195)
Legal	371,978	62,340	62,500		(247,138)	(247,138)
Judicial	3,352,430	2,984,706	165,700		(202,024)	(202,024)
Financial Administration	721,383	473,015			(248,368)	(248,368)
Public Facilities	675,167				(675,167)	(675,167)
Public Safety	6,337,504	747,193	1,002,567		(4,587,744)	(4,587,744)
Public Transportation	3,461,988	822,990	155,680	3,139,046	655,728	655,728
Health and Welfare	1,164,990		23,158		(1,141,832)	(1,141,832)
Conservation - Agriculture	104,688				(104,688)	(104,688)
Interest and Fiscal Charges	219,139				(219,139)	(219,139)
Total Government Activities	18,405,890	5,416,197	1,466,080	3,139,046	(8,384,567)	(8,384,567)
Total Primary Government	\$18,405,890	\$5,416,197	\$1,466,080	\$3,139,046	(8,384,567)	(8,384,567)
General Revenues						
Property Taxes, Levies for General Purposes					9,271,081	9,271,081
Sales Taxes					1,460,061	1,460,061
Other Taxes					107,906	107,906
Unrestricted Investment Earnings					159,162	159,162
Miscellaneous					474,843	474,843
Total General Revenues and Transfers					11,473,053	11,473,053
Change in Net Assets					3,088,486	3,088,486
Net Assets - Beginning					23,782,433	23,782,433
Net Assets - Ending					\$26,870,919	\$26,870,919

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$3,139,180	\$2,407,556	\$171,668	\$2,347,096	\$8,065,500
Receivables (net of allowance for uncollectibles)	945,949	223,397	105,136	82,521	1,357,003
Due from Others	5,367				5,367
Due from Other Funds	186			5,710	5,896
Total Assets	\$4,090,682	\$2,630,953	\$276,804	\$2,435,327	\$9,433,766
LIABILITIES AND FUND BALANCES:					
Liabilities					
Accounts Payable	\$402,533	\$81,807	\$62,763	\$259,605	\$806,708
Due to Others	71				71
Due to Other Funds				5,896	5,896
Bank Overdraft				6,122	6,122
Accrued Wages Payable	24,182	5,913		0	30,095
Deferred Revenues	558,758	189,699	54,513	44,749	847,719
Total Liabilities	985,544	277,419	117,276	316,372	1,696,611
Fund Balances:					
Restricted					
Administration - County Clerk				127,875	127,875
Archives				16,935	16,935
Construction				581,575	581,575
Debt Service				100,428	100,428
Elections				31,682	31,682
Health and Welfare			159,528		159,528
Judicial				1,118,576	1,118,576
Legal				12,727	12,727
Public Safety				159,359	159,359
Public Transportation		2,353,534			2,353,534
Unassigned	3,105,138			(30,202)	3,074,936
Total Fund Balance	3,105,138	2,353,534	159,528	2,118,955	7,737,155
Total Liabilities and Fund Balances	\$4,090,682	\$2,630,953	\$276,804	\$2,435,327	\$9,433,766

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, 2011

Total Fund Balances - governmental funds balance sheet	\$7,737,155
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.	24,486,040
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,154,560
Bond Issuance Costs are expenditures in the funds but are recorded as assets in the governmental activities.	143,538
Prepaid Items are expenditures in the funds but are recorded as assets in the governmental activities.	148,254
Inventory Costs are expenditures in the funds but are recorded as assets in the governmental activities.	81,893
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	847,719
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(7,728,240)
Net assets of governmental activities - statement of net assets	<u>\$26,870,919</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, 2011

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$6,022,273	\$2,054,085	\$579,904	\$550,508	\$9,206,770
Sales	1,197,250	146,006	116,805		1,460,061
Other	107,906				107,906
Intergovernmental	492,272	155,680		1,031,957	1,679,909
Licenses and Permits		778,595			778,595
Charges for Services	1,217,686	44,395		1,783,323	3,045,404
Fines and Forfeitures	74,765	227,039		1,207,979	1,509,783
Interest	97,684	36,312		25,166	159,162
Miscellaneous	33,833	73,575	94,264	71,619	273,291
Total Revenues	9,243,669	3,515,687	790,973	4,670,552	18,220,881
EXPENDITURES					
Current:					
General Administration	1,681,825			72,830	1,754,655
Legal	355,230			16,442	371,672
Judicial	1,220,343			2,106,443	3,326,786
Financial Administration	717,318				717,318
Public Facilities	387,257				387,257
Public Safety	4,883,876			1,567,329	6,451,205
Public Transportation		3,448,348			3,448,348
Health and Welfare	244,720		914,336	3,153	1,162,209
Conservation - Agriculture	103,785				103,785
Debt Service					
Principal Retirement	44,400	104,174		375,000	523,574
Interest and Fiscal Charges	354	4,742		230,861	235,957
Total Expenditures	9,639,108	3,557,264	914,336	4,372,058	18,482,766
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(395,439)	(41,577)	(123,363)	298,494	(261,885)
OTHER FINANCING SOURCES (USES):					
Sale of Capital assets	2,033	218,604			220,637
Other Financing Sources - Capital Lease	167,200	137,700			304,900
Operating Transfers In	179,840			1,180,123	1,359,963
Operating Transfers Out	(252,000)			(1,107,963)	(1,359,963)
Total Other Financing Sources (Uses)	97,073	356,304	0	72,160	525,537
Net Changes in Fund Balances	(298,366)	314,727	(123,363)	370,654	263,652
Fund Balances - Beginning	3,403,504	2,038,807	282,891	1,748,301	7,473,503
Fund Balances - Ending	\$3,105,138	\$2,353,534	\$159,528	\$2,118,955	\$7,737,155

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, 2011

Net Changes in Fund Balances - total governmental funds	\$263,652
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.	2,552,123
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.	82,415
(Increase) decrease in Compensated Absences from beginning of period to end of period.	59,383
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	64,311
Increase (decrease) in Bond Issuance Costs from beginning of period to end of period.	(11,962)
Increase (decrease) in Inventory from beginning of period to end of period.	28,205
Increase (decrease) in Prepaid Items from beginning of period to end of period.	(16,495)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	14,933
(Increase) decrease in Bond Refunding from beginning of period to end of period.	(166,154)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	523,575
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(305,500)
Change in net assets of governmental activities - statement of activities	<u>\$3,088,486</u>

The accompanying notes are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$6,125,946	\$6,125,946	\$6,022,273	(\$103,673)
Sales	1,195,037	1,195,037	1,197,250	2,213
Other	118,000	118,000	107,906	(10,094)
Intergovernmental	305,687	392,051	492,272	100,221
Charges for Services	1,142,184	1,142,184	1,217,686	75,502
Fines and Forfeitures	83,400	83,400	74,765	(8,635)
Interest	110,000	110,000	97,684	(12,316)
Miscellaneous	7,500	7,500	33,833	26,333
Total Revenues	9,087,754	9,174,118	9,243,669	69,551
EXPENDITURES				
Current:				
General Administration				
Computer	522,359	522,359	473,954	48,405
County Clerk	303,838	303,838	274,114	29,724
County Judge	138,490	138,490	134,469	4,021
Elections Administration	157,950	157,950	147,545	10,405
Non-Departmental	810,200	896,564	562,064	334,500
Tourism Director	75,000	75,000	65,977	9,023
Veterans Service	25,151	25,151	23,702	1,449
Legal				
County Attorney	353,918	353,917	341,411	12,506
County Attorney Excess	18,890	18,890	13,819	5,071
Judicial				
County Court at Law	217,265	217,265	213,697	3,568
District Attorney	184,286	184,286	181,098	3,188
District Clerk	351,422	351,422	321,463	29,959
District Judge	111,456	111,456	104,968	6,488
Justices of the Peace	408,643	408,643	399,117	9,526
Financial Administration				
County Auditor	167,492	167,492	158,278	9,214
County Treasurer	164,340	164,340	162,497	1,843
Tax Assessor-Collector	403,913	403,913	396,543	7,370
Public Facilities				
Courthouse	367,264	367,264	387,257	(19,993)
Public Safety				
911 Dispatch	370,290	375,128	375,043	85
Constables	264,976	354,745	350,475	4,270
Courthouse Security	162,804	162,804	146,394	16,410
Emergency Management	79,142	101,076	106,063	(4,987)
Jail	2,418,912	2,418,912	2,371,479	47,433
Sheriff	1,511,039	1,511,039	1,534,422	(23,383)

(continued)

(continued)

Health and Welfare				
Employee Hospitalization	174,197	174,197	1,310	172,887
Public Assistance	55,469	58,224	186,210	(127,986)
Health and Safety			57,200	(57,200)
Conservation - Agriculture				
Agriculture Extension Service	121,033	121,033	103,785	17,248
Debt Service				
Principal Retirement		44,400	44,400	0
Interest Retirement		354	354	0
Total Expenditures	<u>9,939,739</u>	<u>10,190,152</u>	<u>9,639,108</u>	<u>551,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(851,985)</u>	<u>(1,016,034)</u>	<u>(395,439)</u>	<u>620,595</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets	0	0	2,033	2,033
Other Financing Sources - Capital Lease	0	156,457	167,200	10,743
Operating Transfers In	916,700	916,700	179,840	(736,860)
Operating Transfers Out	(139,000)	(139,000)	(252,000)	(113,000)
Total Other Financing Sources (Uses)	<u>777,700</u>	<u>934,157</u>	<u>97,073</u>	<u>(837,084)</u>
Net Changes In Fund Balances	<u>(74,285)</u>	<u>(81,877)</u>	<u>(298,366)</u>	<u>(216,489)</u>
Fund Balances - Beginning	3,403,504	3,403,504	3,403,504	0
Fund Balances - Ending	<u>\$3,329,219</u>	<u>\$3,321,627</u>	<u>\$3,105,138</u>	<u>(\$216,489)</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 BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$2,074,344	\$2,074,344	\$2,054,086	(\$20,258)
Sales	145,737	145,737	146,006	269
Intergovernmental	257,717	257,720	155,681	(102,039)
Licenses and Permits	747,000	747,000	778,595	31,595
Charges for Services	45,000	45,000	44,395	(605)
Fines and Forfeitures	251,400	251,400	227,039	(24,361)
Interest	38,063	38,063	36,310	(1,753)
Miscellaneous			73,575	73,575
Total Revenues	<u>3,559,261</u>	<u>3,559,264</u>	<u>3,515,687</u>	<u>(43,577)</u>
EXPENDITURES				
Current				
Public Transportation	4,824,857	5,097,922	3,448,348	1,649,574
Debt Service				
Principal Retirement	56,210	104,174	104,174	0
Interest Retirement	4,742	4,742	4,742	0
Total Expenditures	<u>4,885,809</u>	<u>5,206,838</u>	<u>3,557,264</u>	<u>1,649,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,326,548)</u>	<u>(1,647,574)</u>	<u>(41,577)</u>	<u>1,605,997</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets		190,922	218,604	27,682
Other Financing Sources - Capital Lease		137,700	137,700	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>328,622</u>	<u>356,304</u>	<u>27,682</u>
Net Changes in Fund Balances	<u>(1,326,548)</u>	<u>(1,318,952)</u>	<u>314,727</u>	<u>1,633,679</u>
Fund Balances - Beginning	2,038,807	2,038,807	2,038,807	0
Fund Balances - Ending	<u>\$712,259</u>	<u>\$719,855</u>	<u>\$2,353,534</u>	<u>\$1,633,679</u>

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

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$603,901	\$603,901	\$579,904	(\$23,997)
Sales	116,589	116,589	116,805	216
Interest				0
Miscellaneous		19,421	94,263	74,842
Total Revenues	720,490	739,911	790,972	51,061
EXPENDITURES				
Current:				
Health and Welfare	672,745	692,167	914,336	(222,169)
Total Expenditures	672,745	692,167	914,336	(222,169)
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,745	47,744	(123,363)	(171,107)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(120,000)	(120,000)		120,000
Total Other Financing Sources (Uses)	(120,000)	(120,000)	0	120,000
Net Changes In Fund Balances	(72,255)	(72,256)	(123,363)	(51,107)
Fund Balances - Beginning	282,891	282,891	282,891	
Fund Balances - Ending	\$210,636	\$210,635	\$159,528	(\$51,107)

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, 2011

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$1,891,371
Receivables (net of allowance for uncollectibles)	0
Total Assets	<u>\$1,891,371</u>
LIABILITIES	
Accounts Payable	\$0
Due to Others	1,891,371
Total Liabilities	<u>\$1,891,371</u>

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

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

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), 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.

The indigent health care fund accounts for the monies used to provide medical assistance to the poor citizens of Hill County.

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.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County uses an agency fund to account for assets held for, and due to, employee benefits, payroll withholdings, deposits, and other. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net assets and does not present a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

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, 2011 and 10 percent of the delinquent outstanding property taxes at September 30, 2011.

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

3. Inventories and Prepaid Items

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, 2011 are reflected in the accompanying financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2011.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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 and highways are not included. Bridges are capitalized. Road expenditures are usually expensed.

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. The County had no major construction in the 2010-2011 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 Balances – Governmental Funds

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

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

Unassigned — all other spendable amounts.

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

Fund Balances:	
Restricted	
Administration - County Clerk	\$127,875
Archives	16,935
Construction	581,575
Debt Service	100,428
Elections	31,682
Health and Welfare	159,528
Judicial	1,118,576
Legal	12,727
Public Safety	159,359
Public Transportation	2,353,534
Unassigned	<u>3,074,936</u>
Total Fund Balance	<u>\$7,737,155</u>

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

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

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 \$7,728,240 difference are as follows:

Capital Leases Payable	\$275,997
Bonds Payable	6,881,154
Accrued Interest Payable	59,415
Compensated Absences	511,674
	<u>\$7,728,240</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 \$24,486,040 difference are as follows:

Capital Assets Not Being Depreciated	\$53,031
Capital Assets Being Depreciated	35,752,517
Accumulated Depreciation	(11,319,508)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$24,486,040</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 \$847,719 difference are as follows:

Property Taxes Receivable	\$986,069
Allowance for Doubtful Accounts	(98,608)
Amounts Collected Within 60 Days	<u>(39,742)</u>
Net	<u>\$847,719</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 \$1,154,560 difference are as follows:

Fines Receivable	\$1,924,267
Allowance for Doubtful Accounts	<u>(769,707)</u>
Net	<u>\$1,154,560</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 \$1,649,931 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$34,833
Capital Outlay - Additions - Being Depreciated	4,271,540
Capital Outlay - Deletions - Net	(60,695)
Depreciation Expense	(1,693,555)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$2,552,123</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 2011 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, Probation Education, Justice Court Technology Fund, the Interest and Sinking Fund, the Investigative Fund, the Courthouse Security Fund, the Elections Machine Fund, the County Clerk Archive fund, and the District Clerk Archive fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2011, expenditures exceeded appropriations in the Indigent Health Care Fund whereby expenditures of \$914,336 exceeded appropriations of \$692,167 by \$222,169, the Law Library Fund whereby expenditures of \$28,844 exceeded appropriations of \$26,500 by \$2,344, the Jury Fund whereby expenditures of \$680,287 exceeded appropriations of \$626,523 by \$53,764, the Investigative Fund whereby expenditures of \$41,345 exceeded appropriations of \$38,804 by \$2,541,

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2011 except for the Jury fund which had a deficit of \$51,470. This deficit is expected to be liquidated by future resources of the fund.

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, 2011, 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, 2011, the government's bank balance of \$1,569,673 with Wells Fargo National 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 \$2,687,112 and the FDIC coverage is \$250,000. The government's bank balance of \$294,471 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 \$250,000. The amount at risk at September 30, 2011 is \$44,471.

The government's bank balance of \$7,152,759 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 \$9,407,660 and the FDIC coverage is \$250,000. The amount of \$11,253 in the Bank of America was covered by the FDIC.

B. Receivables

Receivables as of the year end for the governmental activities in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Indigent Health Care	Other Govern- mental	Total
<u>Receivables</u>					
Ad Valorem Taxes	\$650,026	\$220,568	\$63,417	\$52,058	\$986,069
Sales Taxes	204,071	24,886	19,909		248,866
Fines	1,924,267				1,924,267
Other	162,222		28,152	35,669	226,043
Gross Receivables	2,940,586	245,454	111,478	87,727	3,385,245
Less: Allowance for Uncollectibles	834,710	22,057	6,342	5,206	868,315
Net Total Receivables	<u>\$2,105,876</u>	<u>\$223,397</u>	<u>\$105,136</u>	<u>\$82,521</u>	<u>\$2,516,930</u>

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>\$ 847,719</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 847,719</u>

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital Assets Not Being Depreciated:	Balances	Increases	Decreases	Balances
Land	\$18,198	\$34,833		\$53,031
Construction in Progress	0			0
Total Capital Assets Not Being Depreciated:	18,198	34,833	0	53,031

Capital Assets Being Depreciated:				
Building and Improvements	20,528,689	293,922		20,822,611
Machinery and Equipment	7,828,068	823,426	329,262	8,322,232
Infrastructure	3,478,682	3,154,192	25,200	6,607,674
Total Capital Assets Being Depreciated:	31,835,439	4,271,540	354,462	35,752,517

Less: Accumulated Depreciation for:				
Building and Improvements	5,120,058	525,461		5,645,519
Machinery and Equipment	4,364,592	893,426	292,402	4,965,616
Infrastructure	435,070	274,668	1,365	708,373
Total Accumulated Depreciation	9,919,720	1,693,555	293,767	11,319,508
Total Capital Assets Depreciated, Net	21,915,719	2,577,985	60,695	24,433,009
Governmental Activities Capital Assets, Net	\$21,933,917	\$2,612,818	\$60,695	\$24,486,040

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

Governmental Activities	
General Administration	\$94,496
Judicial	20,710
Financial Administration	3,511
Public Facilities	298,598
Public Safety	395,574
Public Transportation	880,666
Total Depreciation Expense - Governmental Activities	\$1,693,555

Construction commitments

The County no major construction in the 2010-2011 year.

D. Interfund Receivables, Payables, and Transfers

There were no advances at September 30, 2011.

The Due to/from other funds consist of several immaterial amounts and are expected to be repaid within one year. The Due to/from other funds consisted of the following:

TRANSFER OUT	TRANSFER IN		TOTAL
	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND	\$75,000	(\$252,000)	(\$177,000)
NON-MAJOR GOVERNMENTAL FUNDS	104,840		104,840
TOTALS	\$179,840	(\$252,000)	(\$72,160)

Note: All transfers are non-recurring.

DUE TO	DUE FROM	
	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
GENERAL FUND	\$186	\$186
TOTALS	\$186	\$186

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$103,187 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	Amount
2012	\$ 103,919
2013	89,328
2014	22,570
2015	8,232
2016	1,148
Total	<u>\$225,197</u>

F. Long-Term Debt

Capital Leases

The government has entered into a lease agreement as lessee for financing of five Chevy Tahoes for the general fund, one Mack truck for precinct no. 1, and one John deere Loader for Precinct No. 2. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The five Chevy Tahoes are serviced from the General Fund. The debt service for the John Deere loader is from Precinct No. 2. The debt service for the Mack Truck is from Precinct No. 1.

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

Asset:	2010	2011	2011	TOTAL
	MACK TRUCK	FIVE CHEVY TAHOES	JOHN DEERE LOADER	
Cost	\$94,173	\$156,245	\$138,000	\$388,418
Less: Accumulated Depreciation	10,202	31,249	18,071	59,522
Total	<u>\$83,971</u>	<u>\$124,996</u>	<u>\$119,929</u>	<u>\$328,896</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

YEAR	Total
2012	\$110,835
2013	109,325
2014	<u>77,303</u>
TOTAL MINIMUM LEASE PAYMENTS	<u>297,463</u>
LESS: AMOUNT REPRESENTING INTEREST	21,465
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$275,998</u>

Certificates of Obligation:

The government issues Certificates of Obligation bonds, Series 1997 and Refunding bonds, Series 2010, 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 Refunding bonds Series 2011 was \$6,740,000. The refunding bonds were issued in the 2011 year. The amount refunded was \$6,560,000 resulting in a refunding loss of \$180,000. The expected savings from the refunding is a deferred savings of \$1,037,163 and a present value savings of \$628,719 which is the result of an overall lesser interest expense. The Certificates of Obligation bonds and the Refunding 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	4.50-5.00	\$ 180,000
Governmental activities - Refunding Bonds	2.00-3.50	6,535,000

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2012	\$410,000	\$197,469
2013	425,000	185,219
2014	430,000	176,719
2015	440,000	168,119
2016	455,000	159,318
2017 to 2021	2,495,000	603,925
2022 to 2025	2,060,000	169,050
TOTALS	\$6,715,000	\$1,659,819

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
Certificates of Obligation	\$7,090,000		\$375,000	\$6,715,000	\$410,000	\$6,305,000
Less: Loss on refunding	\$180,000		\$13,847	166,153		166,153
Total Bonds Payable	7,270,000	0	388,847	6,881,153	410,000	6,471,153
Capital Leases Payable	119,072	305,500	148,574	275,998	98,861	177,137
Compensated Absences	571,057	511,674	571,057	511,674	127,919	383,755
Grand Total	\$7,960,129	\$817,174	\$1,108,478	\$7,668,825	\$636,780	\$7,032,045

F. Long-Term Debt (continued)

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 2011-12 year is \$127,919.

The government-wide statement of activities includes \$636,780 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.

V. Other Information

A. Risk Management

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

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

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

B. Related Party Transaction:

The County auditor's sister performed work for the County Treasurer's office. The total amount paid to the sister in fiscal year 2011 was \$491. There were no amounts payable to the Sister by the County or payable by the County to the Sister at September 30, 2011.

C. Subsequent Events: There were no subsequent events requiring disclosure.

D. Contingent Liabilities

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor 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 which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The government is a defendant in the following lawsuit.

William Bryant v. Sheriff Lyon – Plaintiff alleges denial of medical treatment, cruel and unusual punishment, and intentional infliction of emotional distress; reached settlement; still in process not yet signed.

McDaniel v. Sheriff Lyon –malicious prosecution suit; the case has yet to be set for trial.

Joshua Vercher and Jason Patrick v. Hill County Texas et al – Plaintiffs filed their original complaint on January 31, 2012 against Hill County Sheriff Lyon and Hill County Sheriff's office seeking damages for an alleged violation of the Fair labor Standards Act wage and hour and anti-retaliation provisions. A Scheduling of Order was entered on February 28, 2012 setting this matter for Jury Selection and Trial on November 26, 2012.

Eaddy V. Hill County – Plaintiffs Kimberly and Blaine Eaddy filed suit on March 7, 2012 pursuant to the Texas Tort Claims Act for an accident that occurred on June 23, 2011. Plaintiff's claim that Mr. Lambert Dudik, a Hill County employee, failed to yield to oncoming traffic when making a left hand turn onto CR 3150 from FM 1242. Plaintiffs seek damages, interests, and attorneys fees. The County will file an answer by the deadline April 2, 2012.

Larry Howard – the case is filed by Larry Howard against Sheriff Lyon alleging facts that seem to claim some respondent superior liability to the County based on the acts of several deputies. None of the allegations appear to be against Sheriff Lyon directly. He is only the named defendant. The County is not named in the suit. The County does not believe that it will suffer any liability as the result of this claim.

E. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, 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 6.90% for the 2010 and 6.95% for the 2011 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act. The contribution rate payable by the employee members for calendar years 2010 and 2011 is the rate of 9% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, closed
Amortization period	19.6	20.0	20.0
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Annual Pension Cost

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
09-30-2009	480,603	100%	\$ -0-
09-30-2010	547,077	100%	\$ -0-
09-30-2011	516,382	100%	\$ -0-

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
Dec. 31, 2010	\$9,981,592	\$12,076,613	\$2,095,021	82.65%	\$7,441,865	28.15%

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

REQUIRED SUPPLEMENTARY INFORMATION

HILL COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2011

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)
2008	\$8,981,414	\$10,987,304	\$2,005,890	81.74%	7,388,673	27.15%
2009	9,477,936	11,500,936	2,023,735	82.40	7,234,734	27.97
2010	9,981,592	12,076,613	2,095,021	82.65	7,441,865	28.15

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Adult Probation – This is a consolidation of all adult probation accounts and primarily accounts for the receipt and disbursement of funds administered by the Community Justice Assistance Division of the Texas Department of Criminal Justice as well as receipt and disbursement of fees collected by the Adult Probation Department.

Law Library Fund – This fund accounts for the cost of operating and maintaining a law library for public use. Revenues are derived from law library fees assessed against each civil case filed in District and County Courts.

Jury – The jury fund accounts for Jury fees that are collected and used for jury costs as well as indigent defense costs.

Paw Pals Contributions – This fund accounts for designated jury donations payable to Hill County Paw Pals.

Election Machine Lease - This fund accounts for the fees charged to cities, school districts and special purpose districts for the lease of election machines furnished to Hill County through the Help America Vote Act. Expenditures of the fund are budgeted and are related to use and maintenance of the election machines.

Election Contract Fund – This fund accounts for the funds used to administer elections for the Democratic and Republican Parties.

Juvenile Probation - This is a consolidation of all juvenile probation accounts and primarily accounts for the receipt and disbursement of funds administered by the Texas Juvenile Probation Commission to supplement expenditures of the County in administering a Juvenile Probation Department. The consolidation includes both State and County funds.

Criminal Justice – This fund accounts for Civil Fees and Criminal Costs and Fees that are collected on behalf of the State of Texas and remitted on a quarterly and/or annual basis.

D.A.R.E. - The Dare Fund accounts for grant monies and local contributions to assist the Sheriff's office in combating drugs and other crimes.

Crime Victims Assistance 1, 2 & 3 – This fund accounts for grant funds administered by the Office of the Governor and/or the Texas Criminal Justice Division which provide a paid staff position that assists victims of crime.

County Clerk – This is a consolidation of all county clerk funds those being the Probate Education Fund, The County Clerk Records Fund and the County Clerk Archive Fund. Certain fees are charged during the probate process and the expenses are to be used to further the education of those involved in the process. The "Records Preservation and Management" fee collected by the County Clerk pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is budgeted and is used to provide funds for specific records preservation and automation projects. The "Records Archive" fee collected by the County Clerk pursuant to Local Government Code 118.011 (f) is to be used for the preservation and restoration services performed by the County Clerk in connection with maintaining a County Clerk's records archive.

District Clerk Archive Fund -The "Records Archive" fee collected by the District Clerk pursuant to Local Government Code 118.011 (f) is to be used for the preservation and restoration services performed by the District Clerk in connection with maintaining a District Clerk's records archive.

Chapter 19 Election Funds -This fund accounts for the monies reimbursed to the County by the State of Texas for expenditures made in accordance with Chapter 19 of the Election Code.

Records Preservation and Management - The "Records Preservation and Management" fee collected by the District Clerk pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is budgeted and is used to provide funds for specific records preservation and automation projects.

Courthouse Security - This Fund accounts receipt and disbursement of both Courthouse Security Fees collected under the Code of Criminal Procedures Art. 102.017(b) and 102.017(d-2)(1)(2). The funds may be used for providing security personnel, services, and equipment necessary to the Courthouse and Justice Courts that are not located in the County Courthouse. The monies are segregated in the fund.

Probate Records Management - This fund represents fees collected during probate that are to be expended for records management expenses of the probate court.

Hot Check Restitution - This Fund accounts for receipt and disbursement of fees earned for the collection of bad checks issued in the County. Disbursement is at the direction of the District Attorney.

Sheriff Department - This has been presented as one fund, but is a consolidation of the following funds Law Enforcement Education (including both Constable and Sheriff), Sheriff Federal Seizure and Investigative Funds. Law Enforcement Education Funds (LEOSE) are provided by the State of Texas for law enforcement officers' educational expenditures under the Law Enforcement Officers Standards and Education program. Sheriff Federal Seizure and Investigative Funds are both funds received by the Sheriff's department resulting from the forfeiture by the court to the Sheriff. Disbursements are at the discretion of the Sheriff, although funds pertaining to Chapter 59 must be budgeted prior to expenditure.

D.A. Forfeited Property - This fund accounts for funds forfeited by the court to the District Attorney. Disbursements are budgeted and are at the discretion of the District Attorney.

J. P. Court Costs - This fund was set aside to account for administrative fees collected under Code of Criminal Procedures, Article 45.0511(b) in relation to a request to take a Driver Safety Course. The fees accumulated in this fund are periodically transferred to the Road and Bridge precincts.

Child Welfare Board - This fund accounts for designated jury donations payable to Hill County Child Welfare.

Youth Collaboration 1, 2 & 3 - This fund has been inactive for several years and pertains to donations solicited for the benefit of some County coordinated education projects.

County Attorney Hot Check Fund - This Fund accounts for receipt and disbursement of fees earned for the collection of bad checks issued in the County. Disbursement is at the direction of the County Attorney.

Hill County for M.A.D.D. - This fund accounts for designated jury donations payable to Mothers Against Drunk Drivers.

D.A. Seizure Account – This Fund holds all monies seized under Chapter 59 of the Code of Criminal Procedures by local law enforcement agencies pending a court order as to their disposition.

Debt Service Funds

Debt service funds account for the accumulation of resources from governmental resources and the payments of general obligation debt principal, interest and related costs.

Debt Service Fund – Hill County maintains only one debt service fund. The fund accounts for ad valorem taxes collected to pay the debt service on the general obligation bonded debt of the County.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Courthouse Project - This fund was established with donations from the general public (after the fire of 1993) to be used solely for the improvement of the courthouse.

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

	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	\$107,101	\$161,495	\$601,386	\$651,630	\$404,769	\$34,873	\$64,910	\$193,911	\$187,481	\$2,407,556
Receivables (net of allowance for uncollectibles)	0	23,529	23,384	26,704	22,614	31,092	30,901	35,289	29,884	223,397
Total Assets	\$107,101	\$185,024	\$624,770	\$678,334	\$427,383	\$65,965	\$95,811	\$229,200	\$217,365	\$2,630,953

LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts Payable	\$19,234	\$15,731	\$7,080	\$6,322	\$15,279	\$6,155	(\$112)	\$10,524	\$1,594	\$81,807
Accrued Wages Payable	5,913	0	0	0	0	0	0	0	0	5,913
Deferred Revenues	16,661	16,558	16,558	18,909	16,013	29,721	29,538	33,732	28,566	189,699
Total Liabilities	25,147	32,392	23,639	25,231	31,292	35,876	29,426	44,256	30,160	277,419

Fund Balances:										
Restricted										
Public Transportation	81,954	152,632	601,131	653,103	396,091	30,089	66,385	184,944	187,205	2,353,534
Total Fund Balance	81,954	152,632	601,131	653,103	396,091	30,089	66,385	184,944	187,205	2,353,534
Total Liabilities and Fund Balances	\$107,101	\$185,024	\$624,770	\$678,334	\$427,383	\$65,965	\$95,811	\$229,200	\$217,365	\$2,630,953

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, 2011

	Road and Bridge		Road and Bridge		Road and Bridge		Road and Bridge		Road and Bridge		Road and Bridge		Total Road and Bridge
	General	No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3	No. 4	No. 1	No. 2	No. 3	
REVENUES													
Taxes													
Property	\$182,828	\$181,706	\$207,504	\$175,725	\$175,725	\$319,393	\$317,437	\$362,506	\$306,987	\$2,054,086			
Sales	35,689	35,479	40,517	34,311	0					146,006			
Other													
Intergovernmental	18,430	33,558	38,087	32,254	0					155,681			
Licenses and Permits	190,366	189,199	216,060	182,970	0					778,595			
Charges for Services	44,395									44,395			
Fines and Forfeitures	227,039									227,039			
Interest		2,806	9,316	14,292	9,896					36,310			
Contributions and Donations													
Interest		896	24,761	24,353	23,563					73,575			
Miscellaneous													
Total Revenues	289,864	446,155	473,813	540,813	458,719	319,393	317,437	362,506	306,987	3,515,687			
EXPENDITURES													
Current:													
Public Transportation													
Road and Bridge	405,201	386,311	427,136	539,761	617,506	295,189	263,094	322,895	191,255	3,448,348			
Debt Service										104,174			
Principal Retirement		56,210	47,964							4,742			
Interest and Fiscal Charges		4,742											
Total Expenditures	405,201	447,263	475,100	539,761	617,506	295,189	263,094	322,895	191,255	3,557,264			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,337)	(1,108)	(1,287)	1,052	(158,787)	24,204	54,343	39,611	115,732	(41,577)			
OTHER FINANCING SOURCES (USES):													
Sale of Capital assets		35,266		47,228	136,110					218,604			
Other Financing Sources - Capital Lease		0	137,700	0	0					137,700			
Total Other Financing Sources (Uses)	0	35,266	137,700	47,228	136,110	0	0	0	0	356,304			
Net Changes in Fund Balances	(115,337)	34,158	136,413	48,280	(22,677)	24,204	54,343	39,611	115,732	314,727			
Fund Balances - Beginning	197,291	118,474	464,718	604,823	418,788	5,885	12,042	145,333	71,473	2,038,807			
Fund Balances - Ending	\$81,954	\$152,632	\$601,131	\$653,103	\$396,091	\$30,089	\$66,385	\$184,944	\$187,205	\$2,353,534			

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

	SPECIAL REVENUE												
	PAWS			CRIME			DISTRICT ELECTION		RECORDS PRESERVATION				
	ADULT PROBATION	LAW LIBRARY	JURY	CONTR. BUTTONS	ELECTION MACHINE LEASE	ELECTION CONTRACT FUND	JUVENILE PROBATION	CRIMINAL JUSTICE	D.A.R.E. 1,2&3	COUNTY CLERK	CLERK ARCHIVE FUND	CHAPTER 19 FUNDS	MANAGEMENT AND SECURITY
ASSETS													
Cash and Cash Equivalents	\$136,659	\$117,184		\$190	\$29,477	\$2,186	\$273,138	\$294,049	\$483	\$111,870	\$1,375	\$199	\$15,560
Receivables (net of allowance for uncollectibles)			8,482				24,721	49	2,055				
Due from Other Funds													
TOTAL ASSETS	\$136,659	\$117,184	\$8,482	\$190	\$29,477	\$2,186	\$297,859	\$294,049	\$532	\$111,870	\$1,375	\$199	\$15,560
\$17,590													
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts Payable	\$11,494	\$2,184	53,830	\$190			\$46,655	\$137,150	\$2,055	\$1,084		\$180	\$0
Bank Overdraft			6,122										
Due to Other Funds													
Accrued Wages Payable			0										
Deferred Revenues													
Total Liabilities	11,494	2,184	59,952	190	0	0	46,655	137,150	2,055	1,084	0	180	0
Fund Balances:													
Restricted													
Administration - County Clerk										110,766			15,560
Archives											1,375		
Construction													
Debt Service													
Elections												19	
Judicial		115,000			29,477	2,186	251,204	156,899					17,590
Legal	125,165								532				
Public Safety													
Committed													
Unassigned			(51,470)										
Total Fund Balances	125,165	115,000	(51,470)	0	29,477	2,186	251,204	156,899	532	0	1,375	19	15,560
TOTAL LIABILITIES AND FUND BALANCES	\$136,659	\$117,184	\$8,482	\$190	\$29,477	\$2,186	\$297,859	\$294,049	\$532	\$111,870	\$1,375	\$199	\$15,560
\$17,590													

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

PROBATE RECORDS MANAGEMENT	HOT CHECK RESTITUTION	HOT SHERIFF DEPARTMENT	D.A. FORFEITED PROPERTY	J.P. COURT COSTS	CHILD WELFARE BOARD	YOUTH COLL. 1,2 & 3	CA. HOT CHECK FUND	HILL COUNTY FOR M.A.D.D.	D.A. SEIZURE ACCOUNT	DEBT SERVICE FUND	COURT-HOUSE PROJECT	NON-MAJOR GOVERNMENTAL FUNDS
	\$25,016	\$38,104	\$194,366	\$21,268	\$152	\$1,461	\$12,727	\$226	\$356,827	\$88,225	\$581,575	\$2,347,096
		362								46,852		82,521
		4,835								875		5,710
\$17,089	\$25,016	\$43,301	\$194,366	\$21,268	\$152	\$1,461	\$12,727	\$226	\$357,702	\$145,174	\$581,575	\$2,435,327
		\$3,748	\$657	\$152	\$226							\$259,605
	5	5,891										\$6,122
												5,896
												0
												44,749
0	5	9,639	657	0	152	0	0	226	0	44,749	0	316,372
17,089												127,875
												16,935
											581,575	581,575
										100,428		100,428
												31,682
	25,011		193,709		1,461		12,727		357,702			1,118,576
		33,662										12,727
												159,359
												(30,202)
17,089	25,011	33,662	193,709	21,268	0	1,461	12,727	0	357,702	100,428	581,575	2,118,955
\$17,089	\$25,016	\$43,301	\$194,366	\$21,268	\$152	\$1,461	\$12,727	\$226	\$357,702	\$145,174	\$581,575	\$2,435,327

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

	PAWS										CRIME				DISTRICT				SPECIAL REVENUE			
	LAW	JURY	LIBRARY	ADULT PROBATION	CONTR. BUTTONS	ELECTION MACHINE LEASE	ELECTION CONTRACT FUND	JUVENILE PROBATION	CRIMINAL JUSTICE	D.A.R.E. 1,2,3	VICTIMS ASSISTANCE	COUNTY CLERK	ARCHIVE FUND	CHAPTER 19 FUNDS	ELECTION RECORDS	CHAPTER PRESERVATION	COURTHOUSE AND SECURITY					
REVENUES																						
Taxes																						
Property	393,092	39,469		585,653			585,653			2,055		73,577	3,628			25,467	31,752					
Intergovernmental	476,947	423,238		85,524			85,524	587,471														
Changes for Services																						
Fines and Forfeitures	269	63		449		426	449					1,646		1		31	460					
Interest	10	486		20,365		2,000	20,365															
Miscellaneous		1,780		0		0	0															
Total Revenues	870,318	463,256	1,780	681,991	587,471	0	681,991	587,471	0	2,055	75,223	3,628	1	25,498			32,212					
EXPENDITURES																						
Current																						
General Administration							720				72,110											
Legal	28,844	680,287						542,924		2,055		4,893					10,519					
Judicial																						
Public Safety	784,475			700,591																		
Health and Welfare						1,780																
Debt Service																						
Principal Retirement																						
Interest and Fiscal Changes																						
Total Expenditures	784,475	680,287	1,780	700,591	542,924	0	700,591	542,924	0	2,055	72,110	4,893	0	10,519			0					
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,843	(533)	(217,031)	(6,600)	44,547	0	(6,600)	44,547	0	0	3,113	(1,265)	1	14,979			32,212					
OTHER FINANCING SOURCES (USES):																						
Operating Transfers In	72,049	123,000		54,000				(36,339)										(35,000)				
Operating Transfers Out	(72,049)							(36,339)										(35,000)				
Total Other Financing Sources (Uses)	0	123,000	0	54,000														0				
Net Changes in Fund Balances	85,843	(533)	(94,031)	45,400	8,206	0	(720)	8,206	0	0	3,113	(1,265)	1	14,979			(2,788)					
Fund Balances - Beginning	39,322	115,533	42,561	205,804	148,691	532	2,906	148,691	532	0	107,673	2,640	18	581			20,378					
Fund Balances - Ending	\$125,165	\$115,000	(\$51,470)	\$251,204	\$158,899	\$532	\$2,186	\$158,899	\$532	\$0	\$110,786	\$1,375	\$19	\$15,560			\$17,590					

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

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

	Agency Funds			Total
	Treasurer J.P. Cash	District Clerk - Criminal	County Officer Accounts	
ASSETS				
Cash and Cash Equivalents	\$7,102	\$0	\$1,884,269	\$1,891,371
Receivables (net of allowance for uncollectibles)	0	0	0	0
Total Assets	\$7,102	\$0	\$1,884,269	\$1,891,371
LIABILITIES				
Accounts Payable				\$0
Due to Others	7,102	0	1,884,269	1,891,371
Total Liabilities	\$7,102	\$0	\$1,884,269	\$1,891,371

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

<u>TREASURER - J.P. CASH</u>	BALANCE 10/1/2010	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2011
ASSETS				
Cash and Cash Equivalents	\$85,195	\$878,523	\$956,616	\$7,102
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$85,195</u>	<u>\$878,523</u>	<u>\$956,616</u>	<u>\$7,102</u>

LIABILITIES:				
Accounts Payable				
Due to Others	\$85,195	\$878,523	\$956,616	\$7,102
Total Liabilities	<u>\$85,195</u>	<u>\$878,523</u>	<u>\$956,616</u>	<u>\$7,102</u>

<u>DISTRICT CLERK - CRIMINAL</u>	BALANCE 10/1/2010	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2011
ASSETS				
Cash and Cash Equivalents	\$0	\$722,411	\$722,411	\$0
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$0</u>	<u>\$722,411</u>	<u>\$722,411</u>	<u>\$0</u>

LIABILITIES:				
Accounts Payable				
Due to Others	\$0	\$722,411	\$722,411	\$0
Total Liabilities	<u>\$0</u>	<u>\$722,411</u>	<u>\$722,411</u>	<u>\$0</u>

<u>COUNTY OFFICER ACCOUNTS</u>		BALANCE		BALANCE	
		10/1/2010	ADDITIONS	DEDUCTIONS	9/30/2011
ASSETS					
Cash and Cash Equivalents		\$2,343,160		\$458,891	\$1,884,269
Receivables (net of allowance for uncollectibles)					0
Total Assets		<u>\$2,343,160</u>	<u>\$0</u>	<u>\$458,891</u>	<u>\$1,884,269</u>

LIABILITIES:					
Accounts Payable					
Due to Others		\$2,343,160	\$0	\$458,891	\$1,884,269
Total Liabilities		<u>\$2,343,160</u>	<u>\$0</u>	<u>\$458,891</u>	<u>\$1,884,269</u>

<u>TOTAL</u>		BALANCE		BALANCE	
		10/1/2010	ADDITIONS	DEDUCTIONS	9/30/2011
ASSETS					
Cash and Cash Equivalents		\$2,428,355	\$1,600,934	\$2,137,918	\$1,891,371
Receivables (net of allowance for uncollectibles)		0	0	0	0
Total Assets		<u>\$2,428,355</u>	<u>\$1,600,934</u>	<u>\$2,137,918</u>	<u>\$1,891,371</u>

LIABILITIES:					
Accounts Payable		\$0	\$0	\$0	\$0
Due to Others		\$2,428,355	\$1,600,934	\$2,137,918	\$1,891,371
Total Liabilities		<u>\$2,428,355</u>	<u>\$1,600,934</u>	<u>\$2,137,918</u>	<u>\$1,891,371</u>

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

HILL COUNTY, TEXAS
LAW LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$24,800	\$24,800	\$26,495	\$1,695
Interest	\$2,100	\$2,100	1,816	(284)
Total Revenues	26,900	26,900	28,311	1,411
EXPENDITURES				
Current:				
Judicial	26,500	26,500	28,844	(2,344)
Total Expenditures	26,500	26,500	28,844	(2,344)
Excess (Deficiency) of Revenues Over (Under) Expenditures	400	400	(533)	(933)
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	400	400	(533)	(933)
Fund Balances - Beginning	115,533	115,533	115,533	
Fund Balances - Ending	\$115,933	\$115,933	\$115,000	(\$933)

HILL COUNTY, TEXAS
 JURY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$34,180	\$34,180	\$39,469	\$5,289
Charges for Services	552,575	552,575	423,238	(129,337)
Interest	170	170	63	(107)
Miscellaneous			486	486
Total Revenues	586,925	586,925	463,256	(123,669)
EXPENDITURES				
Current:				
Judicial	626,523	626,523	680,287	(53,764)
Total Expenditures	626,523	626,523	680,287	(53,764)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,598)	(39,598)	(217,031)	(177,433)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	10,000	10,000	123,000	113,000
Operating Transfers Out				0
Total Other Financing Sources (Uses)	10,000	10,000	123,000	113,000
Net Changes in Fund Balances	(29,598)	(29,598)	(94,031)	(64,433)
Fund Balances - Beginning	42,561	42,561	42,561	
Fund Balances - Ending	\$12,963	\$12,963	(\$51,470)	(\$64,433)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$24,677	\$24,677	\$25,467	\$790
Interest	60	60	31	(29)
Total Revenues	<u>24,737</u>	<u>24,737</u>	<u>25,498</u>	<u>761</u>
EXPENDITURES				
Current:				
Judicial	22,000	22,000	10,519	11,481
Total Expenditures	<u>22,000</u>	<u>22,000</u>	<u>10,519</u>	<u>11,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,737</u>	<u>2,737</u>	<u>14,979</u>	<u>12,242</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	2,737	2,737	14,979	12,242
Fund Balances - Beginning	581	581	581	
Fund Balances - Ending	<u>\$3,318</u>	<u>\$3,318</u>	<u>\$15,560</u>	<u>\$12,242</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Interest	\$360	\$360	\$2,209	\$1,849
Miscellaneous			2,375	2,375
Total Revenues	360	360	4,584	4,224
EXPENDITURES				
Current:				
Judicial	88,875	902,248	836,921	65,327
Total Expenditures	88,875	902,248	836,921	65,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,515)	(901,888)	(832,337)	69,551
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		813,373	931,074	117,701
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	813,373	931,074	117,701
Net Changes in Fund Balances	(88,515)	(88,515)	98,737	187,252
Fund Balances - Beginning	94,972	94,972	94,972	
Fund Balances - Ending	\$6,457	\$6,457	\$193,709	\$187,252

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$485,003	\$485,003	\$550,508	\$65,505
Interest	\$6,990	\$6,990	5,243	(1,747)
Total Revenues	491,993	491,993	555,751	63,758
EXPENDITURES				
Debt Service				
Principal Retirement	375,000	375,000	375,000	0
Interest and Fiscal Charges	231,138	231,138	230,861	277
Total Expenditures	606,138	606,138	605,861	277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,145)	(114,145)	(50,110)	64,035
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	(114,145)	(114,145)	(50,110)	64,035
Fund Balances - Beginning	150,538	150,538	150,538	
Fund Balances - Ending	\$36,393	\$36,393	\$100,428	\$64,035

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

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$42,000	\$42,000	\$36,703	(\$5,297)
Interest	131	131	792	661
Total Revenues	<u>42,131</u>	<u>42,131</u>	<u>37,495</u>	<u>(4,636)</u>
EXPENDITURES				
Current:				
General Administration	29,737	29,737	22,140	7,597
Total Expenditures	<u>29,737</u>	<u>29,737</u>	<u>22,140</u>	<u>7,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,394</u>	<u>12,394</u>	<u>15,355</u>	<u>2,961</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	12,394	12,394	15,355	2,961
Fund Balances - Beginning	45,258	45,258	45,258	
Fund Balances - Ending	<u>\$57,652</u>	<u>\$57,652</u>	<u>\$60,613</u>	<u>\$2,961</u>

HILL COUNTY, TEXAS
 PROBATE EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$365	\$365	\$348	(\$17)
Interest			3	3
Total Revenues	365	365	351	(14)
EXPENDITURES				
Current:				
General Administration				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	365	365	351	(14)
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	365	365	351	(14)
Fund Balances - Beginning	649	649	649	
Fund Balances - Ending	\$1,014	\$1,014	\$1,000	(\$14)

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$36,966	\$36,966	\$26,412	(\$10,554)
Interest	3,607	3,607	1,206	(2,401)
Total Revenues	<u>40,573</u>	<u>40,573</u>	<u>27,618</u>	<u>(12,955)</u>
EXPENDITURES				
Current:				
Judicial				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,573</u>	<u>40,573</u>	<u>27,618</u>	<u>(12,955)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(35,500)	(35,500)	(33,500)	2,000
Total Other Financing Sources (Uses)	<u>(35,500)</u>	<u>(35,500)</u>	<u>(33,500)</u>	<u>2,000</u>
Net Changes in Fund Balances	5,073	5,073	(5,882)	(10,955)
Fund Balances - Beginning	9,461	9,461	9,461	
Fund Balances - Ending	<u>\$14,534</u>	<u>\$14,534</u>	<u>\$3,579</u>	<u>(\$10,955)</u>

HILL COUNTY, TEXAS
 INVESTIGATIVE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous		\$38,804	\$41,762	\$2,958
Interest			29	29
Total Revenues	0	38,804	41,791	2,987
EXPENDITURES				
Current:				
Public Safety		38,804	41,345	(2,541)
Total Expenditures	0	38,804	41,345	(2,541)
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	446	446
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	0	0	446	446
Fund Balances - Beginning	2,338	2,338	2,338	
Fund Balances - Ending	\$2,338	\$2,338	\$2,784	\$446

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

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$34,394	\$34,394	\$31,752	(\$2,642)
Interest	554	554	460	(94)
Total Revenues	<u>34,948</u>	<u>34,948</u>	<u>32,212</u>	<u>(2,736)</u>
EXPENDITURES				
Current:				
Public Safety				0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,948</u>	<u>34,948</u>	<u>32,212</u>	<u>(2,736)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(35,000)	(35,000)	(35,000)	0
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Net Changes in Fund Balances	(52)	(52)	(2,788)	(2,736)
Fund Balances - Beginning	20,378	20,378	20,378	
Fund Balances - Ending	<u>\$20,326</u>	<u>\$20,326</u>	<u>\$17,590</u>	<u>(\$2,736)</u>

HILL COUNTY, TEXAS
ELECTION MACHINE LEASE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Miscellaneous	\$5,600	\$5,600	\$2,000	(\$3,600)
Interest			426	426
Total Revenues	5,600	5,600	2,426	(3,174)
EXPENDITURES				
Current:				
General Administration				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,600	5,600	2,426	(3,174)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	5,600	5,600	2,426	(3,174)
Fund Balances - Beginning	27,051	27,051	27,051	
Fund Balances - Ending	\$32,651	\$32,651	\$29,477	(\$3,174)

HILL COUNTY, TEXAS
COUNTY CLERK ARCHIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$42,500	\$42,500	\$36,526	(\$5,974)
Interest			851	851
Total Revenues	42,500	42,500	37,377	(5,123)
EXPENDITURES				
Current:				
General Administration	50,000	50,000	49,970	30
Total Expenditures	50,000	50,000	49,970	30
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,500)	(7,500)	(12,593)	(5,093)
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	(7,500)	(7,500)	(12,593)	(5,093)
Fund Balances - Beginning	61,766	61,766	61,766	
Fund Balances - Ending	\$54,266	\$54,266	\$49,173	(\$5,093)

HILL COUNTY, TEXAS
DISTRICT CLERK ARCHIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$3,050	\$3,050	\$3,628	\$578
Total Revenues	3,050	3,050	3,628	578
EXPENDITURES				
Current:				
Judicial	5,000	5,000	4,893	107
Total Expenditures	5,000	5,000	4,893	107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,950)	(1,950)	(1,265)	685
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(1,950)	(1,950)	(1,265)	685
Fund Balances - Beginning	2,640	2,640	2,640	
Fund Balances - Ending	\$690	\$690	\$1,375	\$685

STATISTICAL SECTION

This part of the Hill County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	65
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	71
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	77
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	81
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	83
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the County for the relevant year.

HILL COUNTY, TEXAS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:								
Invested in capital assets, net of related debt	\$ 17,328,889	\$ 14,724,845	\$ 13,012,678	\$ 11,234,620	\$ 11,063,907	\$ 10,629,778	\$ 10,374,228	\$ 9,291,681
Restricted	3,769,014	4,069,999	952,240	2,643,287	821,523	792,871	914,740	1,350,819
Unrestricted	5,773,016	4,987,589	9,577,312	8,155,623	7,738,951	8,146,588	7,747,607	6,823,055
Total governmental activities net assets	\$ 26,870,919	\$ 23,782,433	\$ 23,542,230	\$ 22,033,530	\$ 19,624,381	\$ 19,569,237	\$ 19,036,575	\$ 17,465,555
Business-type activities:								
Invested in capital assets, net of related debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Total business-type activities net assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Primary government:								
Invested in capital assets, net of related debt	\$ 17,328,889	\$ 14,724,845	\$ 13,012,678	\$ 11,234,620	\$ 11,063,907	\$ 10,629,778	\$ 10,374,228	\$ 9,291,681
Restricted	3,769,014	4,069,999	952,240	2,643,287	821,523	792,871	914,740	1,350,819
Unrestricted	5,773,016	4,987,589	9,577,312	8,155,623	7,738,951	8,146,588	7,747,607	6,823,055
Total primary government net assets	\$ 26,870,919	\$ 23,782,433	\$ 23,542,230	\$ 22,033,530	\$ 19,624,381	\$ 19,569,237	\$ 19,036,575	\$ 17,465,555

(1) Future years will be included until ten years are shown.
 Ten years are not shown because the County does not have the data prior to 2004.
 The information is derived from the Annual Financial Reports.

HILL COUNTY, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES								
Governmental Activities:								
General Administration	\$ 1,996,623	\$ 1,822,935	\$ 2,072,407	\$ 1,701,790	\$ 1,623,857	\$ 2,473,674	\$ 2,555,522	\$ 2,060,689
Legal	371,978	382,089	376,672	338,301	353,053			
Judicial	3,352,430	2,772,521	2,842,028	2,672,676	2,452,013	4,459,984	3,207,987	1,942,319
Financial Administration	721,383	736,347	751,953	582,048	548,650			
Public Facilities	675,167	679,385	644,407	655,930	634,963			
Public Safety	6,337,504	7,180,138	6,624,593	6,362,153	5,973,693	4,490,060	3,982,307	3,843,957
Public Transportation	3,461,988	3,636,553	4,396,904	4,851,508	3,412,064	3,132,959	2,607,356	2,555,491
Health and Welfare	1,164,990	1,028,786	790,575	656,506	552,850	446,970	370,780	495,976
Conservation - Agriculture	104,688	128,235	121,386	97,970	101,676			
Interest and Fiscal Charges	219,139	390,792	368,411	383,211	399,408	414,111	424,989	433,752
Total governmental activities expenses	18,405,890	18,757,781	18,989,346	18,282,093	15,952,227	15,417,738	13,148,941	11,332,184
Total primary government expenses	\$ 18,405,890	\$ 18,757,781	\$ 18,989,346	\$ 18,282,093	\$ 15,952,227	\$ 15,417,738	\$ 13,148,941	\$ 11,332,184

PROGRAM REVENUES								
Governmental Activities:								
Charges for services:	\$ 325,953	\$ 342,301	\$ 419,408	\$ 598,213	\$ 561,639	\$ 808,102	\$ 778,165	\$ 1,390,215
General Administration	62,340	66,526	72,724	79,792	82,544			
Legal	2,984,706	1,978,950	2,153,860	2,313,371	2,243,370	2,731,982	1,158,460	1,897,397
Judicial	473,015	439,721	424,085	417,929	374,110			
Financial Administration								
Public Facilities	747,193	722,170	713,489	812,812	889,697	685,594	466,160	873,856
Public Safety	822,990	799,611	810,941	864,974	772,090	788,159	1,134,197	32,105
Public Transportation								
Health and welfare								
Operating grants and contributions	1,466,080	2,444,688	1,878,634	1,759,306	1,459,363	1,590,074	1,178,719	995,699
Capital grants and contributions	3,139,046	445,416	2,711,688	3,339,546				
Total governmental activities program revenues	10,021,323	7,239,383	9,184,829	10,185,943	6,362,813	6,604,911	4,715,701	5,189,272
Total primary government program revenues	\$ 10,021,323	\$ 7,239,383	\$ 9,184,829	\$ 10,185,943	\$ 6,362,813	\$ 6,604,911	\$ 4,715,701	\$ 5,189,272

(continued)

(continued)	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense) revenue governmental activities	\$ (8,384,567)	\$ (11,518,398)	\$ (9,804,517)	\$ (8,096,150)	\$ (9,589,414)	\$ (8,812,827)	\$ (8,433,240)	\$ (6,142,912)
Total primary government net expense	\$ (8,384,567)	\$ (11,518,398)	\$ (9,804,517)	\$ (8,096,150)	\$ (9,589,414)	\$ (8,812,827)	\$ (8,433,240)	\$ (6,142,912)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property Taxes, Levies for General Purposes a	\$ 9,271,081	\$ 9,488,891	\$ 8,779,353	\$ 7,635,451	\$ 7,378,610	\$ 7,088,183	\$ 6,812,221	\$ 5,123,104
Sales taxes a	1,460,061	1,482,698	1,772,732	1,914,937	1,545,788	1,374,380	1,212,739	1,018,735
Other Taxes	107,906	103,433	102,482	50,101	38,022	87,777	170,446	47,672
Unrestricted Investment Earnings	159,162	211,104	430,823	572,204	448,882	316,213	233,640	73,962
Miscellaneous	474,843	472,475	227,847	332,606	235,256	213,331	655,576	732
Loss on sale of capital assets	-	-	-	-	-	-	-	(84,953)
Total governmental activities	\$ 11,473,053	\$ 11,758,601	\$ 11,313,217	\$ 10,505,299	\$ 9,644,558	\$ 9,079,884	\$ 9,084,622	\$ 6,179,252
Total primary government	\$ 11,473,053	\$ 11,758,601	\$ 11,313,217	\$ 10,505,299	\$ 9,644,558	\$ 9,079,884	\$ 9,084,622	\$ 6,179,252
Change in Net Assets								
Governmental activities	\$ 3,088,486	\$ 240,203	\$ 1,508,700	\$ 2,409,149	\$ 55,144	\$ 267,057	\$ 651,382	\$ 36,340
Total primary government	\$ 3,088,486	\$ 240,203	\$ 1,508,700	\$ 2,409,149	\$ 55,144	\$ 267,057	\$ 651,382	\$ 36,340
Prior period adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,605	\$ 919,638	\$ 15,807

(1) Future years will be included until ten years are shown. Ten years are not shown because the County does not have the data prior to 2004. The information is derived from the Annual Financial Reports.

a - Property Taxes and Sales Taxes Allocated to the Employee Hospitalization fund for fiscal year 2004 were not included in the previously audited financial statements under Changes in Net Assets as they were previously reported in with the Trust and Agency Funds. Total Property Taxes collected for 2004 (net of commission) were \$5,991,600. Total Sales Taxes collected for 2004 were \$1,231,340.

b - Prior period adjustment for 2004 was the result of including the County Attorney Hot Check Fund in the Governmental Funds. Prior period adjustment for 2005 was necessary due to several reclassifications that were made from Trust and Agency Funds to the General Fund and other Governmental Funds. Employee Hospitalization, Payroll Clearing, Oak Spring Subdivision, Juvenile Court Costs and Operators & Chauffeurs were reclassified from Trust and Agency Funds to General Fund and Other Governmental Funds. Prior period adjustment in 2006 was another reclassification of Trust and Agency Funds to General Fund. The fund transferred was called District Clerk Trust Fund which was accumulated interest due to the General Fund.

HILL COUNTY, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
 (Modified accrual basis of accounting)
 (Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004
General fund								
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Restricted								
Committed								
Unassigned	3,105,138	3,403,504	3,897,522	3,889,873	3,972,108	3,410,126	2,555,541	1,854,973
Unreserved								
Total general fund	\$ 3,105,138	\$ 3,403,504	\$ 3,897,522	\$ 3,889,873	\$ 3,972,108	\$ 3,410,126	\$ 2,555,541	\$ 1,854,973
All other governmental funds								
Reserved	\$0	\$ 722,064	\$ 952,240	\$2,643,287	\$ 821,523	\$ 792,871	\$ 186,479	\$ 169,574
Restricted	4,662,219							
Committed								
Unassigned	(30,202)							
Unreserved, reported in:								
Capital project funds							662,944	1,111,490
Special revenue funds		3,347,935	4,306,936	2,902,312	2,406,668	3,632,947	3,956,720	3,104,792
Total all other governmental funds	\$4,632,017	\$4,069,999	\$5,259,176	\$5,545,599	\$3,228,191	\$4,425,818	\$4,806,143	\$4,385,856

(1) Future years will be included until ten years are shown.
 Ten years are not shown because the County does not have the data prior to 2004.
 The information is derived from the Annual Financial Reports.

HILL COUNTY, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)
 (Unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES										
Taxes										
Property Taxes	\$ 9,206,770	\$ 9,411,968	\$ 8,769,658	\$ 7,593,824	\$ 7,442,070	\$ 7,125,214	\$ 6,743,076	\$ 5,230,485	\$ 4,635,212	\$ 4,148,369
Sales Taxes	1,460,061	1,462,698	1,772,792	1,914,937	1,545,788	1,374,380	1,212,739	1,018,735	954,608	1,070,228
Other Taxes	107,906	103,433	102,482	50,101	36,022	27,228	107,505	124,303	96,614	102,788
Intergovernmental	1,679,909	1,933,382	3,082,133	5,098,852	1,459,363	1,590,074	1,178,719	915,031	953,631	894,439
Licenses and Permits	778,595	760,776	753,718	815,200	772,080	788,169	746,101	742,333	863,997	963,485
Charges for Services	3,045,404	3,115,945	3,347,034	3,638,197	3,577,780	3,422,999	2,837,026	2,569,384	1,855,361	1,794,013
Fines and Forfeitures	1,609,783	425,765	471,029	581,083	338,452	954,550	531,987	442,235	275,936	213,803
Interest on Investments	159,162	211,104	430,823	572,204	448,882	316,213	233,640	73,619	141,495	415,534
Contributions and Donations		956,722	188,048	313,264	96,284	170,008	538,812	331,425	205,252	376,768
Miscellaneous	273,291	307,089								
Total revenues	18,220,881	18,698,892	18,985,637	20,577,442	15,714,731	15,769,825	14,127,605	11,447,550	9,982,106	9,980,417
EXPENDITURES										
General Administration	1,754,655	1,850,741	1,980,189	1,774,938	1,825,227	2,216,895	2,274,597	1,853,368	3,156,604	4,187,509
Legal	371,672	381,463	374,383	336,871	346,982					
Judicial	3,326,786	2,753,559	2,885,201	2,650,886	2,507,069	4,312,145	3,244,773	1,838,329	714,066	675,623
Financial Administration	717,318	728,076	768,388	556,947	536,162					
Public Facilities	387,257	390,578	379,076	374,290	330,529					
Public Safety	6,451,205	6,926,116	6,802,986	6,075,289	5,578,995	4,132,949	3,815,639	3,881,018	3,069,175	2,803,672
Public Transportation	3,448,348	5,720,958	4,738,031	5,204,624	3,989,691	2,882,978	2,598,346	2,411,374	2,098,433	1,253,516
Health and Welfare	1,162,209	1,027,231	788,406	655,666	562,060	436,917	327,781	483,048	413,930	315,710
Conservation - Agriculture	103,785	126,837	127,401	97,393	96,248					
Capital Outlay						947,564	1,385,160	362,564	3,982,195	3,101,647
Current expenditures										
Debt services	523,674	335,631	279,061	317,827	315,352	321,976	305,243	295,196	260,778	99,907
Principal Retirement	235,957	360,930	370,098	384,818	400,063	416,405	426,366	435,056	446,562	418,931
Interest and fiscal charges										
Bond Issuance Cost										169,428
Total expenditures	18,482,766	20,592,122	19,293,168	18,429,329	16,489,348	15,677,829	14,387,906	11,410,980	14,161,733	13,025,943
Excess of revenues over (under) expenditures	(261,885)	(1,893,230)	(407,531)	2,148,113	(774,617)	91,996	(260,300)	36,590	(4,179,627)	(3,045,526)

(continued)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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Other financing sources (uses)										
Sale of Capital assets	220,637	210,035	128,757	87,060	138,972	116,659	216,517	221,014	95,652	3,850
Other Financing Sources - Capital Lease	304,900									
Operating Transfers In	1,359,963	996,135	410,056	489,832	1,586,888	1,208,634	658,100	522,189	1,254,706	499,424
Operating Transfers out	(1,359,963)	(996,135)	(410,056)	(489,832)	(1,586,888)	(1,208,634)	(658,100)	(522,189)	(1,240,030)	(499,424)
Proceeds from issuance of time warrants							245,000			
Proceeds from debt issuance										
Gain(loss) on investment										
Total other financing sources (uses)	525,537	210,035	128,757	87,060	138,972	116,659	461,517	221,014	210,328	7,090,000

Net changes in fund balances	\$ 263,652	\$ (1,683,195)	\$ (278,774)	\$ 2,235,173	\$ (635,645)	\$ 208,655	\$ 201,217	\$ 257,804	\$ (3,969,299)	\$ 4,039,325
Debt service as a percentage of noncapital expenditures	4.11%	3.38%	3.36%	3.81%	4.34%	4.71%	5.08%	6.40%	4.99%	3.98%

Source: Hill County financial records
 (a) Allocation of Property Taxes and Sales Taxes for the Employment Hospitalization fund for fiscal years 2004, 2003, 2002 were not included in the Governmental Funds total on the audited financial statements as they were previously included with the Trust and Agency Funds

Total Property Taxes collected for 2004, 2003, and 2002 (net of commission) were \$5,991,600, \$5,307,249 and \$4,704,970 respectively
 Total Sales Taxes collected for 2004, 2003 and 2002 were \$1,231,340, \$1,161,436 and \$1,281,710 respectively

HILL COUNTY, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Unaudited)

FISCAL YEAR ENDED	PROPERTY TAXES ^a	SALES TAXES	OTHER	TOTAL
2011	\$ 9,206,770	\$ 1,460,061	\$ 107,906	\$ 10,774,737
2010	9,411,968	1,482,698	103,433	10,998,099
2009	8,759,658	1,772,732	102,462	10,634,852
2008	7,593,624	1,914,937	50,101	9,558,662
2007	7,442,070	1,545,788	36,022	9,023,880
2006	7,126,214	1,374,380	27,228	8,527,822
2005	6,743,076	1,212,739	107,505	8,063,320
2004	5,991,600	1,231,340	124,303	7,347,243
2003	5,307,249	1,161,436	96,614	6,565,299
2002	4,704,970	1,281,710	102,788	6,089,468

Source: Hill County Financial Statements and records

a - Property Taxes shown net of commission.
 Amounts for 2005, 2004 and 2003 differ from amounts on
 Changes in Fund Balances -Governmental Funds
 Reference footnote a with respect to comparability of Property Taxes and Sales Taxes

HILL COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Land and Improvements	Minerals and Personal Property	AG Productivity Loss	Less: Homestead Cap	Less: Exemptions	Net Taxable Assessed Value ^a	Total Direct Tax Rate ^b
2011	\$ 2,567,438,930	\$ 550,370,082	\$ (855,150,526)	\$ (6,206,141)	\$ (229,579,899)	\$ 2,026,872,446	0.4568
2010	\$ 2,532,019,585	\$ 616,109,430	\$ (843,074,509)	\$ (10,323,082)	\$ (220,446,885)	\$ 2,074,284,539	0.4568
2009	\$ 2,507,676,259	\$ 465,226,562	\$ (838,514,582)	\$ (19,110,824)	\$ (203,880,152)	\$ 1,911,397,263	0.4568
2008	\$ 2,356,672,224	\$ 306,421,828	\$ (773,111,632)	\$ (22,931,309)	\$ (206,774,135)	\$ 1,660,276,976	0.4568
2007	\$ 2,057,786,956	\$ 244,141,726	\$ (596,999,056)	\$ (23,778,937)	\$ (190,854,512)	\$ 1,490,296,177	0.4937
2006	\$ 1,864,697,200	\$ 222,290,150	\$ (496,621,286)	\$ (29,673,635)	\$ (171,665,634)	\$ 1,389,026,795	0.5078
2005	\$ 1,746,636,215	\$ 218,461,470	\$ (484,693,707)	\$ (38,106,935)	\$ (142,000,334)	\$ 1,300,296,709	0.5084
2004	\$ 1,608,626,212	\$ 210,182,180	\$ (464,180,636)	\$ (42,225,016)	\$ (108,799,381)	\$ 1,203,603,359	0.4926
2003	\$ 1,531,289,365	\$ 204,569,120	\$ (474,026,537)	\$ (43,730,484)	\$ (87,852,295)	\$ 1,130,249,169	0.4760
2002	\$ 1,184,039,583	\$ 200,712,248	\$ (304,597,987)	\$ (1,669,071)	\$ (75,398,761)	\$ 1,003,086,012	0.4723

Source: Hill County Appraisal District

Notes:

- a- Property is assessed at actual value; therefore, the assessed values are equal to estimated actual value
- b- Tax rates are per \$100 of assessed value

HILL COUNTY, TEXAS
 DIRECT AND OVER LAPPING PROPERTY TAX RATE (PER \$100 ASSESSED VALUE)
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
County direct rates										
General	0.364304	0.365732	0.359380	0.349794	0.377400	0.395700	0.387032	0.366700	0.350100	0.341577
Debt Service	0.027431	0.026003	0.032355	0.041941	0.046000	0.039700	0.048781	0.054700	0.055900	0.053331
Lateral Road	0.065061	0.065061	0.065061	0.065061	0.070300	0.072400	0.072600	0.071200	0.070000	0.077398
Total direct rate	0.456796	0.456796	0.456796	0.458796	0.493700	0.507800	0.508413	0.492600	0.476000	0.472306
Cities										
Blum	0.386200	0.387000	0.367000	0.342202	0.342202	0.332235	0.332235	0.364800	0.360000	0.350000
Covington	0.259300	0.251800	0.244500	0.211700	0.205500	0.199800	0.193867	0.188220	0.182740	0.177420
Hillsboro	0.818331	0.818331	0.817472	0.804872	0.804872	0.757200	0.719169	0.698676	0.698676	0.640676
Hubbard	0.795200	0.738200	0.705400	0.657900	0.586300	0.590800	0.590776	0.640200	0.680400	0.680400
Itasca	0.572600	0.562700	0.515200	0.500000	0.500000	0.500000	0.500000	0.504400	0.543300	0.611015
Malone	0.496559	0.472758	0.456017	0.455000	0.406114	0.409778	0.422300	0.414987	0.453000	0.462185
Mertens	0.231330	0.231330	0.225894	0.274800	0.287411	0.289158	0.240700	0.260075	0.286031	0.307658
Mount Cain	0.495900	0.495900	0.465900	0.439400	0.420000	0.390000	0.370000	0.327868	0.309310	0.300030
Penelope	0.382428	0.370818	0.353803	0.351680	0.344160	0.347082	0.356300	0.393300	0.417665	0.432066
Whitney	0.635200	0.635900	0.635900	0.580800	0.603300	0.608000	0.571349	0.620000	0.610400	0.580000
School Districts										
Abbott ISD	1.394200	1.412200	1.431500	1.150000	1.410000	1.500000	1.500000	1.500000	1.500000	1.500000
Aquila ISD	1.243600	1.233200	1.228500	1.234500	1.431100	1.575000	1.575000	1.575000	1.575000	1.575000
Axtell ISD	1.170000	1.170000	1.170000	-	-	-	-	-	-	-
Blum ISD	1.375800	1.268347	1.345200	1.371510	1.536800	1.638100	1.682900	1.709100	1.640300	1.685700
Bynum ISD	1.238300	1.238400	1.238300	1.105200	1.430000	1.567000	1.580000	1.580000	1.580000	1.500000
Covington ISD	1.273200	1.212800	1.249500	1.240000	1.530000	1.560000	1.560000	1.500000	1.480000	1.483300
Dawson ISD	1.290000	1.290000	1.290000	-	-	-	-	-	-	-
Frost ISD	1.255000	1.255000	1.265000	-	-	-	-	-	-	-
Grandview ISD	1.270000	1.180000	1.160000	-	-	-	-	-	-	-
Hillsboro ISD	1.410000	1.410000	1.410000	1.410000	1.662100	1.762700	1.758000	1.778000	1.797000	1.870000
Hubbard ISD	1.499900	1.232100	1.222900	1.228910	1.556900	1.686800	1.675000	1.695000	1.695000	1.695000
Itasca ISD	1.435000	1.274100	1.271800	1.252100	1.589400	1.589400	1.589400	1.589400	1.589400	1.589400
Malone ISD	1.118000	1.115600	1.120000	1.040050	1.325700	1.450000	1.420000	1.420000	1.420000	1.361430
Milford ISD	1.171700	1.188300	1.160000	-	-	-	-	-	-	-
Mount Cain ISD	1.368300	1.170000	1.170000	1.170000	1.370000	1.500000	1.500000	1.500000	1.500000	1.500000
Penelope ISD	1.170000	1.170000	1.170000	1.170000	1.370000	1.500000	1.500000	1.500000	1.500000	1.500000
Rio Vista ISD	1.386200	1.183300	1.183300	-	-	-	-	-	-	-
West ISD	1.230000	1.225280	1.225277	-	-	-	-	-	-	-
Whitney ISD	1.182580	1.182580	1.181850	1.171150	1.501150	1.631100	1.634200	1.634200	1.457800	1.376900

(continued)

HILL COUNTY, TEXAS
 DIRECT AND OVER LAPPING PROPERTY TAX RATE (PER \$100 ASSESSED VALUE)
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Special Districts										
ESD # 1	0.030000	0.030000	0.030000	0.029500	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000
ESD # 2	0.060722	0.060722	0.065097	0.068593	0.075000	0.077500	-	-	-	-
Hill College	0.078984	0.085367	0.063644	0.066775	0.066472	0.067775	0.071500	0.072924	0.072924	0.077700
Hill College - Grandview	0.039872	0.031375	0.031739	-	-	-	-	-	-	-
Hill College - Rio Vista	0.023200	0.020059	0.020197	-	-	-	-	-	-	-
Tehuacana WID	0.023731	0.023731	0.025000	0.028428	0.028428	0.028267	0.028267	0.024400	0.024061	0.024061

Source: Hill County Appraisal District, Texas Association of Counties, County Information Project

Note: Overlapping rates are those of other governments that apply to property owners within Hill County. Not all overlapping rates apply to all County property owners. For example, although the total Direct Rate for Hill County applies to all County property owners, a specific City's tax rate applies only to those taxpayers whose property is located within the City's geographic boundaries. The Hill College rate applies to all County property owners. Rates denoted with "-" were not overlapping to Hill County in that fiscal year.

HILL COUNTY, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Energy Transfer Fuel LP	\$79,959,170	1	3.94%			
EOG Resources Inc	\$45,227,900	2	2.23%			
Quicksilver Resources Inc	\$30,832,230	3	1.52%			
Oncor Electric Delivery Co LLC	\$21,948,850	4	1.08%	\$16,826,860	1	1.68%
Craig Realty Group-Hillsboro LLC	\$17,984,650	5	0.89%			
Double Diamond Inc	\$14,389,080	6	0.71%	\$7,887,515	4	0.79%
BXP Operating LLC	\$12,600,275	7	0.62%			
Union Pacific Railroad	\$10,224,190	8	0.50%			
Range Production Company	\$9,957,790	9	0.49%			
Devon Energy Production Co	\$9,933,610	10	0.49%			
Southwestern Bell Telephone LP				\$11,619,080	3	1.16%
Hilco Electric Coop Inc				\$4,859,520	8	0.48%
Prime Outlet Retail/Hsbro				\$14,587,960	2	1.45%
Valor Telecom of Texas LP				\$6,583,550	5	0.66%
Wal-Mart Stores Texas LP				\$5,125,120	7	0.51%
Westside Real Estate Inc				\$4,884,088	9	0.48%
Walmart Stores East Inc				\$5,399,080	6	0.54%
Oakwood Homes INC				\$4,523,300	10	0.45%
Total	\$253,057,745		12.49%	\$82,055,073		8.18%
Total taxable assessed value	\$2,026,872,446		100%	\$1,003,086,012		100%

Source: Hill County Appraisal District

Ten years are not provided because of limited space.

HILL COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2011	\$9,181,573.00	\$8,779,716.00	95.62%		\$8,779,716.00	95.62%	
2010	\$9,313,710.00	\$8,994,701.00	95.67%	\$215,798.00	\$9,210,499.00	98.89%	
2009	\$8,589,156.00	\$8,276,040.00	95.72%	\$270,851.00	\$8,546,891.00	99.51%	
2008	\$7,501,088.00	\$7,232,639.00	95.58%	\$243,533.00	\$7,476,172.00	99.67%	
2007	\$7,328,847.00	\$6,963,209.00	95.18%	\$307,917.00	\$7,271,126.00	99.21%	
2006	\$7,062,498.00	\$6,643,043.00	94.16%	\$365,565.00	\$7,008,628.00	99.24%	
2005	\$6,619,780.00	\$6,289,979.00	95.14%	\$300,835.00	\$6,590,814.00	99.56%	
2004	\$5,922,338.00	\$5,605,762.00	95.70%	\$284,334.00	\$5,890,096.00	99.46%	
2003	\$5,415,803.00	\$4,966,390.00	93.72%	\$295,137.00	\$5,261,527.00	97.15%	
2002	\$4,764,629.00	\$4,402,040.00	94.20%	\$245,610.00	\$4,647,650.00	97.54%	

Source: Hill County Tax Assessor/Collector

Notes:

Includes both GHI and Lateral Road Levy
Percentage of Levy can exceed 100% as original levy amount was used in presentation.
Levy amount is actually dynamic and changes per Appraisal District Supplements.

HILL COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities					Percentage of Personal Income b,c	Per Capita b
	Certificates of Obligation	Time Warrants	Capital Leases	Total Long-term Debt a			
2011	\$6,715,000		\$275,998	\$6,990,998	0.64%	\$225	
2010	\$7,090,000		\$119,072	\$7,209,072	0.66%	\$230	
2009	\$7,190,000		\$81,308	\$7,271,308	0.70%	\$250	
2008	\$7,455,000		\$14,061	\$7,469,061	0.72%	\$257	
2007	\$7,710,000		\$58,334	\$7,768,334	0.80%	\$281	
2006	\$7,950,000	\$94,149	\$59,092	\$8,103,241	0.92%	\$322	
2005	\$8,180,000	\$245,217		\$8,425,217	0.99%	\$342	
2004	\$8,400,000	\$85,458		\$8,485,458	1.04%	\$359	
2003	\$8,610,000	\$170,654		\$8,780,654	1.16%	\$395	
2002	\$8,810,000	\$132,392		\$8,942,392	1.25%	\$417	

Source: Hill County financial records

Notes:

- a- Details regarding the County's outstanding debt can be found in the notes to the financial statements
- b- Population data from Bureau of Economic Analysis

HILL COUNTY, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Assessed Valuations ^a	Population ^b	Bonded Debt ^c	Less Amounts Available for Debt Service ^c	Net General Bonded Debt	Ratio of Net General Bonded Debt To	
						Assessed Property Value	Net Bonded Debt Per Capita
2011	\$2,026,872,446	35,392	\$6,715,000	(\$100,428)	\$6,815,428	0.34%	\$193
2010	\$2,074,284,539	35,089	\$7,090,000	(150,538)	\$7,240,538	0.35%	\$206
2009	\$1,911,397,263	35,005	\$7,190,000	(238,508)	\$7,428,508	0.39%	\$212
2008	\$1,660,276,976	34,997	\$7,455,000	(239,014)	\$7,594,014	0.46%	\$220
2007	\$1,490,296,177	34,650	\$7,710,000	(166,383)	\$7,876,383	0.53%	\$227
2006	\$1,389,026,795	34,484	\$7,950,000	(106,895)	\$8,056,895	0.58%	\$234
2005	\$1,300,296,709	34,203	\$8,180,000	(177,238)	\$8,357,238	0.64%	\$244
2004	\$1,203,603,359	34,064	\$8,400,000	(160,560)	\$8,560,560	0.71%	\$251
2003	\$1,130,249,169	33,755	\$8,610,000	(135,610)	\$8,745,610	0.77%	\$259
2002	\$1,003,086,012	33,120	\$8,810,000	(145,435)	\$8,955,435	0.89%	\$270

Sources:
a- Hill County Appraisal District
b- Texas Workforce Commission, U.S. Census Bureau, Bureau of Economic Analysis
c- From Hill County Financial Statements

HILL COUNTY, TEXAS
 DIRECT AND OVER LAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2011
 (Unaudited)

Direct Debt	Net Bonded Debt as of Sept. 30, 2011	% Applicable to Hill County ^a	Net Debt Applicable to Hill County ^a
Direct Debt	\$ 6,715,000	100.00%	\$6,715,000
Overlapping Debt			
Cities			
Blum	344,000	100.00%	344,000
Bynum	6,000	100.00%	6,000
Covington	150,000	100.00%	150,000
Hillsboro	14,005,000	100.00%	14,005,000
Hubbard	3,180,000	100.00%	3,180,000
Itasca	20,875	100.00%	20,875
Mertens	89,000	100.00%	89,000
Mount Calm	298,000	100.00%	298,000
Penelope	96,000	100.00%	96,000
Whitney	1,554,000	100.00%	1,554,000
School Districts			
Abbott ISD	4,301,000	100.00%	4,301,000
Aquilla ISD	2,408,750	100.00%	2,408,750
Blum ISD	3,102,050	100.00%	3,102,050
Bynum ISD	2,409,560	100.00%	2,409,560
Covington ISD	1,503,000	100.00%	1,503,000
Dawson ISD	4,778,685	0.50%	24,104
Frost ISD	994,000	9.54%	94,818
GrandView ISD	17,270,000	2.13%	367,626
Hillsboro ISD	16,502,960	100.00%	16,502,960
Hubbard ISD	10,395,338	100.00%	10,395,338
Itasca ISD	8,248,224	100.00%	8,248,224
Malone ISD	1,207,000	100.00%	1,207,000
Milford ISD	275,000	30.40%	83,592
Rio Vista ISD	14,994,997	0.87%	130,711
West ISD	5,683,690	1.53%	87,046
Whitney ISD	4,660,000	100.00%	4,660,000
Total Overlapping Debt			\$ 75,286,454
Total Direct & Overlapping Debt			\$ 81,981,454

Source:
 a Texas Education Agency - School Financial Reports
 Texas Bond Review Board

The overlap for each entity is calculated by dividing the total in-county taxable value of each entity by the total taxable value of the entity.
 Results include only the overlapping entities with net bonded debt at 9/30/2011.

HILL COUNTY, TEXAS
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (Unaudited)

	2011	2010	2009	2008	2007
Assessed value of real property ^a	\$ 2,028,872,446	\$ 2,074,284,539	\$ 1,911,397,263	\$ 1,680,276,976	\$ 1,490,296,177
Debt limit ^b	506,718,112	518,571,135	477,849,316	415,069,244	372,674,044
Amount of Debt Applicable to Limit ^c	6,715,000	7,090,000	7,190,000	7,455,000	7,710,000
Total bonded debt	100,428	150,538	239,508	239,014	166,383
Less: Assets in debt service fund					
Total net debt applicable to limit	6,614,572	6,939,462	6,951,492	7,215,986	7,543,617
Legal debt margin	\$ 500,103,540	\$ 511,631,673	\$ 470,997,824	\$ 407,853,258	\$ 365,030,427
Total net debt applicable to the limit as a percentage of debt limit	1.31%	1.34%	1.46%	1.74%	2.02%
Assessed value of real property ^a	\$ 1,389,028,795	\$ 1,300,296,709	\$ 1,203,603,359	\$ 1,130,249,169	\$ 1,003,086,012
Debt limit ^b	347,256,899	325,074,177	300,900,840	282,562,292	250,771,503
Amount of Debt Applicable to Limit ^c	7,950,000	8,180,000	8,400,000	8,610,000	8,810,000
Total bonded debt	108,895	177,238	160,560	135,610	145,435
Less: Assets in debt service fund					
Total net debt applicable to limit	7,843,105	8,002,762	8,239,440	8,474,390	8,664,565
Legal debt margin	\$ 339,413,694	\$ 317,071,415	\$ 292,661,400	\$ 274,087,902	\$ 242,106,938
Total net debt applicable to the limit as a percentage of debt limit	2.26%	2.46%	2.74%	3.00%	3.46%

Source: Hill County financial records

a - Hill County Appraisal District

b - Debt is 25% of assessed value of real property Article 3 Section 52 of the Texas Constitution.

c - Annual Financial Report (Statement of Net Assets).

HILL COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Calendar Year	County							State	United States
	Estimated Population ^a	Personal Income (thousands of dollars) ^a	Per Capita Personal Income	School Enrollment ^b	Unemployment Rate ^c	Per Capita Personal Income ^a	Per Capita Personal Income ^a	Per Capita Personal Income ^a	
2011	35,392	\$1,100,512	\$31,095	6572	8.3%	\$39,593	\$41,663	\$39,937	
2010	35,089	\$1,100,512	\$31,363	6506	8.3%	\$37,747	\$39,626	\$40,208	
2009	35,005	\$1,042,535	\$29,782	6500	7.9%	\$38,546	\$38,611	\$36,629	
2008	34,997	\$1,038,312	\$29,669	6447	5.1%	\$37,774	\$34,685	\$33,072	
2007	34,650	\$972,416	\$28,064	6391	4.7%	\$37,187	\$31,466	\$30,795	
2006	34,484	\$881,525	\$25,563	N/A	5.6%	\$35,058			
2005	34,203	\$854,029	\$24,969	N/A	6.2%	\$33,160			
2004	34,064	\$814,120	\$23,900	N/A	6.6%	\$30,887			
2003	33,755	\$756,441	\$22,410	N/A	7.7%	\$29,340			
2002	33,120	\$714,380	\$21,569	N/A	6.7%	\$28,793			

Source:
a- Texas Workforce Commission, U.S. Census Bureau, Bureau of Economic Analysis
Personal Income for Hill County - 2011 was not available, reported 2010 figure
b- Texas Education Agency- student enrollment is only available through 2007
c- Bureau of Labor Statistics

HILL COUNTY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer *	2011			2002		
	Number of Employees b	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
Outlets at Hillsboro	451	1	4.95%	N/A	-	N/A
Hillsboro ISD	267	2	2.93%	N/A	-	N/A
Walmart Supercenter	250	3	2.74%	N/A	-	N/A
Whitney ISD	234	4	2.57%	N/A	-	N/A
Hill Regional Hospital	225	5	2.47%	N/A	-	N/A
Hill County	210	6	2.30%	N/A	-	N/A
Hill College	202	7	2.21%	N/A	-	N/A
Brandom Cabinets	140	8	1.54%	N/A	-	N/A
Bobcat Contracting	130	9	1.43%	N/A	-	N/A
City of Hillsboro	129	10	1.41%	N/A	-	N/A
Total	2,238		24.54%	N/A		N/A
Total County Employment	9,120					

Source:
a - September 30, 2011, Oncor Economic Development Department, Other local data
b - September 30, 2011, Oncor Economic Development Department, Texas Education Agency, Local Inquiries
N/A - Not Available

HILL COUNTY, TEXAS
FULLTIME EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year				
	2011	2010	2009	2008	2007
General Administration	12	12	14	14	13
Financial Administration	14	15	15	14	13
Public Facilities	3	3	3	3	3
Judicial	31	34	34	32	32
Non Probation	7	7	7	7	8
Juvenile Probation	5	5	5	4	5
Legal	4	4	3	4	5
Health and Welfare					
Public Safety	73	75	74	73	72
Non Probation	17	21	27	25	22
Adult Probation	26	29	30	31	32
Public Transportation					
Conservation and Economic Development	4	4	4	4	4
Ag Extension					
Total	196	209	216	211	209

Data will be added each year until 10 years can be presented.
Note: Information from 2002-2006 is not available at this time

Source: Hill County Payroll Records - FTE at September each fiscal year

HILL COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government									
Treasurer's office	1,197	1,612	1,988	4,112	5,633	5,406	N/A	N/A	N/A
Payroll checks issued	5,085	5,209	5,557	6,083	6,185	4,945	N/A	N/A	N/A
Accounts payable checks issued									
County clerk	236	426	252	326	286	292	N/A	N/A	N/A
Marriage licenses issued	6	55	10	-	-	1	N/A	N/A	N/A
Declarations of informal marriage	1,128	1,199	796	855	895	794	N/A	N/A	N/A
Birth certificates issued	424	959	520	519	N/A	N/A	N/A	N/A	N/A
Death certificates issued									
Tax office									
Vehicle Title and Registration transactions	48,739	49,721	50,480	47,333	49,188	46,461	N/A	N/A	N/A
Boat Title and Registration Transactions	1,832	1,935	1,977	1,590	592	-	-	-	-
Tax certificates issued	1,873	1,455	1,773	2,388	2,817	3,777	2,545	N/A	N/A
Elections administration									
Number of registered voters	21,515	22,259	21,749	22,524	21,864	22,321	21,772	22,723	21,150
Judicial									
District Court									
Civil new cases filed	654	632	651	750	756	789	1,179	N/A	N/A
Civil cases disposed	629	621	757	1,110	1,070	1,109	1,373	N/A	N/A
Criminal new cases filed	502	483	440	456	473	423	1,905	N/A	N/A
Criminal cases disposed	622	730	738	589	615	721	2,435	N/A	N/A
County court									
Civil new cases filed	294	406	482	501	490	539	41	N/A	N/A
Civil cases disposed	259	505	503	453	451	353	14	N/A	N/A
Criminal new cases filed	691	1,013	1,263	1,390	1,544	1,520	126	N/A	N/A
Criminal cases disposed	926	1,372	1,386	1,692	1,684	2,491	99	N/A	N/A
Justices of the peace									
Civil cases filed	315	309	269	350	254	176	223	N/A	N/A
Civil cases disposed	245	181	209	224	55	21	82	N/A	N/A
Criminal cases filed	6,779	7,068	8,613	8,475	7,733	10,624	13,742	N/A	N/A
Criminal cases disposed	4,868	5,287	8,211	7,922	6,620	9,323	10,767	N/A	N/A

(continued)

HILL COUNTY, TEXAS
 OPERATING INDICATORS BY FUNCTION/PROGRAM - CONTINUED
 LAST NINE FISCAL YEARS
 (Unaudited)

Function/Program	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety									
County Jail	141	182	146	134	154	151	137	174	125
Average Daily Inmate Prisoner Count									
County Sheriff	452	408	455	411	386	433	536	436	N/A
Total Offenses reported (UCR)									
Public Transportation									
Road & Bridge Precincts	13	15	9	11	10	1	2	10	N/A
Number of Bridges/Culverts Constructed									
Health and welfare									
Public Health Department	953	2,930	1,591	1,267	646	990	343	N/A	N/A
Number of patient visits	1,853	3,599	2,574	2,153	1,268	1,512	861	N/A	N/A
Number of vaccines administered									
Indigent health care	49	38	20	N/A	N/A	N/A	N/A	N/A	N/A
Average Clients Served per Month									
Environmental Health	82	106	130	117	-	-	-	-	-
Septic Tank Permits issued									
Conservation & Economic Development									
Texas AgriLife Extension Service	347	328	385	111	N/A	N/A	N/A	N/A	N/A
Number of educational presentations	7,482	8,302	5,187	2,526	N/A	N/A	N/A	N/A	N/A
Number of participants in edu presentations	146	164	182	89	N/A	N/A	N/A	N/A	N/A
Number of 4-H participants									

Source: Various County Departments, Office of Court Administration
 Secretary of State

Public Health Department data varies according to number of days the office is staffed and changes in eligibility regarding dosage

Hill County started issuing Septic Permits in Nov 2007

Tax Office started issuing boat transactions in 2007

N/A - Information not currently available

Data will be added each year until 10 years can be presented.

HILL COUNTY, TEXAS
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Facilities									
Courthouse and Annexes	3	3	3	3	3	3	3	3	3
Vehicles	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2
Fairgrounds	3	3	3	0	0	0	0	0	0
Judicial									
Juvenile Probation Vehicles	5	3	3	3	3	3	3	3	3
Public safety									
Jail Facilities	2	2	2	2	2	2	2	2	2
Sheriff's vehicles	39	35	31	28	34	32	N/A	N/A	N/A
Constable vehicles	4	4	4	4	0	0	0	0	0
Emergency management	1	1	1	1	1	1	1	1	1
Mobile command center	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1
911 Vehicles									
Public Transportation									
County maintenance facilities	4	4	4	4	4	4	4	4	4
Miles of Road - estimated	1126	1126	1137	1137	1137	1137	1137	1137	1137
Pickups	20	21	23	28	30	31	N/A	N/A	N/A
Heavy Trucks	25	27	30	31	30	27	N/A	N/A	N/A
Motorgraders	18	18	15	17	17	17	N/A	N/A	N/A
Other Road Equipment	43	42	44	47	46	39	N/A	N/A	N/A

Sources:
County Auditor - Capital Asset Listing
Sheriff's Office
Texas Department of Transportation
N/A - Not Available

Data will be added each year until 10 years can be presented.