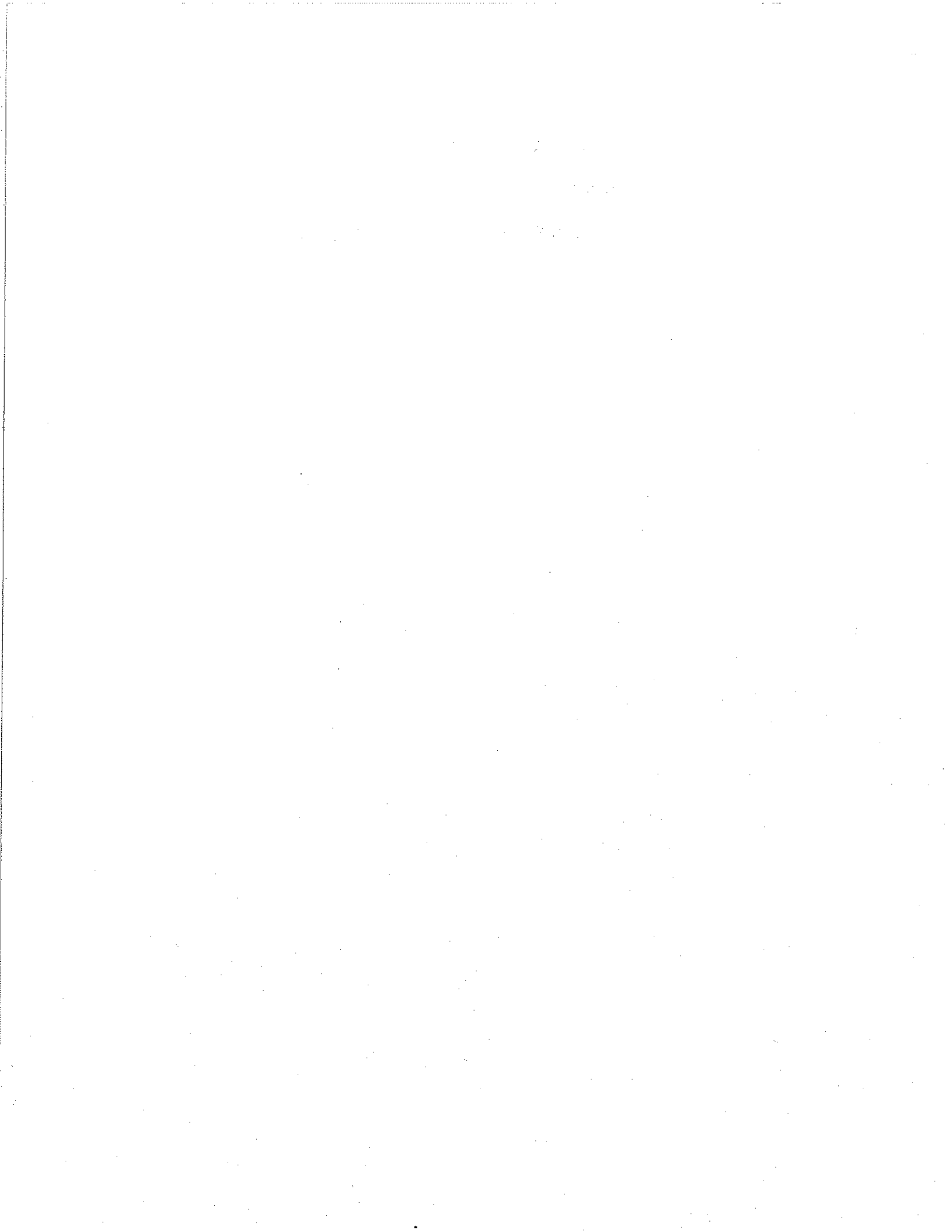

HILL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009



HILL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2009

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

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FINANCIAL SECTION

WAYNE R. BEYER
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INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Hill County, Texas

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of and for the year ended September 30, 2009, which collectively comprise Hill County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hill County, Texas's management. My responsibility is to express opinions on these financial statements based on my audit.

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

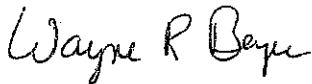
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hill County, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, the Road and Bridge Fund, and the Indigent Health Care fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated April 29, 2010, on my consideration of Hill County, Texas's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of my audit.

The management's discussion and analysis, the non-major budgetary comparison information, and the schedule of funding progress for the Public Employees Retirement System on pages 3 through 10, 51 through 58, and 41, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hill County, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Hill County, Texas. The combining and individual non-major fund financial statements and schedules of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



WAYNE R. BEYER
Certified Public Accountant
Pleasanton, Texas
April 29, 2010

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 \$23,542,230 (net assets). Of this amount, \$9,577,312 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$1,508,700. This increase is attributable to a transfer at fair market value of the Hill County Fair Grounds from Hillsboro ISD with no associated debt.

As of the close of the current fiscal year, Hill County, Texas's governmental funds reported combined ending fund balances of \$9,156,698 a decrease of \$278,774 in comparison with the prior year. Approximately 90% of this total amount, \$8,204,458, 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 \$3,897,522, or 41 percent of total general fund expenditures and the unreserved fund balance for the road and bridge fund was \$2,706,246, or 57 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of Hill County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Hill County, Texas include general administration, public safety, public transportation, health and welfare, judicial, public facilities, legal, financial administration, conservation, 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 twenty-nine (29) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 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 six (26) 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 2009 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, Sheriff – State Investigation Fund, and the Interest and Sinking 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 22-40 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 41 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 42-50 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 51-58 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 \$23,542,230 at the close of the most recent fiscal year.

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

**HILL COUNTY, TEXAS
NET ASSETS**

	Governmental Activities		Total	
	2009	2008	2009	2008
Current and other Assets	\$12,555,513	\$12,452,788	\$12,555,513	\$12,452,788
Capital Assets:	20,283,986	18,703,681	20,283,986	18,703,681
Total Assets	32,839,499	31,156,469	32,839,499	31,156,469
Long-term Liabilities	7,759,304	8,003,651	7,759,304	8,003,651
Other Liabilities	1,537,965	1,119,288	1,537,965	1,119,288
Total Liabilities	9,297,269	9,122,939	9,297,269	9,122,939
Invested in Capital Assets, Net of Related Debt	13,012,678	11,234,620	13,012,678	11,234,620
Restricted	952,240	2,643,287	952,240	2,643,287
Unrestricted	9,577,312	8,155,623	9,577,312	8,155,623
Total Net Assets	\$23,542,230	\$22,033,530	\$23,542,230	\$22,033,530

An additional portion of Hill County, Texas's net assets (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,577,312) 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 \$1,508,700, 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	
	2009	2008	2009	2008
Revenues:				
Program Revenues:				
Charges for Services	\$4,594,507	\$5,087,091	\$4,594,507	\$5,087,091
Operating Grants and Contributions	1,878,634	1,759,306	1,878,634	1,759,306
Capital Grants and Contributions	2,711,688	3,339,546	2,711,688	3,339,546
General Revenues:				
Maintenance and Operations Taxes	8,779,353	7,635,451	8,779,353	7,635,451
Sales Taxes	1,772,732	1,914,937	1,772,732	1,914,937
Other Taxes	102,462	50,101	102,462	50,101
Unrestricted Investment Earnings	430,823	572,204	430,823	572,204
Miscellaneous	227,847	332,606	227,847	332,606
Total Revenue	<u>20,498,046</u>	<u>20,691,242</u>	<u>20,498,046</u>	<u>20,691,242</u>
Expenses:				
General Administration	2,072,407	1,701,790	2,072,407	1,701,790
Legal	376,672	338,301	376,672	338,301
Judicial	2,842,028	2,672,676	2,842,028	2,672,676
Financial Administration	751,953	562,048	751,953	562,048
Public Facilities	644,407	655,930	644,407	655,930
Public Safety	6,624,593	6,362,153	6,624,593	6,362,153
Public Transportation	4,396,904	4,851,508	4,396,904	4,851,508
Health and Welfare	790,575	656,506	790,575	656,506
Conservation - Agriculture	121,396	97,970	121,396	97,970
Interest and Fiscal Charges	368,411	383,211	368,411	383,211
Total Expenses	<u>18,989,346</u>	<u>18,282,093</u>	<u>18,989,346</u>	<u>18,282,093</u>
Increase in net assets before transfers and special items	1,508,700	2,409,149	1,508,700	2,409,149
Transfers	0	0	0	0
Increase in Net Assets	1,508,700	2,409,149	1,508,700	2,409,149
Net Assets at 09/30/2008	<u>22,033,530</u>	<u>19,624,381</u>	<u>22,033,530</u>	<u>19,624,381</u>
Net Assets at 09/30/2009	<u>\$23,542,230</u>	<u>\$22,033,530</u>	<u>\$23,542,230</u>	<u>\$22,033,530</u>

The increase in net assets over the previous year was \$1,508,700. Revenues decreased by \$193,196 which was caused in great part by a \$627,858 decrease in capital grants. The total expenses increased by \$707,253 which was largely the result of a decrease in FEMA expenses coupled with a general increase in all the other expense functions.

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	\$2,072,407	\$419,408	\$156,467	\$1,468,189
Legal	376,672	72,724	62,500	
Judicial	2,842,028	2,153,860	256,165	
Financial Administration	751,953	424,085		
Public Facilities	644,407			
Public Safety	6,624,593	713,489	1,108,289	40,000
Public Transportation	4,396,904	810,941	269,744	1,203,499
Health and Welfare	790,575		25,469	
Conservation - Agriculture	121,396			
Interest and Fiscal Charges	368,411			
Total government activities	<u>\$18,989,346</u>	<u>\$4,594,507</u>	<u>\$1,878,634</u>	<u>\$2,711,688</u>

Revenues by source - Governmental Activities

	REVENUES	%
Charges for Services	\$4,594,507	22.41%
Operating Grants and Contributions	1,878,634	9.16%
Capital Grants and Contributions	2,711,688	13.23%
Property Taxes, Levies for General Purposes	8,779,353	42.83%
Sales Taxes	1,772,732	8.65%
Other Taxes	102,462	0.50%
Unrestricted Investment Earnings	430,823	2.10%
Miscellaneous	227,847	1.11%
	<u>\$20,498,046</u>	<u>100.00%</u>

Financial Analysis of the Government's Funds

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

Governmental funds:

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

As of the end of the current fiscal year, Hill County, Texas's governmental funds reported combined ending fund balances of \$9,156,698, a decrease of \$278,774 in comparison with the prior year. Approximately 90 percent of this total amount \$8,204,458 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remaining restricted amounts are as follows: 1) \$238,508 is to be used for debt service, and 2) \$713,732 is to be used for construction.

The general fund is the chief operating fund of Hill County, Texas. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,897,522, while total fund balance reached \$3,897,522. 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 41 percent of total general fund expenditures, while total fund balance represents 41 percent of that same amount.

The fund balance of Hill County, Texas's general fund increased by \$7,649 during the current fiscal year. Key factors in this increase are as follows:

Revenues increased by \$731,946 while expenditures increased by \$599,775. The main increase in revenues was in ad valorem taxes which increased by \$874,042.

At the end of the current fiscal year, unreserved fund balance of the road and bridge fund was \$2,706,246, while total fund balance reached \$2,706,246. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 57 percent of total road and bridge fund expenditures, while total fund balance represents 57 percent of that same amount.

The fund balance of Hill County, Texas's road and bridge fund increased by \$121,205 during the current fiscal year. Key factors in this increase are as follows:

The ad valorem taxes increased by \$286,512 during the year.

At the end of the current fiscal year, unreserved fund balance of the indigent health care fund was \$344,557, while total fund balance reached \$344,557. As a measure of the indigent health care 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 52 percent of total indigent health care fund expenditures, while total fund balance represents 52 percent of that same amount.

The fund balance of Hill County, Texas's indigent health care fund increased by \$46,760 during the current fiscal year. Key factors in this increase are as follows:

The ad valorem taxes increased by \$80,555 during the year.

Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$148,097. 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 due to grant proceeds which financed an increase in expenditures. In total, the general fund expenditures were under the budgeted expenditures by \$420,736.

Differences between the original budget and the final amended budget for the road and bridge fund were an increase of \$140,342. 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 due mostly as a result of the sale of capital assets which financed the resulting increase in expenditures. In total, the road and bridge fund expenditures were under the budgeted expenditures by \$1,752,214.

Differences between the original budget and the final amended budget for the indigent health care fund were an increase of \$-0-. In total, the indigent health care fund expenditures were over the budgeted expenditures by \$115,057.

Capital Asset and Debt Administration

Capital assets:

Hill County, Texas's investment in capital assets for its governmental activities as of September 30, 2009, amounts to \$20,283,986 (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 \$1,580,305 or 8 percent.

The County expended FEMA grant costs during the year for road construction.

HILL COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2009	2008	2009	2008
Land	\$18,198	\$18,198	\$18,198	\$18,198
Construction in Progress	3,600	3,600	3,600	3,600
Building and Improvements	15,862,560	14,893,914	15,862,560	14,893,914
Machinery and Equipment	2,721,285	2,317,964	2,721,285	2,317,964
Infrastructure	1,678,343	1,470,005	1,678,343	1,470,005
Total	\$20,283,986	\$18,703,681	\$20,283,986	\$18,703,681

Additional information on Hill County, Texas's capital assets can be found in note IV C on page 33 of this report.

Long-term debt:

At the end of the current fiscal year, Hill County, Texas had total bonded debt outstanding of \$7,190,000. All of which comprises debt backed by the full faith and credit of Hill County, Texas.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year	Due after one year
<u>Governmental activities:</u>						
Certificates of Obligation	\$7,455,000		\$265,000	\$7,190,000	\$280,000	\$6,910,000
Grand Total	<u>\$7,455,000</u>	<u>\$0</u>	<u>\$265,000</u>	<u>\$7,190,000</u>	<u>\$280,000</u>	<u>\$6,910,000</u>

Hill County, Texas's total bonded debt decreased by \$265,000 (04 percent) during the current fiscal year. The key factor in this decrease was the payment of certificates of obligation bonds for the year.

Additional information on Hill County, Texas's long term debt can be found in note IV F on pages 35 thru 37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

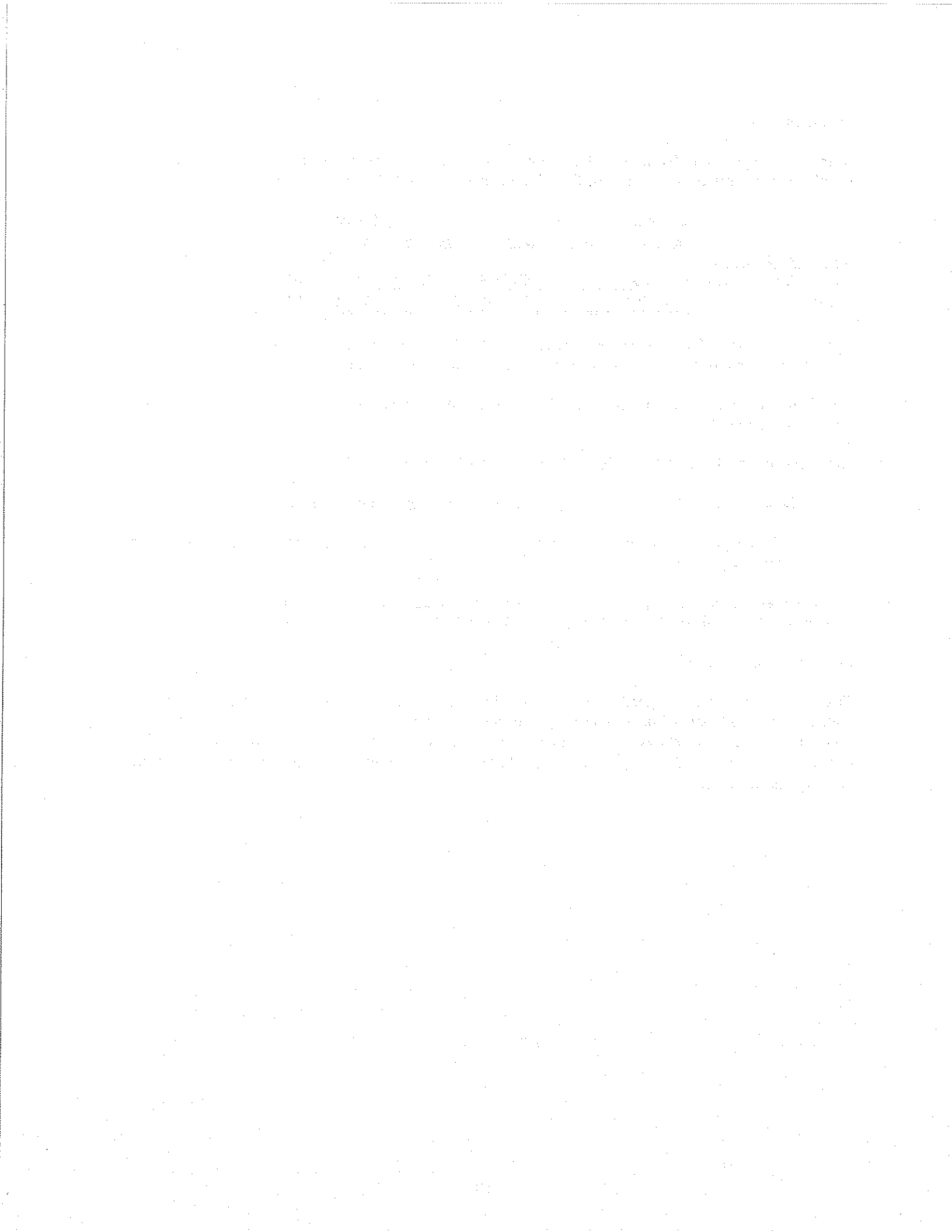
Continued population growth will have a positive economic impact on the next fiscal year.

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

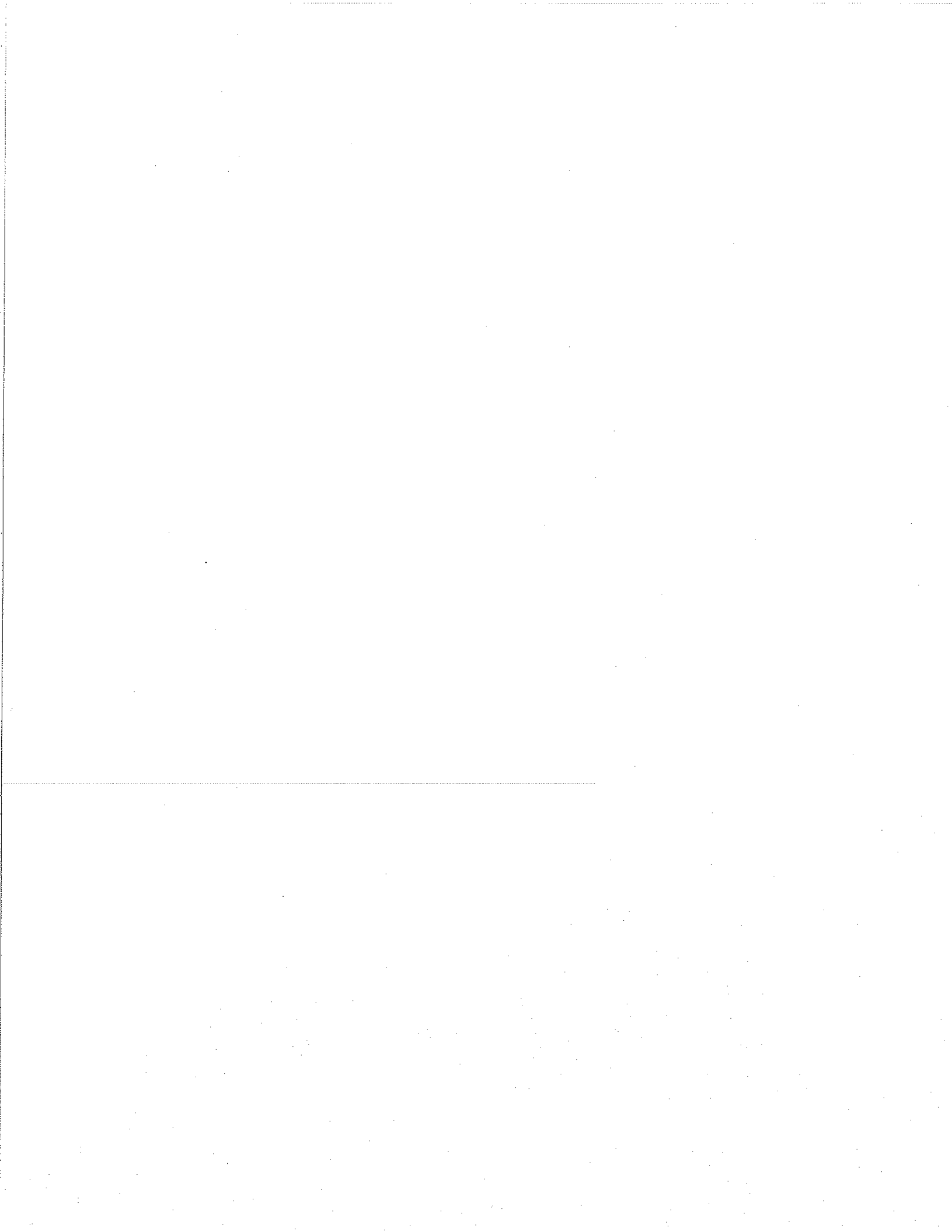
Estimated revenue for fiscal year 2010 is \$10,519,799, including incoming transfer of \$1,381,422 for the General Fund and estimated expenditures are \$10,670,709.

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, 2009

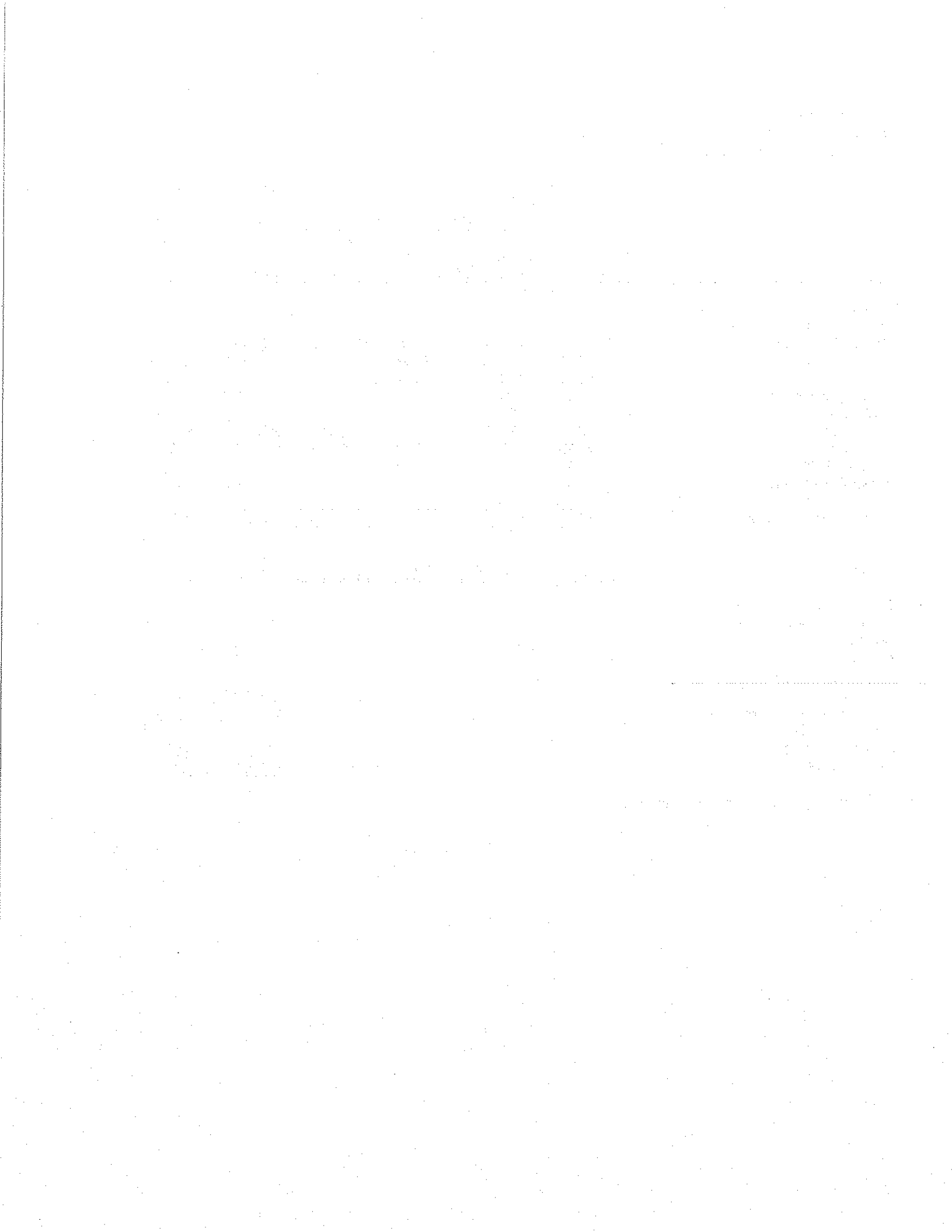
	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$9,651,686	\$9,651,686
Receivables (net of allowance for uncollectibles)	2,720,328	2,720,328
inventory	53,627	53,627
Prepaid Items	129,872	129,872
Capital assets not being depreciated:		
Land	18,198	18,198
Construction in Progress	3,600	3,600
Total Capital assets being depreciated, net		
Building and Improvements	15,862,560	15,862,560
Machinery and Equipment	2,721,285	2,721,285
Infrastructure	1,678,343	1,678,343
Total Assets	\$32,839,499	\$32,839,499
LIABILITIES		
Accounts Payable	\$1,245,077	\$1,245,077
Accrued Wages Payable	248,402	248,402
Accrued Interest Payable	44,486	44,486
Noncurrent Liabilities:		
Due within one year	417,542	417,542
Due in more than one year	7,341,762	7,341,762
Total Liabilities	9,297,269	9,297,269
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	13,012,678	13,012,678
Restricted for:		
Construction	713,732	713,732
Debt Service	238,508	238,508
Unrestricted	9,577,312	9,577,312
Total Net Assets	\$23,542,230	\$23,542,230

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
					Governmental Activities	Total
Primary government						
Government activities:						
General Administration	\$2,072,407	\$419,408	\$156,467	\$1,468,189	(\$28,343)	(\$28,343)
Legal	376,672	72,724	62,500		(241,448)	(241,448)
Judicial	2,842,028	2,153,860	256,165		(432,003)	(432,003)
Financial Administration	751,953	424,085			(327,868)	(327,868)
Public Facilities	644,407				(644,407)	(644,407)
Public Safety	6,624,593	713,489	1,108,289	40,000	(4,762,815)	(4,762,815)
Public Transportation	4,396,904	810,941	269,744	1,203,499	(2,112,720)	(2,112,720)
Health and Welfare	790,575		25,469		(765,106)	(765,106)
Conservation - Agriculture	121,396				(121,396)	(121,396)
Interest and Fiscal Charges	368,411				(368,411)	(368,411)
Total government activities	<u>18,989,346</u>	<u>4,594,507</u>	<u>1,878,634</u>	<u>2,711,688</u>	<u>(9,804,517)</u>	<u>(9,804,517)</u>
 Total Primary Government	 <u>\$18,989,346</u>	 <u>\$4,594,507</u>	 <u>\$1,878,634</u>	 <u>\$2,711,688</u>	 <u>(9,804,517)</u>	 <u>(9,804,517)</u>
General Revenues						
Property Taxes, Levies for General Purposes					8,779,353	8,779,353
Sales Taxes					1,772,732	1,772,732
Other Taxes					102,462	102,462
Unrestricted Investment Earnings					430,823	430,823
Miscellaneous					227,847	227,847
Total General Revenues and Transfers					<u>11,313,217</u>	<u>11,313,217</u>
Change in Net assets					1,508,700	1,508,700
Net Assets - Beginning					<u>22,033,530</u>	<u>22,033,530</u>
Net Assets - Ending					<u>\$23,542,230</u>	<u>\$23,542,230</u>

The accompanying notes are an integral part of this statement.



FUND FINANCIAL STATEMENTS

HILL COUNTY, TEXAS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$4,002,842	\$2,570,431	\$574,983	\$2,503,430	\$9,651,686
Receivables (net of allowance for uncollectibles)	1,077,659	470,322	67,676	89,319	1,704,976
Due from Other Funds				7,722	7,722
Total Assets	\$5,080,501	\$3,040,753	\$642,659	\$2,600,471	\$11,364,384
LIABILITIES AND FUND BALANCES:					
Liabilities					
Accounts Payable	\$579,234	\$127,866	\$252,525	\$285,452	\$1,245,077
Due to Other Funds				7,722	7,722
Accrued Wages Payable	160,329	37,815	1,235	49,023	248,402
Deferred Revenues	443,416	168,826	44,342	49,901	706,485
Total Liabilities	1,182,979	334,507	298,102	392,098	2,207,686
Fund Balances:					
Reserved for:					
Construction				713,732	713,732
Debt Service				238,508	238,508
Unreserved, Reported in					
General Fund	3,897,522				3,897,522
Special Revenue Funds		2,706,246	344,557	1,256,133	4,306,936
Total Fund Balance	3,897,522	2,706,246	344,557	2,208,373	9,156,698
Total Liabilities and Fund Balances	\$5,080,501	\$3,040,753	\$642,659	\$2,600,471	\$11,364,384

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, 2009

Total Fund Balances - governmental funds balance sheet	\$9,156,698
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.	20,283,986
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,198,851
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	706,485
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(7,803,790)
Net assets of governmental activities - statement of net assets	<u>\$23,542,230</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, 2009

	General Fund	Road and Bridge	Indigent Health Care	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$5,536,571	\$2,063,552	\$541,405	\$618,130	\$8,759,658
Sales	1,418,185	212,728	141,819		1,772,732
Other	102,462				102,462
Intergovernmental	750,233	1,173,164		1,158,736	3,082,133
Licenses and Permits		753,718			753,718
Charges for Services	1,298,102	57,223		1,991,709	3,347,034
Fines and Forfeitures	64,886	367,687		38,456	471,029
Interest	246,422	90,706		93,695	430,823
Miscellaneous	80,304	36,405	20,236	29,103	166,048
Total Revenues	9,497,165	4,755,183	703,460	3,929,829	18,885,637
EXPENDITURES					
Current:					
General Administration	1,897,248			82,941	1,980,189
Legal	351,919			22,464	374,383
Judicial	1,238,461			1,646,740	2,885,201
Financial Administration	768,338				768,338
Public Facilities	379,076				379,076
Public Safety	4,661,197			1,941,789	6,602,986
Public Transportation		4,738,031			4,738,031
Health and Welfare	127,594		656,700	4,112	788,406
Conservation - Agriculture	127,401				127,401
Debt Service					
Principal Retirement		14,061		265,000	279,061
Interest and Fiscal Charges		133		369,963	370,096
Total Expenditures	9,551,234	4,752,225	656,700	4,333,009	19,293,168
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(54,069)	2,958	46,760	(403,180)	(407,531)
OTHER FINANCING SOURCES (USES):					
Sale of Capital assets	1,010	118,247		9,500	128,757
Operating Transfers In	195,530			214,526	410,056
Operating Transfers Out	(134,822)			(275,234)	(410,056)
Total Other Financing Sources (Uses)	61,718	118,247	0	(51,208)	128,757
Net Changes in Fund Balances	7,649	121,205	46,760	(454,388)	(278,774)
Fund Balances - Beginning	3,889,873	2,585,041	297,797	2,662,761	9,435,472
Fund Balances - Ending	\$3,897,522	\$2,706,246	\$344,557	\$2,208,373	\$9,156,698

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, 2009

Net Changes in Fund Balances - total governmental funds	(\$278,774)
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.	1,580,305
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.	22,726
(Increase) decrease in Compensated Absences from beginning of period to end of period.	46,594
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,695
Increase (decrease) in Inventory from beginning of period to end of period.	(24,521)
Increase (decrease) in Prepaid Items from beginning of period to end of period.	(56,763)
(Increase) decrease in Accrued interest Payable from beginning of period to end of period.	1,685
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	279,061
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(81,308)
Change in net assets of governmental activities - statement of activities	<u>\$1,506,700</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$5,452,646	\$5,452,646	\$5,536,571	\$83,925
Sales	1,390,898	1,390,898	1,418,185	27,287
Other	102,600	102,600	102,462	(138)
Intergovernmental	260,900	382,306	750,233	367,927
Charges for Services	1,574,945	1,574,945	1,298,102	(276,843)
Fines and Forfeitures	53,850	53,850	64,886	11,036
Interest	300,000	300,000	246,422	(53,578)
Miscellaneous	1,500	34,013	80,304	46,291
Total Revenues	9,137,339	9,291,258	9,497,165	205,907
EXPENDITURES				
Current:				
General Administration				
Computer	538,362	538,362	445,995	92,367
County Clerk	313,577	313,577	290,173	23,404
County Judge	134,580	134,580	130,865	3,715
Elections Administration	159,851	159,851	152,407	7,444
Non-Departmental	798,097	855,286	831,800	23,486
Tourism Director	25,000	25,000	22,191	2,809
Veterans Service	24,470	24,470	23,817	653
Legal				
County Attorney	334,523	342,218	339,338	2,880
County Attorney Excess	25,000	25,000	12,581	12,419
Judicial				
County Court at Law	214,456	214,456	204,991	9,465
District Attorney	174,100	174,100	172,294	1,806
District Clerk	365,863	365,863	355,186	10,677
District Judge	104,831	104,831	100,687	4,144
Justices of the Peace	399,419	418,140	405,303	12,837
Financial Administration				
County Auditor	165,193	165,193	152,039	13,154
County Treasurer	162,370	171,770	170,443	1,327
Tax Assessor-Collector	423,219	441,798	445,856	(4,058)
Public Facilities				
Courthouse	365,877	365,877	379,076	(13,199)
Public Safety				
911 Dispatch	372,038	372,038	382,044	(10,006)
Constables	227,373	227,373	201,281	26,092
Courthouse Security	196,126	196,126	193,567	2,559
Jail	2,442,785	2,442,785	2,293,708	149,077
Sheriff	1,598,652	1,631,165	1,590,597	40,568

(continued)

(continued)

Health and Welfare				
Public Assistance	134,493	134,493	127,594	6,899
Conservation - Agriculture				
Agriculture Extension Service	123,618	127,618	127,401	217
Total Expenditures	<u>9,823,873</u>	<u>9,971,970</u>	<u>9,551,234</u>	<u>420,736</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(686,534)</u>	<u>(680,712)</u>	<u>(54,069)</u>	<u>626,643</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets			700	700
Operating Transfers In	865,500	865,500	195,840	(669,660)
Operating Transfers Out	(176,000)	(181,822)	(134,822)	47,000
Total Other Financing Sources (Uses)	<u>689,500</u>	<u>683,678</u>	<u>61,718</u>	<u>(621,960)</u>
Net Changes in Fund Balances	2,966	2,966	7,649	4,683
Fund Balances - Beginning	<u>3,889,873</u>	<u>3,889,873</u>	<u>3,889,873</u>	<u>0</u>
Fund Balances - Ending	<u>\$3,892,839</u>	<u>\$3,892,839</u>	<u>\$3,897,522</u>	<u>\$4,683</u>

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

HILL COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

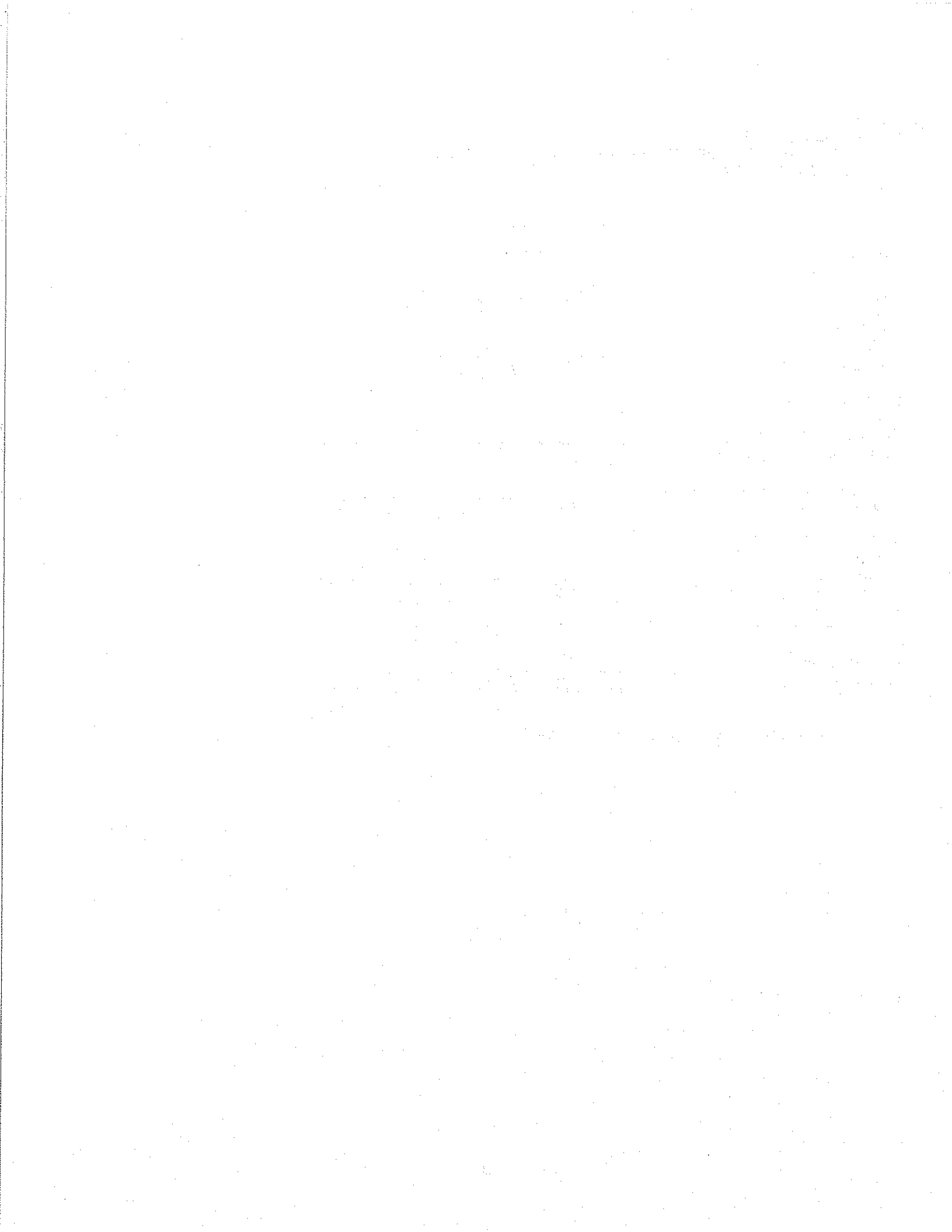
	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$2,040,429	\$2,040,429	\$2,063,552	\$23,123
Sales	208,634	208,634	212,728	4,094
Other				0
Intergovernmental	179,275	179,275	487,589	308,314
Licenses and Permits	763,502	763,502	753,718	(9,784)
Charges for Services	65,000	65,000	57,223	(7,777)
Fines and Forfeitures	315,150	315,150	367,687	52,537
Interest	99,800	99,800	90,706	(9,094)
Miscellaneous	4,505	41,397	36,405	(4,992)
Total Revenues	3,676,295	3,713,187	4,069,608	356,421
EXPENDITURES				
Current				
Public Transportation	5,660,522	5,800,864	4,052,456	1,748,408
Debt Service				
Principal Retirement	17,000	17,000	14,061	2,939
Interest Retirement	1,000	1,000	133	867
Total Expenditures	5,678,522	5,818,864	4,066,650	1,752,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,002,227)	(2,105,677)	2,958	2,108,635
OTHER FINANCING SOURCES (USES):				
Sale of Capital assets		103,450	118,247	14,797
Operating Transfers In			0	0
Operating Transfers Out			0	0
Total Other Financing Sources (Uses)	0	103,450	118,247	14,797
Net Changes in Fund Balances - Budgetary Basis	(\$2,002,227)	(\$2,002,227)	121,205	\$2,123,432
Reconciliation from Budgetary Basis to modified accrual:				
NCRS Non-Cash Grant - 75% Match			685,575	
Flood and Drainage Facilities			(685,575)	
Net Changes in Fund Balances - Modified Accrual Basis			121,205	
Fund Balances - Beginning			2,585,041	
Fund Balances - Ending			\$2,706,246	

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$546,012	\$546,012	\$541,405	(\$4,607)
Sales	139,090	139,090	141,819	2,729
Interest				0
Miscellaneous	0	0	20,236	20,236
Total Revenues	685,102	685,102	703,460	18,358
EXPENDITURES				
Current:				
Health and Welfare	541,643	541,643	656,700	(115,057)
Total Expenditures	541,643	541,643	656,700	(115,057)
Excess (Deficiency) of Revenues Over (Under) Expenditures	143,459	143,459	46,760	(96,699)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(100,000)	(100,000)		100,000
Total Other Financing Sources (Uses)	(100,000)	(100,000)	0	100,000
Net Changes in Fund Balances	43,459	43,459	46,760	3,301
Fund Balances - Beginning	297,797	297,797	297,797	
Fund Balances - Ending	\$341,256	\$341,256	\$344,557	\$3,301

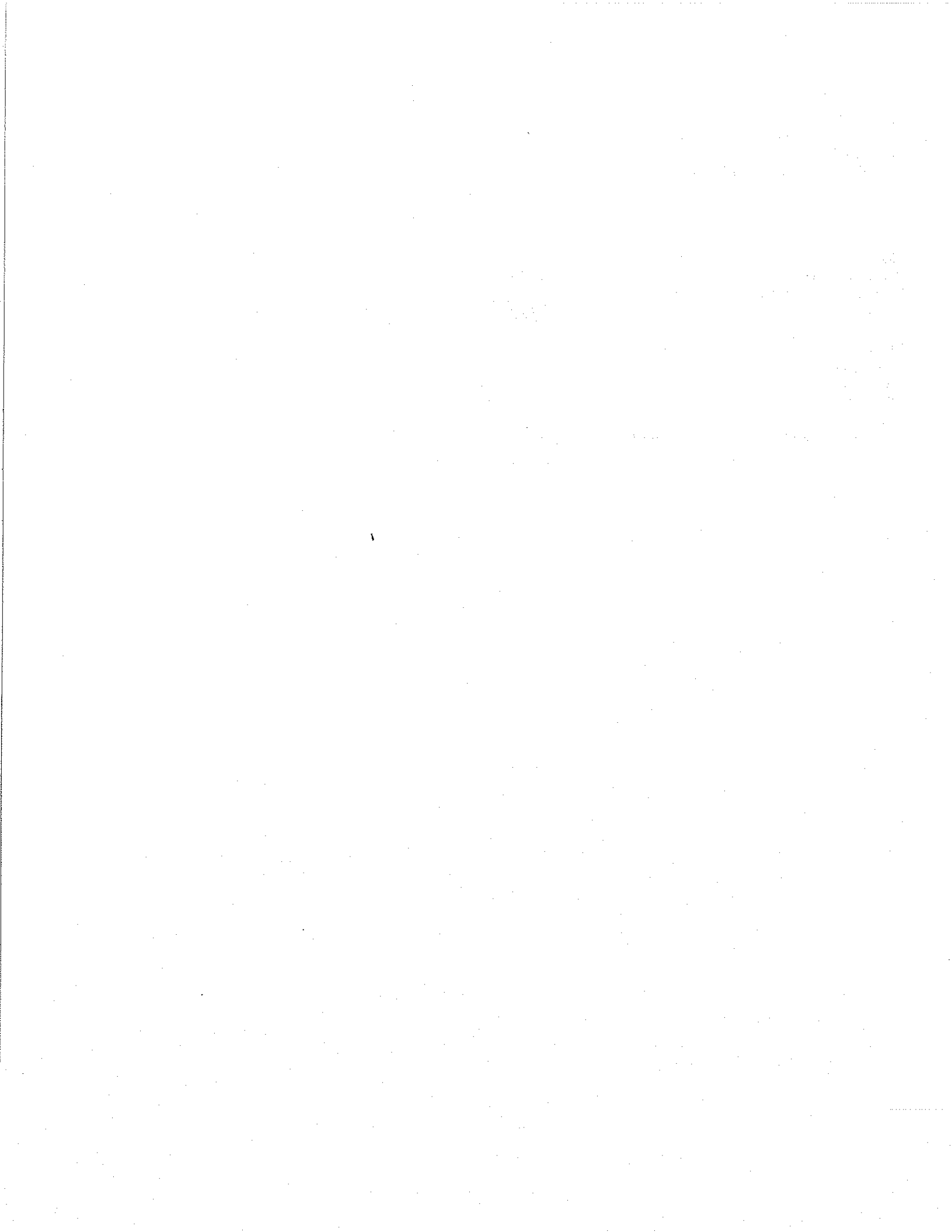
The notes to the financial statements are an integral part of this statement.



HILL COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$2,443,186
Receivables (net of allowance for uncollectibles)	0
Total Assets	<u>\$2,443,186</u>
LIABILITIES	
Accounts Payable	\$0
Due to Others	2,443,186
Total Liabilities	<u>\$2,443,186</u>

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



HILL COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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, 2009 and 10 percent of the delinquent outstanding property taxes at September 30, 2009.

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, 2009 are reflected in the accompanying financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2009.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County expended FEMA grant costs during the year for road construction.

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

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Equity

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$7,803,790 difference are as follows:

Capital leases payable	\$81,308
Bonds payable	7,190,000
Accrued interest payable	44,486
Compensated absences	487,996
	<u>\$7,803,790</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 \$20,283,986 difference are as follows:

Capital assets not being depreciated	\$21,798
Capital assets being depreciated	29,315,024
Accumulated Depreciation	(9,052,836)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	\$20,283,986

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 \$706,485 difference are as follows:

Property taxes Receivable	\$857,775
Allowance for Doubtful Accounts	(85,778)
Amounts collected within 60 days	(65,512)
Net	\$706,485

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 \$1,198,851 difference are as follows:

Fines Receivable	\$1,692,253
Inventory	\$53,627
Prepaid Items	129,872
Allowance for Doubtful Accounts	(676,901)
Net	\$1,198,851

- 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 \$1,580,305 difference are as follows:

Capital outlay - additions - not being depreciated	\$0
Capital outlay - additions - being depreciated	2,903,444
Capital outlay - deletions - net	(66,958)
Depreciation expense	(1,256,181)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$1,580,305

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 2009 fiscal year were adopted for the General Fund, the Road and Bridge Funds, Records Preservation and Management Fund, the Law Library Fund, the Jury Fund, the Indigent Health Fund, the D.A. Forfeited Property Fund, the Probate Education Fund, the Sheriff-State Investigative Fund, the County Clerk Records Fund, and the Interest and Sinking Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2009, expenditures exceeded appropriations in the Indigent Health Care Fund whereby expenditures of \$656,700 exceeded appropriations of \$541,643 by \$115,057, in the Sheriff - State Investigative Fund whereby expenditures of \$9,725 exceeded appropriations of \$1,466 by \$8,259, and in the D.A. Forfeited Property Fund whereby expenditures of \$186,656 exceeded appropriations of \$186,834 by \$2,822.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2009 except for the Child Welfare Board fund and the Hill County for M.A.D.D. fund which had deficit fund balances of \$506 and \$190, respectively.

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, 2009, 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, 2009, the government's bank balance of \$3,747,608 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 \$5,236,491 and the FDIC coverage is \$250,000. The government's bank balance of \$294,861 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 government's bank balance of \$8,112,409 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 \$9,569,471 and the FDIC coverage is \$250,000. The amount of \$12,045 in the Bank of America was covered by the FDIC.

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

BANK	BANK	FDIC	COLLATERAL	AMOUNT
	BALANCE	INSURANCE	*	AT RISK
WELLS FARGO BANK	\$3,747,608	\$250,000	\$5,236,491	\$0
CITIZENS NATIONAL BANK	294,861	250,000	0	44,861
CITIZENS STATE BANK	8,112,409	250,000	9,569,471	0
BANK OF AMERICA	12,045	250,000	0	0
TOTAL	<u>\$12,166,923</u>	<u>\$1,000,000</u>	<u>\$14,805,962</u>	<u>\$44,861</u>

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

B. Receivables

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

	General	Road and Bridge	Indigent Health Care	Other Govern-mental	Total
<u>Receivables</u>					
Ad Valorem Taxes	\$538,569	\$204,740	\$53,857	\$60,609	\$857,775
Sales Taxes	192,052	28,808	19,205		240,065
Fines	1,692,253				1,692,253
Other	400,895	257,248		34,771	692,914
Gross receivables	<u>2,823,769</u>	<u>490,796</u>	<u>73,062</u>	<u>95,380</u>	<u>3,483,007</u>
Less: Allowance for uncollectibles	730,758	20,474	5,386	6,061	762,679
Net total receivables	<u>\$2,093,011</u>	<u>\$470,322</u>	<u>\$67,676</u>	<u>\$89,319</u>	<u>\$2,720,328</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>\$ 706,485</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 706,485</u>

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$18,198			\$18,198
Construction in Progress	3,600			3,600
Total capital assets not being depreciated:	<u>21,798</u>	<u>0</u>	<u>0</u>	<u>21,798</u>
Capital assets being depreciated:				
Building and Improvements	18,993,110	1,473,689		20,466,799
Machinery and Equipment	6,135,805	1,130,876	383,205	6,883,476
Infrastructure	1,665,870	298,879		1,964,749
Total capital assets being depreciated:	<u>26,794,785</u>	<u>2,903,444</u>	<u>383,205</u>	<u>29,315,024</u>
Less: Accumulated Depreciation for:				
Building and Improvements	4,099,196	505,043	0	4,604,239
Machinery and Equipment	3,817,841	660,597	316,247	4,162,191
Infrastructure	195,865	90,541	0	286,406
Total Accumulated Depreciation	<u>8,112,902</u>	<u>1,256,181</u>	<u>316,247</u>	<u>9,052,836</u>
Total Capital Assets Depreciated, Net	<u>18,681,883</u>	<u>1,647,263</u>	<u>66,958</u>	<u>20,262,188</u>
Governmental Activities capital assets, Net	<u>\$18,703,681</u>	<u>\$1,647,263</u>	<u>\$66,958</u>	<u>\$20,283,986</u>

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

Governmental activities	
General Administration	\$59,351
Judicial	16,316
Financial Administration	3,041
Public Facilities	297,932
Public Safety	343,848
Public Transportation	535,693
Total depreciation expense - governmental activities	<u>\$1,256,181</u>

Construction commitments

The County expended FEMA grant costs during the year for road construction.

D. Interfund Receivables, Payables, and Transfers

There were no advances at September 30, 2009.

The Due to/from other funds consisted of the following:

DUE TO	DUE FROM		TOTAL
	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND			\$0
NON-MAJOR GOVERNMENTAL FUNDS		7,722	7,722
TOTALS	\$0	\$7,722	\$7,722

The transfers consisted of the following:

TRANSFER OUT	TRANSFER IN		TOTAL
	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND		(\$134,822)	(\$134,822)
NON-MAJOR GOVERNMENTAL FUNDS	195,530		195,530
TOTALS	\$195,530	(\$134,822)	\$60,708

Note: All transfers are non-recurring.

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$87,606 for the year ended September 30, 2009. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	Amount
2010	\$ 83,274
2011	72,001
2012	56,507
2013	41,297
Total	<u>\$253,079</u>

F. Long-Term Debt

Capital Leases

The government has entered into a lease agreement as lessee for financing of two Motor Graders for precinct no. 3 and one motor grader for precinct no. 1. 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 debt service for the two Motor Graders is serviced from Precinct No. 3. The debt service for the one Motor Grader is serviced from Precinct No. 1.

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

Asset:	TWO MOTOR GRADERS	ONE MOTOR GRADER	TOTAL
Cost	\$210,720	\$151,143	\$151,143
Less: Accumulated Depreciation	140,480	19,793	19,793
Total	<u>\$70,240</u>	<u>\$131,350</u>	<u>\$131,350</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, were as follows:

YEAR	Governmental	
	Activities	Total
2010	\$42,835	\$42,835
2011	42,835	42,835
TOTAL MINIMUM LEASE PAYMENTS	<u>85,670</u>	<u>85,670</u>
LESS: AMOUNT REPRESENTING INTEREST	4,362	4,362
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$81,308</u>	<u>\$81,308</u>

Certificates of Obligation:

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

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

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental activities - Certificates of Obligation Bonds	4.30-5.875	\$ 1,145,000
Governmental activities - Certificates of Obligation Bonds	4.50-5.00	6,045,000

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2010	\$280,000	\$355,886
2011	295,000	341,645
2012	310,000	326,583
2013	325,000	312,053
2014	340,000	296,435
2015 to 2019	1,960,000	1,213,581
2020 to 2024	2,500,000	681,100
2025 to 2026	1,180,000	89,250
TOTALS	\$7,190,000	\$3,616,533

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 within one year</u>
<u>Governmental activities:</u>						
Certificates of Obligation	\$7,455,000	\$0	\$265,000	\$7,190,000	\$280,000	\$6,910,000
Total Bonds Payable	7,455,000	0	265,000	7,190,000	280,000	6,910,000
Capital Leases Payable	14,061	124,143	56,896	81,308	39,943	41,365
Compensated Absences	648,231		160,235	487,996	97,599	390,397
Grand Total	\$8,117,292	\$124,143	\$482,131	\$7,759,304	\$417,542	\$7,341,762

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 2009-10 year is \$97,599.

The government-wide statement of activities includes \$417,542 as "noncurrent liabilities, due within one year".

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

G. Restricted Net Assets

The restricted assets at September 30, 2009 were 1) \$238,508 to be used for debt service, and 2) \$713,732 to be used for construction.

V. Other Information

A. Risk Management

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

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

	Year Ended September 30, 2009	Year Ended September 30, 2008
Unpaid claims, beginning of fiscal year	\$0	\$0
Incurred claims (including IBNRs)	0	0
Claim payments	0	0
Unpaid claims, end of fiscal year	\$0	\$0

B. Related Party Transaction:

There were no related party transactions during the year.

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.

Eddie Lehmann v. Hill County et al; Civil Action No. W09CA086 in the United States District Court for the Western District of Texas, Waco Division.

Mr. Lehman has filed suit as a result of his termination from his position as maintenance foreman of precinct 3 of Hill County. He was terminated on or about the day the new commissioner took office, January 1, 2009. Mr. Lehman claims he was fired because he supported the commissioner's opponent in the campaign in violation of his first amendment rights to freedom of political association. He also claims he was fired because of his age in violation of the Age Discrimination in Employment Act. The County has filed a motion to dismiss the claims asserting that his position was a personal staff position under the ADEA and a policy making/ confidential employee position under the First Amendment and that Mr. Lehman is therefore not able to file suit. If the court grants the motion, there will be no more expenses in the case. However, if the motion is denied, the case will proceed to jury trial in June unless the case is settled. If the case is tried in June, it is certainly possible that either side will file an appeal and the appellate process could take up a year to complete.

The County does not expect that the outcome of any of the matter will substantially impair the financial activities of the County.

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 574 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 6.60% for the 2008 and 6.53% for the 2009 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 2007 and 2009 is the rate of 6% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, closed
Amortization period	20.0	15.0	15.0
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%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.00%	0.00%	0.00%

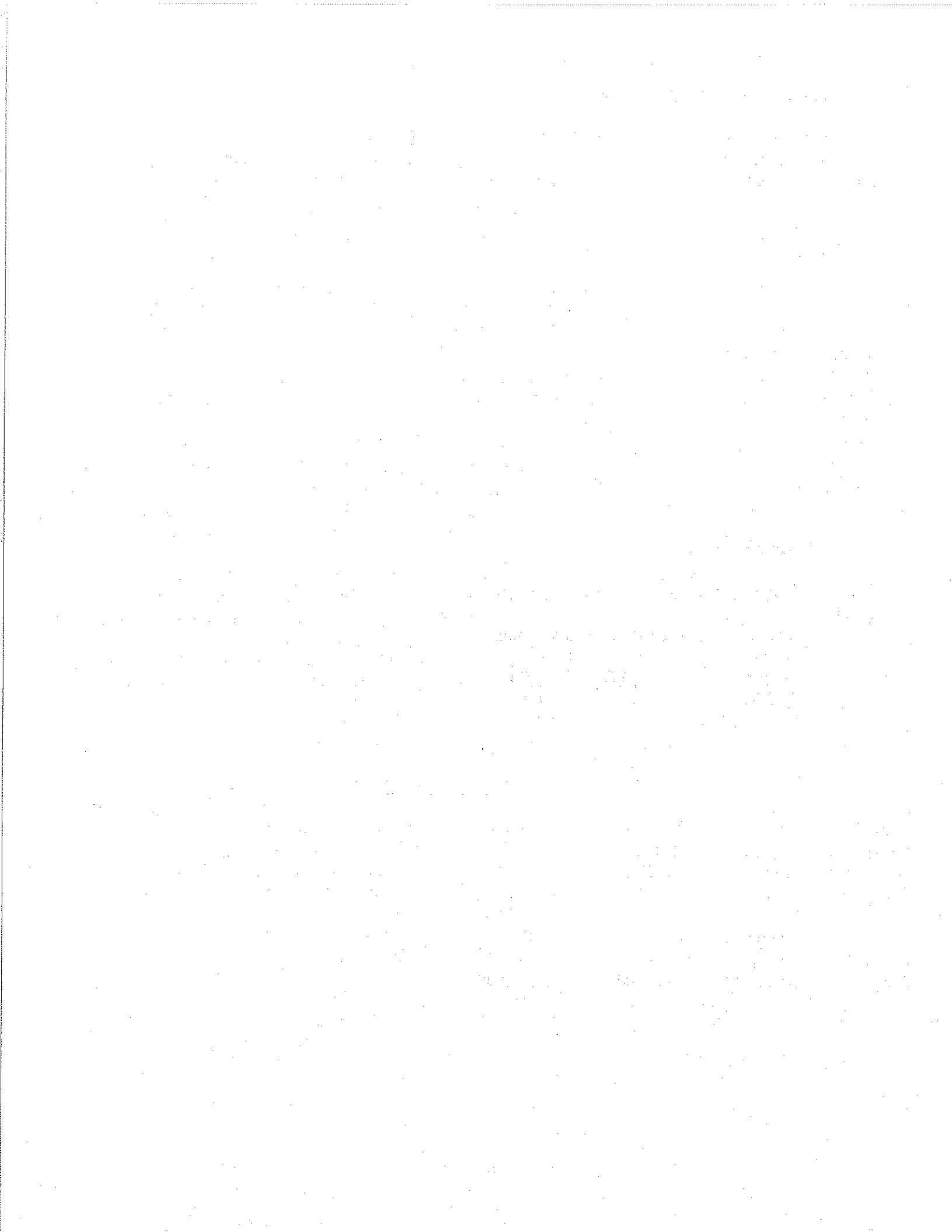
Annual Pension Cost

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

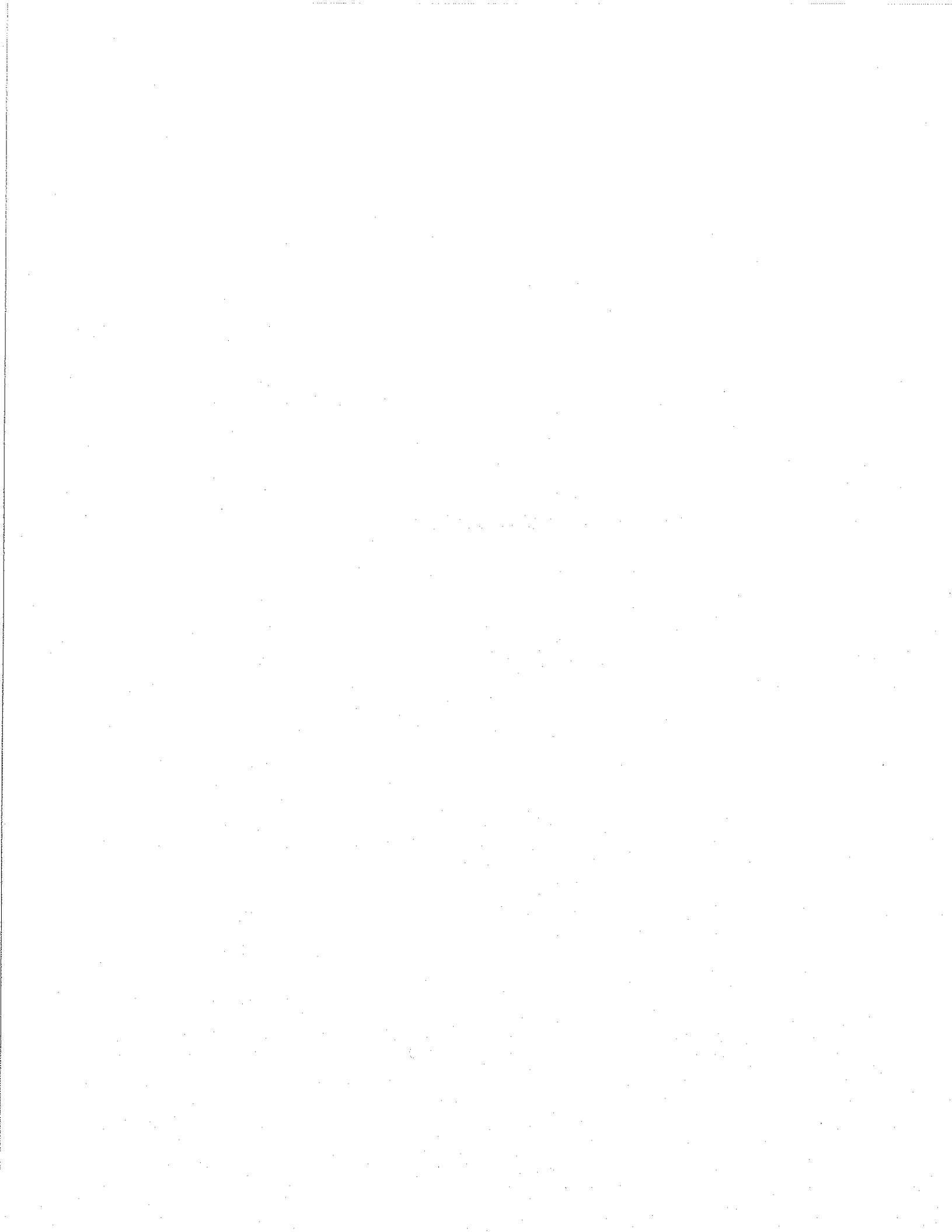
Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
09-30-2007	397,731	100%	\$ -0-
09-30-2008	460,248	100%	\$ -0-
09-30-2009	480,603	100%	\$ -0-

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)
2006	8,066,944	8,874,213	807,269	90.90	5,897,233	13.69
2007	8,979,514	10,188,748	1,209,234	88.13	6,291,685	12.22
2008	8,981,414	10,987,304	2,005,890	81.74	7,388,673	27.15



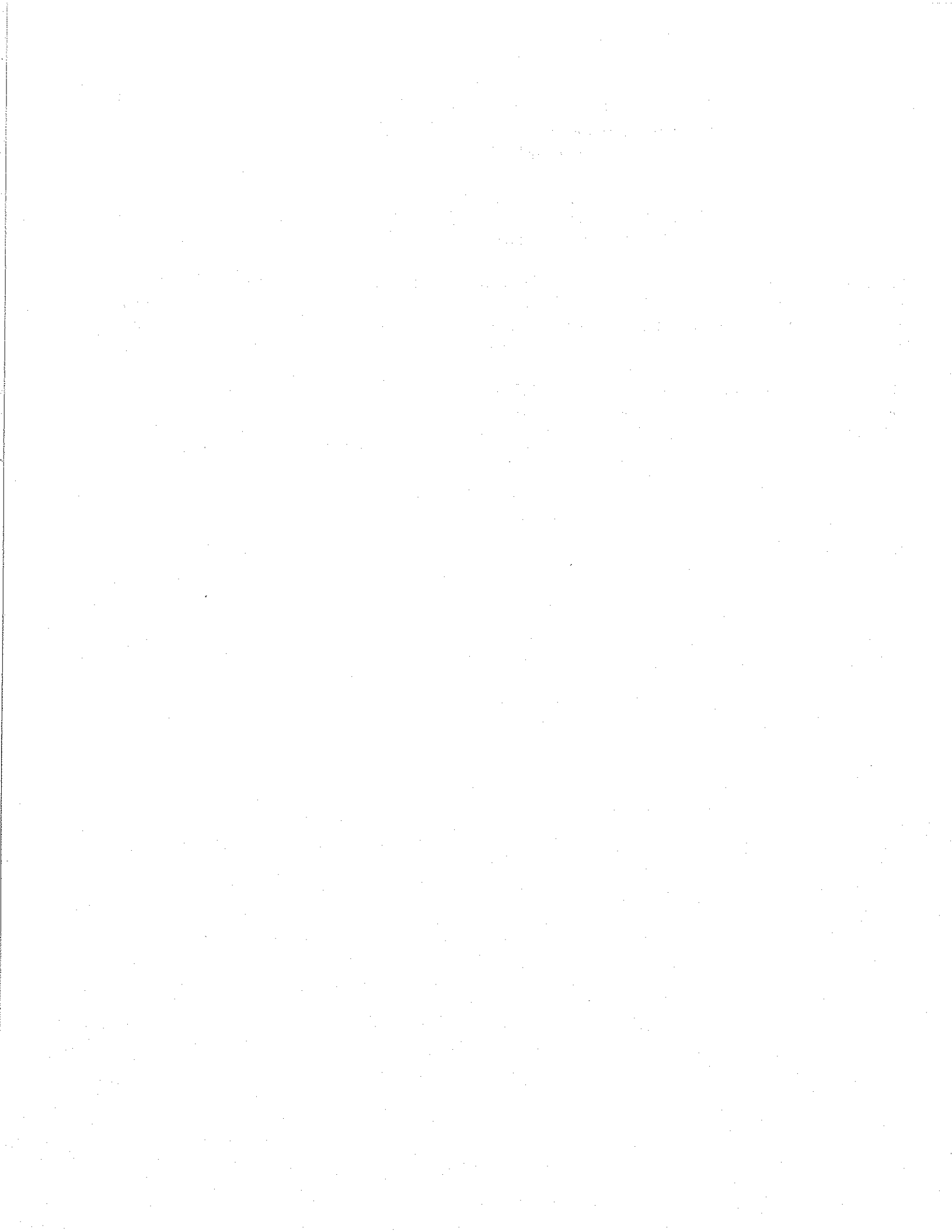
REQUIRED SUPPLEMENTARY INFORMATION



HILL COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2009

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)
2006	8,066,944	8,874,213	807,269	90.90	5,897,233	13.69
2007	8,979,514	10,188,748	1,209,234	88.13	6,291,685	12.22
2008	8,981,414	10,987,304	2,005,890	81.74	7,388,673	27.15



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

HILL COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2009

	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	\$191,576	\$231,194	\$601,352	\$659,892	\$537,977	\$25,733	\$60,488	\$146,054	\$116,165	\$2,570,431
Receivables (net of allowance for uncollectibles)	609	101,311	92,545	87,762	76,536	27,276	27,109	30,958	26,216	470,322
Total Assets	\$192,185	\$332,505	\$693,897	\$747,654	\$614,513	\$53,009	\$87,597	\$177,012	\$142,381	\$3,040,753

LIABILITIES AND FUND BALANCES:

Liabilities:										
Accounts Payable	\$19,247	\$35,638	\$33,805	\$7,453	\$4,783	\$613	\$550	\$8,731	\$17,046	\$127,866
Accrued Wages Payable	6,807	8,264	6,454	8,337	7,963					37,815
Deferred Revenues		16,263	16,163	18,457	15,630	25,015	24,862	28,392	24,044	168,826
Total Liabilities	26,054	60,165	56,422	34,247	28,366	25,628	25,412	37,123	41,090	334,507

Fund Balances:

Unreserved, Reported in										
Other Governmental Funds	166,131	272,340	637,475	713,407	586,147	27,381	62,185	139,889	101,291	2,706,246
Total Fund Balance	166,131	272,340	637,475	713,407	586,147	27,381	62,185	139,889	101,291	2,706,246
Total Liabilities and Fund Balances	\$192,185	\$332,505	\$693,897	\$747,654	\$614,513	\$53,009	\$87,597	\$177,012	\$142,381	\$3,040,753

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, 2009

	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
	General	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	Bridge	
REVENUES																	
Taxes																	
Property	\$202,572		\$201,346	\$229,812	\$194,715	\$301,983	\$300,131	\$342,743	\$290,250								\$2,063,552
Sales	52,012		51,693	59,032	49,991												212,728
Other																	0
Intergovernmental	73,759		111,609	113,934	88,434												487,589
Licenses and Permits	183,978		183,202	208,046	178,492												753,718
Charges for Services	57,223																57,223
Fines and Forfeitures	367,687																367,687
Interest			13,968	25,332	26,325	25,081											90,706
Miscellaneous			1,101	7,264	2,732	25,308											36,405
Total Revenues	498,669		565,240	570,690	639,881	560,021	301,983	342,743	290,250								4,069,608
EXPENDITURES																	
Current:																	
Public Transportation																	
Road and Bridge	400,889		676,321	692,164	474,039	618,170	320,072	295,047	336,647								4,052,456
Debt Service																	
Principal Retirement													14,061				14,061
Interest and Fiscal Charges													133				133
Total Expenditures	400,889		676,321	692,164	474,039	618,170	320,072	295,047	336,647								4,066,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,780		(111,081)	(21,474)	165,842	(58,149)	(18,089)	5,084	(46,397)								2,958
OTHER FINANCING SOURCES (USES):																	
Sale of Capital assets																	
Operating Transfers In																	
Operating Transfers Out																	
Total Other Financing Sources (Uses)	602		28,120	25,100	3,775	60,650											118,247
Net Changes in Fund Balances	98,382		(82,961)	(96,374)	169,617	2,501	(18,089)	5,084	(46,397)								121,205
Fund Balances - Beginning	67,749		355,301	733,849	543,790	583,646	45,470	57,101	50,447								2,585,041
Fund Balances - Ending	\$166,131		\$272,340	\$637,475	\$713,407	\$586,147	\$27,381	\$62,185	\$139,889								\$2,706,246

The accompanying notes are an integral part of this statement.

HILL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	SPECIAL REVENUE														
	ADULT PROBATION	LAW LIBRARY	JURY	PAWS CONTRL BUTIONS	ELECTION MACHINE LEASE	JUVENILE PROBATION	CRIMINAL JUSTICE	D.A.R.E.	CRIME VICTIMS ASSISTANCE 1,2&3	COUNTY CLERK	ELECTION CHAPTER 19 FUNDS	RECORDS PRESERVATION AND MANAGEMENT	COURTHOUSE SECURITY	PROBATE RECORDS MANAGEMENT	HOT CHECK RESTITUTION
ASSETS															
Cash and Cash Equivalents	\$237,703	\$116,246	\$134,025	\$379	\$6,800	\$282,084	\$313,226	\$532	\$47	\$29,536	\$9	\$36,354	\$21,319	\$15,132	\$26,761
Receivables (net of allowance for uncollectibles)			5,207			26,476			3,088						
Due from Other Funds						221	56								
TOTAL ASSETS	\$237,703	\$116,246	\$139,232	\$379	\$6,800	\$308,781	\$313,282	\$532	\$3,135	\$29,536	\$9	\$36,354	\$21,319	\$15,132	\$26,761
LIABILITIES AND FUND BALANCES															
Liabilities															
Accounts Payable	\$6,386	\$2,658	80,464	\$373		\$21,068	\$169,885		\$268	\$24		\$42			\$847
Due to Other Funds			167			90	20								
Accrued Wages Payable	30,630		4,174			9,608			1,192	1,271		1,500			
Deferred Revenues															
Total Liabilities	37,016	2,658	84,805	373	0	30,766	169,905	0	1,460	1,295	0	1,542	0	0	847
Fund Balances															
Restricted For:															
Construction															
Debt service															
Unreserved - Undesignated	200,687	113,588	54,427	6	6,800	278,015	143,377	532	1,675	28,241	9	34,812	21,319	15,132	25,914
Total Fund Balances	200,687	113,588	54,427	6	6,800	278,015	143,377	532	1,675	28,241	9	34,812	21,319	15,132	25,914
TOTAL LIABILITIES AND FUND BALANCES	\$237,703	\$116,246	\$139,232	\$379	\$6,800	\$308,781	\$313,282	\$532	\$3,135	\$29,536	\$9	\$36,354	\$21,319	\$15,132	\$26,761

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

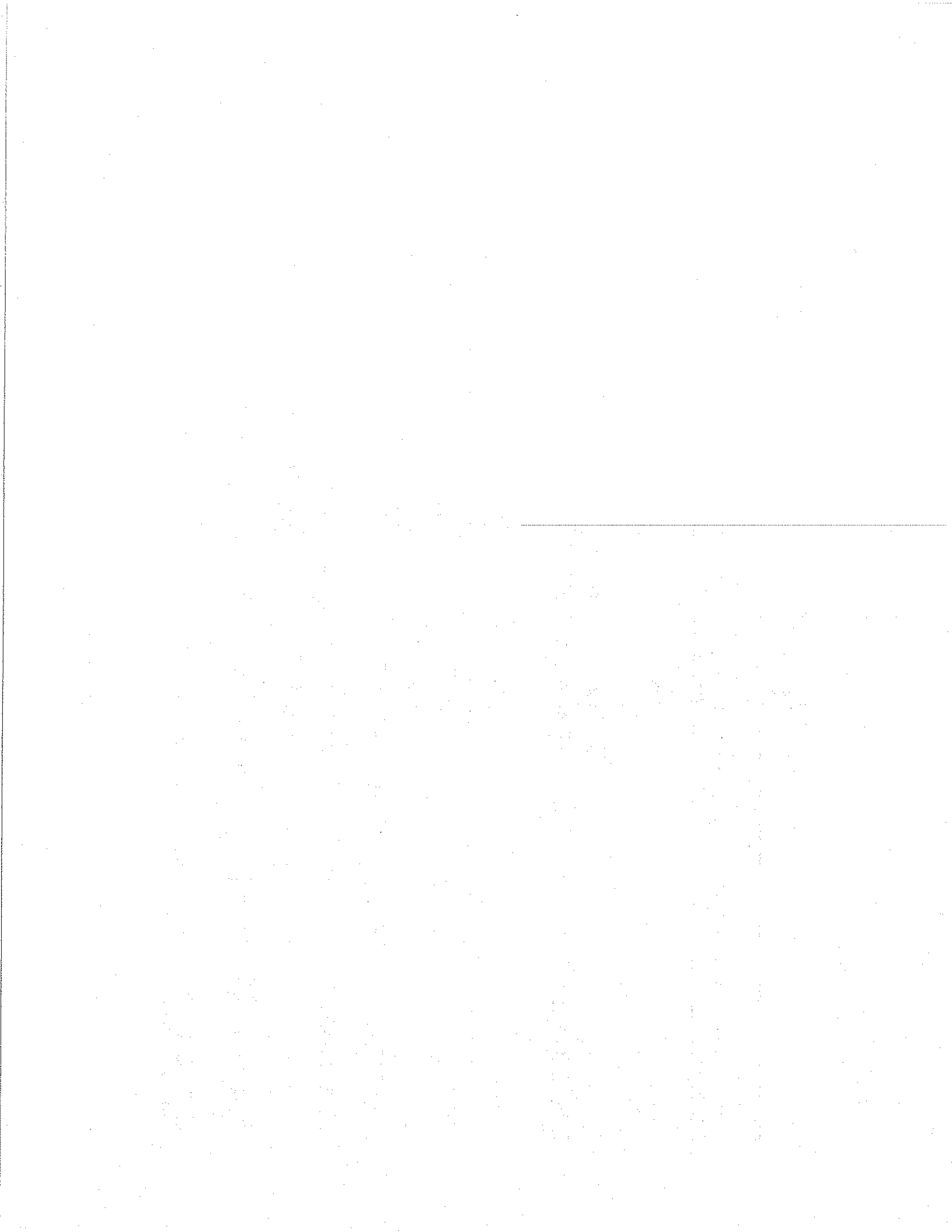
	DEBT SERVICE FUNDS										CAPITAL PROJECTS FUNDS		
	D.A. SHERIFF DEPARTMENT	D.A. FORFEITED PROPERTY	J.P. COURT COSTS	CHILD WELFARE BOARD	YOUTH COLL. 1,2&3	C.A. HOT CHECK FUND	HILL COUNTY FOR M.A.D.D.	D.A. SEIZURE ACCOUNT	DEBT SERVICE FUND	JAIL ARMORY CONSTR. UCTION	COURT-HOUSE PROJECT	NON-MAJOR GOVERN-MENTAL FUNDS	
\$35,403	\$118,605	\$154,899	\$576	\$1,461	\$6,156	\$206	\$18,378	\$233,861	\$153,434	\$560,298	\$2,503,430		
	2,279				5,166			54,548			89,319		
								7,722					
\$35,403	\$120,884	\$154,899	\$576	\$1,461	\$6,156	\$206	\$23,544	\$288,409	\$153,434	\$560,298	\$2,600,471		
\$90	\$1,869	\$1,082	\$396								\$285,452		
5,166	648						2,279	49,901			7,722		
											49,023		
											49,901		
5,256	2,517	0	1,082	0	0	396	2,279	49,901	0	0	392,098		
30,147	118,367	154,899	(506)	1,461	6,156	(190)	21,265	238,508	153,434	560,298	713,732		
											238,508		
											1,256,133		
30,147	118,367	154,899	(506)	1,461	6,156	(190)	21,265	238,508	153,434	560,298	2,208,373		
\$35,403	\$120,884	\$154,899	\$576	\$1,461	\$6,156	\$206	\$23,544	\$288,409	\$153,434	\$560,298	\$2,600,471		

HILL COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE														
	ADULT PROBATION	LAW LIBRARY	JURY	PAWS PALS CONTROL-BUTTONS	ELECTION MACHINE LEASE	JUVENILE PROBATION	CRIMINAL JUSTICE	D.A.R.E.	CRIME VICTIMS ASSISTANCE 1,2,&3	COUNTY CLERK	ELECTION CHAPTER 19 FUNDS	RECORDS PRESERVATION AND MANAGEMENT	COURTHOUSE SECURITY	PROBATE RECORDS MANAGEMENT	HOT CHECK RESTITUTION
REVENUES															
Taxes															
Property															
Intergovernmental	419,748		94,586			601,901		33,053		1,110					
Charges for Services	501,851	25,365	460,784			36,273	783,471		48,445			29,701	42,759	650	26,689
Fines and Forfeitures															
Interest	10,379	3,993	3,509			11,620			1,454	1		1,698	1,233	445	846
Miscellaneous	819			1,678	6,800	3,352									
Total Revenues	932,797	29,358	558,879	1,678	6,800	653,146	783,471	0	33,053	49,899	1,111	31,399	43,992	1,095	27,515
EXPENDITURES															
Current:															
General Administration									81,830	1,111					22,464
Legal															
Judicial															
Public Safety	1,119,214	23,176	608,137				722,114	49,660				56,997			
Health and Welfare															
Debt Service				1,672											
Principal Retirement															
Interest and Fiscal Charges															
Total Expenditures	1,119,214	23,176	608,137	1,672	0	762,594	722,114	0	49,660	81,830	1,111	56,997	0	0	22,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,417)	6,182	(49,258)	6	6,800	(109,448)	61,357	0	(16,607)	(31,931)	0	(25,598)	43,992	1,095	5,051
OTHER FINANCING SOURCES (USES):															
Sale of Capital assets						54,000		18,078							
Operating Transfers In							(49,684)						(40,000)		(846)
Operating Transfers Out						54,000	(49,684)	0	18,078	0	0	0	(40,000)	0	(846)
Total Other Financing Sources (Uses)	(186,417)	6,182	(49,258)	6	6,800	(55,448)	11,673	0	1,471	(31,931)	0	(25,598)	3,992	1,095	4,205
Net Changes in Fund Balances															
Fund Balances - Beginning	387,104	107,406	103,685	0	0	333,463	131,704	532	204	60,172	9	60,410	17,327	14,037	21,709
Fund Balances - Ending	\$200,687	\$113,588	\$54,427	\$6	\$6,800	\$278,015	\$143,377	\$532	\$1,675	\$28,241	\$9	\$34,812	\$21,319	\$15,132	\$25,914

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

SHERIFF DEPARTMENT	D.A. FORFEITED PROPERTY	J.P. COURT COSTS	CHILD WELFARE BOARD	YOUTH COLL 1,2,&3	C.A. HOT CHECK FUND	HILL COUNTY FOR M.A.D.D. ACCOUNT	D.A. SEIZURE	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			NON-MAJOR GOVERNMENTAL FUNDS
									JAIL/ ARMORY CONSTR. UCTION	COURT- HOUSE PROJECT		
\$8,338								\$618,130				\$618,130
		35,741			3,351		35,105					1,158,736
1,784	4,266	7,673	1,934				2,791	16,327				1,991,709
8,706	5,000		1,934			814			5,518	20,158		38,456
18,828	9,266	43,414	1,934	0	3,351	814	37,896	634,457	5,518	20,158		93,695
												29,103
												3,929,829
58,977	186,656		2,440			1,004						82,941
												22,464
												1,646,740
												1,941,789
												4,112
												265,000
												369,963
												4,333,009
(40,149)	(177,390)	43,414	(506)	0	3,351	(190)	37,896	(506)	5,518	20,158		(403,180)
9,500	142,448											9,500
												214,526
												(275,234)
9,500	142,448	(30,000)	(12,256)				(142,448)					(51,208)
(30,649)	(34,942)	13,414	(506)	(12,256)	3,351	(190)	(104,552)	(506)	5,518	20,158		(454,388)
60,796	153,309	141,485	0	13,717	2,805	0	125,817	239,014	147,916	540,140		2,662,761
\$30,147	\$118,367	\$154,899	(\$506)	\$1,461	\$6,156	(\$190)	\$21,265	\$238,508	\$153,434	\$560,298		\$2,208,373



HILL COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Agency Funds			Total
	Treasurer J.P. Cash	District Clerk - Criminal	County Officer Accounts	
ASSETS				
Cash and Cash Equivalents	\$100,026	\$0	\$2,343,160	\$2,443,186
Receivables (net of allowance for uncollectibles)	0	0	0	0
Total Assets	\$100,026	\$0	\$2,343,160	\$2,443,186
LIABILITIES				
Accounts Payable				\$0
Due to Others	100,026	0	2,343,160	2,443,186
Total Liabilities	\$100,026	\$0	\$2,343,160	\$2,443,186

HILL COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>TREASURER - J.P. CASH</u>	BALANCE 10/1/2008	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2009
ASSETS				
Cash and Cash Equivalents	\$96,665	\$1,228,694	\$1,225,333	\$100,026
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$96,665</u>	<u>\$1,228,694</u>	<u>\$1,225,333</u>	<u>\$100,026</u>

LIABILITIES:				
Accounts Payable				
Due to Others	\$96,665	\$1,228,694	\$1,225,333	\$100,026
Total Liabilities	<u>\$96,665</u>	<u>\$1,228,694</u>	<u>\$1,225,333</u>	<u>\$100,026</u>

<u>DISTRICT CLERK - CRIMINAL</u>	BALANCE 10/1/2008	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2009
ASSETS				
Cash and Cash Equivalents	\$0	\$809,992	\$809,992	\$0
Receivables (net of allowance for uncollectibles)				0
Total Assets	<u>\$0</u>	<u>\$809,992</u>	<u>\$809,992</u>	<u>\$0</u>

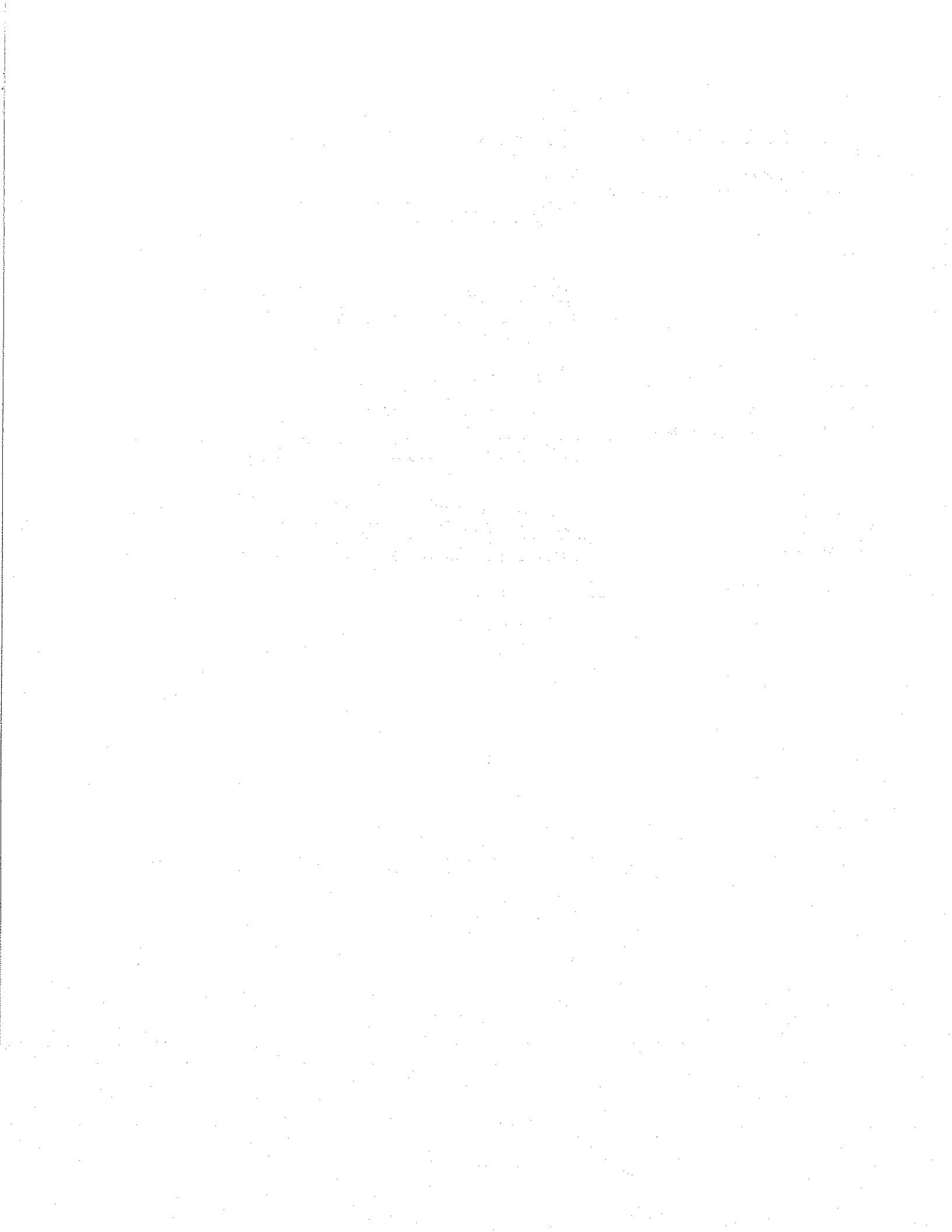
LIABILITIES:				
Accounts Payable				
Due to Others	\$0	\$809,992	\$809,992	\$0
Total Liabilities	<u>\$0</u>	<u>\$809,992</u>	<u>\$809,992</u>	<u>\$0</u>

<u>COUNTY OFFICER ACCOUNTS</u>		BALANCE			BALANCE
		10/1/2008	ADDITIONS	DEDUCTIONS	9/30/2009
ASSETS					
Cash and Cash Equivalents		\$2,292,728	\$50,432		\$2,343,160
Receivables (net of allowance for uncollectibles)					0
Total Assets		\$2,292,728	\$50,432	\$0	\$2,343,160

LIABILITIES:					
Accounts Payable					
Due to Others		\$2,292,728	\$50,432	\$0	\$2,343,160
Total Liabilities		\$2,292,728	\$50,432	\$0	\$2,343,160

<u>TOTAL</u>		BALANCE			BALANCE
		10/1/2008	ADDITIONS	DEDUCTIONS	9/30/2009
ASSETS					
Cash and Cash Equivalents		\$2,389,393	\$2,089,118	\$2,035,325	\$2,443,186
Receivables (net of allowance for uncollectibles)		0	0	0	0
Total Assets		\$2,389,393	\$2,089,118	\$2,035,325	\$2,443,186

LIABILITIES:					
Accounts Payable		\$0	\$0	\$0	\$0
Due to Others		\$2,389,393	\$2,089,118	\$2,035,325	\$2,443,186
Total Liabilities		\$2,389,393	\$2,089,118	\$2,035,325	\$2,443,186



**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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$26,248	\$26,248	\$25,365	(\$883)
Interest	\$3,925	\$3,925	3,993	68
Total Revenues	30,173	30,173	29,358	(815)
EXPENDITURES				
Current:				
Judicial	23,500	23,500	23,176	324
Total Expenditures	23,500	23,500	23,176	324
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,673	6,673	6,182	(491)
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	6,673	6,673	6,182	(491)
Fund Balances - Beginning	107,406	107,406	107,406	
Fund Balances - Ending	\$114,079	\$114,079	\$113,588	(\$491)

HILL COUNTY, TEXAS

JURY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$33,420	\$92,431	\$94,586	\$2,155
Charges for Services	\$499,230	\$499,230	460,784	(38,446)
Interest	\$2,160	\$2,160	3,509	1,349
Miscellaneous				0
Total Revenues	534,810	593,821	558,879	(34,942)
EXPENDITURES				
Current:				
Judicial	657,425	716,436	608,137	108,299
Total Expenditures	657,425	716,436	608,137	108,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,615)	(122,615)	(49,258)	73,357
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	122,000	122,000	0	(122,000)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	122,000	122,000	0	(122,000)
Net Changes in Fund Balances	(615)	(615)	(49,258)	(48,643)
Fund Balances - Beginning	103,685	103,685	103,685	
Fund Balances - Ending	\$103,070	\$103,070	\$54,427	(\$48,643)

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for Services	\$33,222	\$33,222	\$29,701	(\$3,521)
Interest	2,944	2,944	1,698	(1,246)
Total Revenues	36,166	36,166	31,399	(4,767)
EXPENDITURES				
Current:				
Judicial	60,269	60,269	56,997	3,272
Total Expenditures	60,269	60,269	56,997	3,272
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,103)	(24,103)	(25,598)	(1,495)
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	(24,103)	(24,103)	(25,598)	(1,495)
Fund Balances - Beginning	60,410	60,410	60,410	
Fund Balances - Ending	\$36,307	\$36,307	\$34,812	(\$1,495)

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$6,100	\$6,100	\$4,266	(\$1,834)
Miscellaneous	0	5,000	5,000	0
Total Revenues	6,100	11,100	9,266	(1,834)
EXPENDITURES				
Current:				
Judicial	38,666	183,834	186,656	(2,822)
Total Expenditures	38,666	183,834	186,656	(2,822)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,566)	(172,734)	(177,390)	(4,656)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	140,168	142,448	2,280
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	140,168	142,448	2,280
Net Changes in Fund Balances	(32,566)	(32,566)	(34,942)	(2,376)
Fund Balances - Beginning	153,309	153,309	153,309	
Fund Balances - Ending	\$120,743	\$120,743	\$118,367	(\$2,376)

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$534,966	\$534,966	\$618,130	\$83,164
Interest	\$11,500	\$11,500	16,327	4,827
Total Revenues	546,466	546,466	634,457	87,991
EXPENDITURES				
Debt Service				
Principal Retirement	265,000	265,000	265,000	0
Interest and Fiscal Charges	369,966	369,966	369,963	3
Total Expenditures	634,966	634,966	634,963	3
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,500)	(88,500)	(506)	87,994
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	(88,500)	(88,500)	(506)	87,994
Fund Balances - Beginning	239,014	239,014	239,014	
Fund Balances - Ending	\$150,514	\$150,514	\$238,508	\$87,994

HILL COUNTY, TEXAS
COUNTY CLERK RECORDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

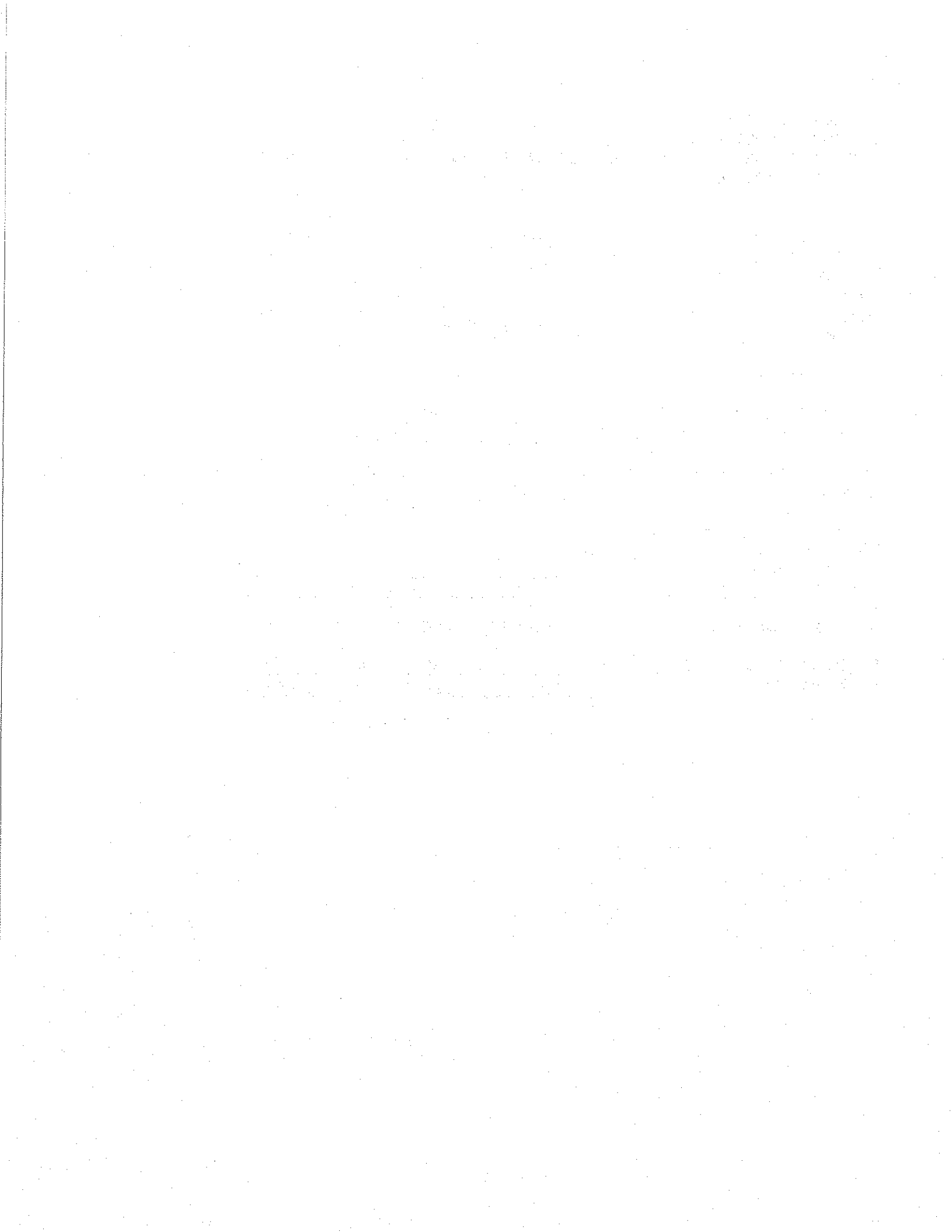
	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$57,519	\$57,519	\$48,067	(\$9,452)
Interest	3,092	3,092	1,411	(1,681)
Total Revenues	60,611	60,611	49,478	(11,133)
EXPENDITURES				
Current:				
General Administration	97,025	97,025	80,213	16,812
Total Expenditures	97,025	97,025	80,213	16,812
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,414)	(36,414)	(30,735)	5,679
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	(36,414)	(36,414)	(30,735)	5,679
Fund Balances - Beginning	58,772	58,772	58,772	
Fund Balances - Ending	\$22,358	\$22,358	\$28,037	\$5,679

HILL COUNTY, TEXAS
 PROBATE EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$393	\$393	\$378	(\$15)
Interest	98	98	43	(55)
Total Revenues	491	491	421	(70)
EXPENDITURES				
Current:				
General Administration	2,000	2,000	1,617	383
Total Expenditures	2,000	2,000	1,617	383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,509)	(1,509)	(1,196)	313
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	(1,509)	(1,509)	(1,196)	313
Fund Balances - Beginning	1,400	1,400	1,400	
Fund Balances - Ending	(\$109)	(\$109)	\$204	\$313

HILL COUNTY, TEXAS
 SHERIFF-STATE INVESTIGATIVE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Interest	\$0	\$0	\$70	\$70
Miscellaneous	0	0	8,706	8,706
Total Revenues	0	0	8,776	8,776
EXPENDITURES				
Current:				
General Administration	1,466	1,466	9,725	(8,259)
Total Expenditures	1,466	1,466	9,725	(8,259)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,466)	(1,466)	(949)	517
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	(1,466)	(1,466)	(949)	517
Fund Balances - Beginning	1,489	1,489	1,489	
Fund Balances - Ending	\$23	\$23	\$540	\$517



SINGLE AUDIT SECTION



HILL COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	GRANTOR'S/ PASS-THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	PROGRAM EXPENDI- TURES
FEDERAL ASSISTANCE				
U.S. Department of Health and Human Services				
Passed Through				
Texas Department of Health Foster Care - Title IV-E (NM)	93.658	NONE	NONE	\$3,234
Passed Through				
Office of the Attorney General Child Support Enforcement-Title IV-D (NM) Fiscal Year 2009	93.563	NONE	NONE	45,080
Total U.S. Department of Health and Human Services				<u>48,314</u>
U.S. Department of Agriculture				
Passed Through				
Natural Resources Conservation Service Emergency Watershed Protection Program (NM) Fiscal Year 2009	10.923	69-7442-9-862	NONE	21,294
Fiscal Year 2009		AG-7442-C-09-0004	974,325	685,575
Total U.S. Department of Agriculture				<u>706,869</u>
U.S. Department of Housing and Urban Development				
Office of Rural Community Affairs				
Community Development Block Grants/ States Program (M)	14.228			
Streets/Flood and Drainage Facilities		728037	350,000	260,605
Flood and Drainage Facilities		728027	350,000	247,725
Total U.S. Department of Housing and Urban Development				<u>508,330</u>
U.S. Department of Justice				
Direct				
State Criminal Alien Assistance Program (NM)	16.606	2008-AP-BX-1074		14,633
Passed Through				
Office of the Governor - Texas Criminal Justice Division Crime Victim Assistance (NM)	16.575	18239-03 / 18239-04		33,053
Juvenile Justice and Delinquency Prevention-Allocation to States (NM)	16.540	NONE		6,161
Juvenile Accountability Block Grants (NM)	16.523	17468-05 / 17468-06		64,167
Total U.S. Department of Justice				<u>118,014</u>
U.S. Department of Homeland Security				
Passed Through				
Texas Department of Public Safety - Division of Emergency Management Disaster Assistance (M) Fiscal Year 2009	97.036			
Road Disaster		FEMA-DR-1709	3,339,546	904,735
Hurricane Ike		FEMA-DR-1791	114,556	1,312
Hurricane Gustov		FEMA-DR-3290	1,377	0
				<u>906,047</u>
State Homeland Security Program (SHSP) (NM)	97.073	NONE	NONE	80,050
Law Enforcement Terrorism Prevention Program (LETPP) (NM)	97.074	NONE	NONE	55,122
Total U.S. Department of Homeland Security				<u>1,041,219</u>
Total Federal Assistance				<u>\$2,422,746</u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER
M=MAJOR PROGRAM
NM=NONMAJOR PROGRAM

See Accompanying Notes to Schedule of Federal Financial Assistance

HILL COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Office of Rural Community Affairs
 CFDA Number: 14.228
 Project Number: 728037
 Contract Period: 03/13/2008 to 03/12/2010

	FEDERAL		LOCAL MATCH		VARIANCE
	BUDGET	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR	
REVENUE					
Federal	\$350,000	\$8,500	\$260,605		\$80,895
Local	970,078			954,247	15,831
TOTAL REVENUE:	1,320,078	8,500	260,605	954,247	0
EXPENSES					
Federal					
Streets	318,082		248,905		69,177
Flood and Drainage Facilities	5,277				5,277
General Administration	26,641	8,500	11,700		6,441
State					
Streets	954,247			954,247	0
Flood and Drainage Facilities	15,831				15,831
General Administration	0				0
TOTAL EXPENSES	1,320,078	8,500	260,605	954,247	0
Excess Revenue over Expenditures	\$0	\$0	\$0	\$0	\$0

HILL COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Office of Rural Community Affairs
 CFDA Number: 14.228
 Project Number: 728027
 Contract Period: 03/13/2008 to 03/12/2010

	FEDERAL		LOCAL MATCH		VARIANCE
	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	
REVENUE					
Federal	\$350,000	\$247,725			\$102,275
Local	974,325			685,575	288,750
TOTAL REVENUE:	1,324,325	0 247,725	0	685,575	391,025
EXPENSES					
Federal					
Flood and Drainage Facilities	324,775	228,525			96,250
General Administration	25,225	19,200			6,025
State					
Flood and Drainage Facilities	974,325			685,575	288,750
General Administration	0				0
TOTAL EXPENSES	1,324,325	0 247,725	0	685,575	391,025
Excess Revenue over Expenditures	\$0	\$0	\$0	\$0	\$0

WAYNE R. BEYER
CERTIFIED PUBLIC ACCOUNTANT

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SINTON, TEXAS 78387

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

To the Commissioner's Court
Hill County, Texas

I have audited the 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, 2009, which collectively comprise Hill County, Texas's basic financial statements and have issued my report thereon dated April 29, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hill County, Texas's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Hill County, Texas's financial statements that is more than inconsequential will not be prevented or detected by Hill County, Texas's internal control.

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

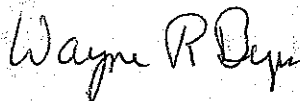
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify and deficiencies in the internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I noted certain matters that I reported to the management of Hill County, Texas in a separate letter dated April 28, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hill County, Texas's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amount. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted certain matters that I reported to the management of Hill County, Texas in a separate letter dated April 28, 2010.

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

Very truly yours,



Wayne R. Beyer
Certified Public Accountant
April 29, 2010

WAYNE R. BEYER
CERTIFIED PUBLIC ACCOUNTANT

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

To the Commissioner's Court
Hill County, Texas

Compliance

I have audited the compliance of Hill County, Texas with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Hill County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finds and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hill County, Texas's management. My responsibility is to express an opinion on Hill County, Texas's compliance based on my audit.

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

In my opinion, Hill County, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ended September 30, 2009.

Internal Control over Compliance

The management of Hill County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Hill County, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, I do not express an opinion of the effectiveness of Hill County, Texas's internal control over compliance.

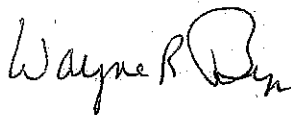
A *control deficiency* in an entity's internal control over compliance exists when the design operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Sincerely,



Wayne R. Beyer
Certified Public Accountant
April 29, 2010

HILL COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

General

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all the Hill County, Texas's federal grants for the year ended September 30, 2009. This report is intended for the information of the Hill County, Texas, state and federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

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

Non Cash Grants

Hill County, Texas received a non-cash grant from the USDA for \$685,575 for the year ended September 30, 2009.

HILL COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Federal

There were no prior audit findings for Federal Awards.

HILL COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Hill County, Texas.
2. There were no significant deficiencies disclosed during the audit. There was no material weakness disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of Hill County, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no significant deficiencies over major federal award programs disclosed during the audit. There was no material weakness over major federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Hill County, Texas expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs: Disaster Grants - Public Assistance (Presidentially Declared Disasters) - CFDA 97.036 and Community Development Block Grants/ States Program CFDA 14.228.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Hill County did not qualify as a low-risk auditee.
10. Material Weaknesses
 - a. None

Findings relating to the Financial Statements

None

Findings and Questioned Costs for Federal Awards

None

