

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

**COUNTY OF BANDERA,
TEXAS**

Bandera, Texas

**For the Year Ended
September 30, 2010**

COUNTY OF BANDERA, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2010

COUNTY OF BANDERA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
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Independent Auditor's Report

Honorable Judge and County Commissioners
County of Bandera
Bandera, TX 78003

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Bandera, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Bandera's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Bandera as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 36 and 37) and the schedule of funding progress for the retirement plan (page 38), 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. We 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, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2011, on our consideration of the County of Bandera's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Bandera's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Neffendorf, Knopp, Doss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

March 4, 2011

**COUNTY OF BANDERA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Within this section of the County of Bandera (County) annual financial report, the County of Bandera Commissioners' Court provides a narrative discussion and analysis of the financial activities of the County for the fiscal year ending September 30, 2010. The financial performance is discussed within the context of accompanying financial statements and disclosures, which begin on page 10.

Financial Highlights (thousands)

- The County's net assets as indicated in the government-wide financial statements are \$14,618.
- Total net assets are comprised of the following:
 1. Capital assets, net of related debt, of \$6,668 include property and equipment, net of accumulated depreciation.
 2. Net assets of \$4,006 are restricted by debt covenants and or grantee laws or regulations and capital projects.
 3. Unrestricted net assets of \$3,944 are available to meet obligations of creditors and citizens.
- The Jail project was completed this fiscal year. The County was able to house prisoners and started receiving revenue from outside counties in January 2010. The County received \$341, which is a drastic and positive change. In 2008-2009, the County expended \$581 to other counties to board prisoners.
- Indigent health care is an un-funded mandate from the State of Texas; the cost of that service for 2009-2010 was \$234, a decrease of approximately 47% from 2008-2009. In order to fund this operation, Bandera County assessed a tax rate of .0227.
- Revenues exceeded expenditures for governmental activities by \$1,973.
- The unreserved fund balance in the general fund as shown in the fund financial statements on page 13 is \$2,772, or 32% of general fund expenditures. This amount is 7% higher than the guidelines recommended by the Commissioner's Court and the State Comptroller's Office. Commissioner's Court worked diligently during the budget year in an effort to bring this percentage up 12% from 2008-2009.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 10 through 12 provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also compare actual revenue collection and expenditures to budget. Notes to the financial statement are included to provide additional financial information.

Government-wide Financial Statements

Government-wide statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector entities. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements include two statements. One is the *Statement of Net Assets*; this statement presents all of the assets and liabilities of the County as a whole, with the difference reported as net assets. It answers the question as to whether the financial condition of the County is better or worse as result of the of year's activities. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. To assess the overall financial condition of the County, one must also consider non-financial conditions such as property tax base and condition of assets.

The other government-wide financial statement is the *Statement of Activities*. This statement reports how each activity is funded by showing grants and program revenues related to each activity and how much reliance is placed on general revenues. The statement relates to the *Statement of Net Assets* in that it shows how current operations have changed net assets.

Fund Financial Statements

Funds are established to account for money that is designated for specific purposes by the Commissioners' Court or grantees such as the State of Texas. The fund financial statements differ from the government-wide statements in that they focus on significant funds rather than the County as a whole. Major funds are presented separately; others are aggregated into a single statement. The fund financial statements for major funds begin on page 13. Fund data for non-major funds is included in a combining statement on page 39. The basic funds are classified by type; each type used by the County is described in the following paragraphs.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information shows the amount of financial resources available in the near future to finance County programs.

In addition to the major government funds Balance Sheet and Statement of Revenues and Expenditures, budgetary comparison statements are included for the general fund and major special revenue fund. Comparison data is also included for all other special revenue funds and the debt service fund. These schedules compare actual revenue and expenditures with adopted and amended budgets.

Notes to the financial statements – The notes presented immediately following the basic financial statements to provide additional information to facilitate the understanding of the government-wide and fund financial statements. The notes explain accounting policies and disclose additional information concerning fixed assets, long-term liabilities, and the County retirement plan.

The County as a Whole

Our analysis of the County as a whole focuses on net assets (Table 1) and changes in net assets (Table 2). The Statement of Activities reports annual expenditures by major function along with the charges for services and grant proceeds available to support each function. This presentation shows the cost of services that must be offset by general revenue such as property and sales taxes.

The Summary of Net Assets (Table 1) lists assets in the order of liquidity beginning with cash and ending in fixed assets. Receivables include unpaid property taxes and unpaid court cost and fines assessed by the courts. Each receivable is reported net of a reserve for uncollectable accounts. Historical collection data for property taxes shows an average annual collection rate of 98 percent. Total capital assets as reported in the *Statement of Net Assets* are \$17,346; this amount is net of accumulated depreciation of \$8,307. With the exception of land, total countywide assets are approximately 33% depreciated. Assets such as machinery and equipment are reported at \$6,857 and are 77% depreciated. We have to conclude that many assets exist with limited useful life that must be replaced in the near future. Liabilities are all payable within one year. Net assets at year-end are \$14,618. \$10,674 of net assets are restricted for specific purposes as required by state law or by County policy. The \$3,944 in unrestricted net assets is available for funding general operations.

The Changes in Net Assets (Table 2) itemizes the basic sources of revenue and expenditures as to the services provided. Total revenue for governmental activities was \$16,167; approximately 73% is generated by general revenues. Total governmental expenditures were \$14,195, resulting in a net increase in net assets of \$1,972. More detail about the increase is discussed in the *Financial Analysis of the County Funds*.

Revenues and expenditures for governmental activities are compared in Table 3 showing the relation between the cost of services and the revenue generated from users of the service. This table also shows how much general revenue (property and sales taxes) and grants are needed to provide each service. For the past several years the County has relied on the steady growth of property values and rate increases to meet the demand for services.

Table 1
Net Assets (in Thousands)

	Governmental Activities	
	2010	2009
Cash and Current Investments	\$ 6,870	\$ 6,163
Receivables	1,406	1,147
Capitalized Debt Issuance Costs	222	235
Capital Assets	<u>17,346</u>	<u>17,324</u>
Total Assets	<u>25,844</u>	<u>24,869</u>
Accounts Payable	375	981
Other Liabilities and Deferred Revenue	60	62
Short-term Debt (Due Within One Year)	405	412
Long-term Debt	<u>10,386</u>	<u>10,768</u>
Total Liabilities	<u>11,226</u>	<u>12,223</u>
Net Assets:		
Invested in capital assets, net of debt	6,668	6,188
Restricted	4,006	3,682
Unrestricted	<u>3,944</u>	<u>2,776</u>
Total Net Assets	<u>\$ 14,618</u>	<u>\$ 12,646</u>

Table 2
Changes in Net Assets (in Thousands)

	Governmental Activities	
	2010	2009
Revenues:		
<u>Program Revenues</u>		
Charges For Services	\$ 3,684	\$ 2,749
Operating Grants & Contributions	640	499
Capital Grants & Contributions	33	18
<u>General Revenues</u>		
Property Taxes	10,789	10,073
Other Taxes	763	785
Grants & Contributions	46	8
Investment Earnings	18	128
Other General Revenues	194	512
Total Revenues	<u>16,167</u>	<u>14,772</u>
Expenditures:		
General Government	2,429	2,040
Administration of Justice	2,220	1,931
Public Safety	2,737	2,491
Corrections	1,136	1,107
Road & Bridge	2,526	2,236
Health & Human Services	1,623	1,414
Community & Economic Development	1,034	921
Infrastructure & Environmental Services	-	79
Interest on long-term Debt	476	494
Agent Fees	1	1
Issuance Costs	13	13
Total Expenditures	<u>14,195</u>	<u>12,727</u>
Change in Net Assets	1,972	2,045
Beginning Net Assets	12,646	10,601
Prior Period Adjustments	-	-
Net Assets	<u>\$ 14,618</u>	<u>\$ 12,646</u>

	Expenditures 2010	Percent Of Total Exp	Non-Tax Program Revenue		Grants & Contributions		General Revenue	
			Amount	%	Amount	%	Amount	%
General Government	\$2,429	17%	\$604	25%	\$148	6%	\$1,677	69%
Administration of Justice	2,220	16%	367	17%	190	9%	1,663	75%
Public Safety	2,737	19%	164	6%	50	2%	2,523	92%
Corrections	1,136	8%	341	30%	-	-	795	70%
Road & Bridge	2,526	18%	932	37%	27	1%	1,567	62%
Health & Human Services	1,623	11%	1,126	69%	46	3%	451	28%
Community & Economic Development	1,034	7%	150	15%	211	20%	673	65%
Interest	476	3%	-	-	-	-	-	-
Agent Fees	1	-	-	-	-	-	-	-
Issuance Costs	13	-	-	-	-	-	-	-
Total Charges For Services	\$14,195		\$3,684		\$672		\$9,349	

Capital Assets and Debt Administration

Capital Assets: There are two significant differences in Capital Assets, as shown in Table 4. They include Buildings and Construction in Progress. The County completed two major building projects this fiscal year: the Jail/Justice Facility and the Road and Bridge Facility.

Table 4
Capital Assets at Year-end
(in Thousands)

	Governmental Activities	
	2010	2009
Land	\$ 368	\$ 368
Buildings	16,292	2,915
Equipment	6,857	6,236
Construction in Progress	-	13,322
Infrastructure	2,137	1,911
Total	\$ 25,654	\$ 24,752

Debt Administration: Bandera County has one type of debt. It includes \$9,425 (Series 2007) and \$1,875 (Series 2008) in General Obligation Funds for the construction of a new Jail/Justice Center. This debt will be retired in the year 2027 and 2028. The County retired a capital lease on a distributor truck for the Road and Bridge Department.

Table 5
Outstanding Debt at Year-end
(in Thousands)

	Governmental Activities	
	2010	2009
Texas General Obligation Bonds - Series 2007	\$8,525	\$8,840
Texas General Obligation Bonds - Series 2008	1,765	1,835
Capital Leases	-	27
Total	\$10,290	\$10,702

Financial Analysis of the County Funds (in thousands)

Governmental Funds

The governmental funds statements presented on pages 13 through 18 include the General Fund, Road and Bridge Fund, Jail/Justice Center Fund, and all other governmental funds combined. These statements focus on short-term transactions and the impact they have on financial resources for future financial requirements. The total of fund balances at year-end for all governmental funds are \$6,778, an increase of \$1,273 from the prior year.

The general fund is the primary day-to-day operating fund that finances services such as the courts and law enforcement. General fund operations resulted in an increase in fund balance of \$949. The final budget exceeded total general fund revenues by \$101. The ending fund balance of \$2,771 is 32% of total expenditures; this percentage satisfies the 25% recommendation by the State Comptroller and the County's policy to have a minimum operating reserve of 25%.

The Road and Bridge Fund is reported as a single major governmental fund because it represent a material percentage of the total revenue and expenditures of all governmental funds.

The Road and Bridge Fund resulted in a \$96 increase in fund balance. The ending fund balance of \$2,361 is 109% of total expenditures; this percentage satisfies the recommended reserve.

All other governmental funds are combined to form the non-major governmental fund category; the funds included in this combination are itemized in the combining statements on pages 39 through 52 of the report. Combined fund balances decreased by \$237 to \$1,513 at 51% of total expenditures.

Budgetary Highlights

Budgetary statements of revenues and expenditures for the general fund and road and bridge fund are on pages 36 and 37. The statements report the original and final budget with actual amounts for each category. The variance is the difference between the actual and the final budget. The original budget was adopted by the County's Commissioners' Court prior to the beginning of the fiscal year and amendments to the budget are approved by the court throughout the fiscal year. The plan for the general fund budget was to put \$240 into reserves to fund future operations; however, actual expenditures were under budgeted by \$670 and actual revenues were \$101 more than budget, so the County was able to end the year with \$708 more in reserves.

The original and final road and bridge budget anticipated expenditures to exceed revenues by \$301. Actual revenues exceeded budget by \$64; actual expenditures were less than budget by \$333.

Budget for 2010-2011

For the 2010-2011 fiscal year, the County is able to function on the 2009-2010 adopted property tax rate of .6869 per hundred dollars of taxable value. The County distributed the Ad Valorem tax rate differently internally in order to operate using the same tax rate as the previous three years.

The total budget for capital expenditures and capital improvements is \$179, a decrease from \$370 in 2009-2010.

Future Financial Issues

Bandera County has grown significantly in the last several years. Bandera County Commissioners' Court will continue to anticipate growth and remain fiscally conservative in order to maintain a healthy fund balance.

As in the previous years, the maintenance of county roads is and will be one of the most critical challenges. Until the State of Texas allows counties to participate in fuel tax revenues there is no hope for small rural counties to maintain and improve a failing road system. Ad Valorem property taxes will not provide adequate revenue to allow county government to function effectively.

The State of Texas continues to mandate that counties provide services with no financial support. If this trend continues, counties either raise taxes to support the unfunded mandates or discontinue service that they might otherwise provide.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Bandera County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Office of Bandera County Auditor or the Commissioners' Court of Bandera County.

BASIC FINANCIAL STATEMENTS

BANDERA COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 266,379
Investments - Current	6,604,053
Receivables (net of allowance for uncollectibles)	1,406,138
Capitalized Debt Issuance Costs	221,868
Capital Assets:	
Land	368,272
Infrastructure, net	978,131
Buildings, net	14,390,199
Machinery and Equipment, net	1,609,600
Total Assets	25,844,640
LIABILITIES	
Accounts Payable	375,687
Accrued Interest Payable	59,551
Noncurrent Liabilities	
Due Within One Year	405,000
Due in More Than One Year	10,385,989
Total Liabilities	11,226,227
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,668,612
Restricted for:	
Restricted for Special Revenue	3,872,787
Restricted for Debt Service	133,192
Unrestricted Net Assets	3,943,822
Total Net Assets	\$ 14,618,413

The notes to the Financial Statements are an integral part of this statement.

BANDERA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 2,429,087	\$ 603,821	\$ 147,824
Law Enforcement	2,737,433	164,332	47,693
Corrections	1,135,522	341,065	-
Road and Bridge	2,526,185	931,609	27,366
Health & Human Services	1,623,090	1,125,597	16,256
Administration of Justice	2,219,956	367,348	189,838
Community & Economic Development	1,034,133	149,715	210,936
Infrastructure & Environmental	259	-	-
Interest	476,097	-	-
Fiscal Agent's Fees	400	-	-
Issuance Costs	13,020	-	-
TOTAL PRIMARY GOVERNMENT:	\$ 14,195,182	\$ 3,683,487	\$ 639,913

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Other Taxes

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

		Net (Expense) Revenue and Changes in Net Assets	
		<u>Primary Government</u>	
Capital Grants and Contributions		Governmental	
\$	-	\$	(1,677,442)
	2,527		(2,522,881)
	-		(794,457)
	-		(1,567,210)
	30,000		(451,237)
	-		(1,662,770)
	-		(673,482)
	-		(259)
	-		(476,097)
	-		(400)
	-		(13,020)
<u>\$</u>	<u>32,527</u>		<u>(9,839,255)</u>

9,916,264
873,073
418,524
344,815
46,369
194,493
18,372
<u>11,811,910</u>
1,972,655
12,645,758
<u>\$ 14,618,413</u>

BANDERA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Road & Bridge Fund	Jail/Justice Center I & S Fund
ASSETS			
Cash and Cash Equivalents	\$ 1,599	\$ 135,363	\$ 466
Investments - Current	2,768,007	2,319,392	116,056
Taxes Receivable	532,586	138,367	45,582
Allowance for Uncollectible Taxes (credit)	(146,493)	(40,796)	(6,280)
Receivables (Net)	69,002	38,122	5,439
Due from Other Funds	1,806	-	-
Total Assets	\$ 3,226,507	\$ 2,590,448	\$ 161,263
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 154,660	\$ 152,320	\$ -
Due to Other Funds	-	-	-
Deferred Revenues	300,128	77,204	29,241
Total Liabilities	454,788	229,524	29,241
Fund Balances:			
Unreserved and Undesignated:			
Reported in the General Fund	2,771,719	-	-
Reported in the Special Revenue Fund	-	2,360,924	-
Reported in the Debt Service Fund	-	-	132,022
Total Fund Balances	2,771,719	2,360,924	132,022
Total Liabilities and Fund Balances	\$ 3,226,507	\$ 2,590,448	\$ 161,263

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 128,951	\$ 266,379
1,400,598	6,604,053
70,637	787,172
(19,430)	(212,999)
44,300	156,863
-	1,806
<u>\$ 1,625,056</u>	<u>\$ 7,603,274</u>
\$ 68,707	\$ 375,687
1,806	1,806
41,510	448,083
<u>112,023</u>	<u>825,576</u>
-	2,771,719
1,511,863	3,872,787
1,170	133,192
<u>1,513,033</u>	<u>6,777,698</u>
<u>\$ 1,625,056</u>	<u>\$ 7,603,274</u>

BANDERA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Total Fund Balances - Governmental Funds	\$	6,777,698
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$24,751,665 and the accumulated depreciation was \$7,427,256. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		6,317,613
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2010 capital outlays and debt principal payments is to increase net assets.		1,414,718
The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(980,643)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		1,089,027
Net Assets of Governmental Activities	<u>\$</u>	<u>14,618,413</u>

The notes to the Financial Statements are an integral part of this statement.

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Road & Bridge Fund	Jail/Justice Center I & S Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 7,393,166	\$ 1,585,417	\$ 870,692
General Sales and Use Taxes	418,524	-	-
Other Taxes	17,219	-	-
Licenses and Permits	43,614	582,864	-
Intergovernmental Revenue and Grants	315,077	27,366	-
Charges for Services	1,111,467	40,684	-
Fines	243,164	-	-
Forfeits	-	-	-
Investment Earnings	7,875	6,239	831
Contributions & Donations	10,191	-	-
Other Revenue	69,566	10,315	-
Total Revenues	9,629,863	2,252,885	871,523
EXPENDITURES:			
Current:			
General Government:			
General Administration	1,874,747	-	-
Public Safety:			
Law Enforcement	2,525,365	-	-
Corrections	1,094,000	-	-
Road and Bridge	190,219	1,959,355	-
Health & Human Services	303,088	-	-
Administration of Justice	1,856,941	-	-
Conservation and Development:			
Community & Economic Development	322,896	-	-
Infrastructure & Environmental	-	-	-
Debt Service:			
Principal	-	27,283	385,000
Interest	-	1,435	495,045
Fiscal Agent's Fees	-	-	400
Capital Outlay:			
Capital Outlay	451,106	168,706	-
Total Expenditures	8,618,362	2,156,779	880,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,011,501	96,106	(8,922)
OTHER FINANCING SOURCES (USES):			
Transfers In	110	-	-
Transfers Out (Use)	(62,901)	-	-
Total Other Financing Sources (Uses)	(62,791)	-	-
Net Change in Fund Balances	948,710	96,106	(8,922)
Fund Balance - October 1 (Beginning)	1,823,009	2,264,818	140,944
Fund Balance - September 30 (Ending)	<u>\$ 2,771,719</u>	<u>\$ 2,360,924</u>	<u>\$ 132,022</u>

The notes to the Financial Statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 978,246	\$ 10,827,521
-	418,524
327,596	344,815
-	626,478
356,175	698,618
1,404,321	2,556,472
-	243,164
31,889	31,889
3,427	18,372
10,000	20,191
6,543	86,424
<u>3,118,197</u>	<u>15,872,468</u>
150,791	2,025,538
69,571	2,594,936
31,150	1,125,150
283,465	2,433,039
1,239,956	1,543,044
335,244	2,192,185
682,440	1,005,336
259	259
-	412,283
-	496,480
-	400
<u>151,223</u>	<u>771,035</u>
<u>2,944,099</u>	<u>14,599,685</u>
<u>174,098</u>	<u>1,272,783</u>
62,988	63,098
(197)	(63,098)
<u>62,791</u>	<u>-</u>
236,889	1,272,783
1,276,144	5,504,915
<u>\$ 1,513,033</u>	<u>\$ 6,777,698</u>

BANDERA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$	1,272,783
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2010 capital outlays and debt principal payments is to increase net assets.		1,414,718
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(980,643)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		265,797
Change in Net Assets of Governmental Activities	\$	<u>1,972,655</u>

The notes to the Financial Statements are an integral part of this statement.

BANDERA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 30,093	\$ 711,577
Investments - Current	138,660	780,876
Total Assets	<u>168,753</u>	<u>\$ 1,492,453</u>
LIABILITIES		
Accounts Payable	19,261	\$ 51,425
Due to Others	-	150,486
Due to Other Governments	-	656,061
Due to Participants	-	634,481
Total Liabilities	<u>19,261</u>	<u>\$ 1,492,453</u>
NET ASSETS		
Unrestricted Net Assets	<u>149,492</u>	
Total Net Assets	<u>\$ 149,492</u>	

The accompanying notes are an integral part of this statement.

BANDERA COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Private Purpose Trust Funds
ADDITIONS:	
Sales of Merchandise	\$ 1,578
Investment Earnings	342
Oil Production Royalties	8,365
Contributions & Donations	9,035
Total Additions	<u>19,320</u>
DEDUCTIONS:	
Distributions to Schools	10,266
Supplies	10,356
Total Deductions	<u>20,622</u>
Change in Net Assets	(1,302)
Total Net Assets - October 1 (Beginning)	<u>150,794</u>
Total Net Assets - September 30 (Ending)	<u>\$ 149,492</u>

The notes to the Financial Statements are an integral part of this statement.

COUNTY OF BANDERA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of County of Bandera have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

1.A. REPORTING ENTITY

The County has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the County over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the County and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The County's financial statements include all funds over which the County exercises oversight responsibility. Also, the County is not included as a part of any other reporting entity.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes and interest earnings are used for the payment of principal and interest on the County's debt.

Capital Projects Fund - To account for financial resources to be used for the acquisition and construction of major capital facilities.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes seven private purpose trust funds.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Debt Service Fund: Jail/Justice Center I&S Fund	Accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Nonmajor funds consist of special revenue funds, capital project funds, and debt service fund and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Agency and Permanent Trust Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Assets, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectable.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. 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.

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.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Vehicles	3 - 10
Machinery and Equipment	5 - 15
Infrastructure	5 - 50

Compensated Absences

Full time employees who work 40 hours per week average are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Accumulated vacation time may be taken in pay upon termination or retirement up to a maximum of twenty (20) days. Non-exempt full time employees who work over 40 hours per week may choose to accrue comp time in lieu of overtime payments. Accumulated comp time may be taken in pay upon termination or retirement up to a maximum of thirty (30) days. Sick leave accrues to full time employees to specified maximums; however neither the vacation or comp time accrual policy applies to accumulated sick leave. The liability for accrued compensated absences is not accrued in governmental funds using the modified accrual basis of accounting, but is reflected in the Government-Wide Statement of Net Assets.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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 the use for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Property Taxes

The County contracted with the County of Bandera Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2009 tax roll, the total assessed valuation was \$1,569,287,900 and the taxes assessed amounted to \$10,779,439. The total tax rate was \$0.6869 per \$100 valuation and allocated \$0.5348 to the General Fund, \$0.0964 to the Road and Bridge Fund and \$0.0557 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$.80 per \$100 valuation.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets, as required by state statute, are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Auditor and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year.

For each budgeted fund, budgetary control is maintained at the expenditure line item level. This is the level at which expenditures cannot legally exceed appropriated amounts. The County Auditor is required to monitor the expenditures of the various funds. Any expenditures in excess of the total budgeted amount of a fund must be approved by the Commissioners' Court and the budget appropriately amended. It is the amended budget that is presented in the budget versus actual financial statement disclosure.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is not utilized by County of Bandera.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3.A. DEPOSITS AND INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2010, the carrying amount of the County's deposits was \$357,091 and the bank balance was \$535,507. The County's cash deposits held at Wells Fargo Bank at September 30, 2010 and during the year ended September 30, 2010 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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 substantial compliance with the requirements of the Act and with local policies.

Temporary investments consisted of certificates of deposits and government pool investments as follows:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
<u>Wells Fargo -</u>				
Certificate of Deposit	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
<u>Liquid Asset Portfolio -</u>				
Logic	6,592,713	6,592,713	*	*
Total Governmental Activities	<u>\$ 6,742,713</u>	<u>\$ 6,742,713</u>	<u>\$ 150,000</u>	<u>\$ -</u>

* The investments in Logic are considered government pool investments. Government pool investments are not categorized in accordance with GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form. Also, investments in government investment pools are not required to disclose custodial credit risk, concentration of credit risk and interest rate risk in accordance with GASB Statement #40.

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2010, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Logic Investment Pool invests only in investments authorized under the Public Funds Investment Act. Logic's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2010, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3.B. RECEIVABLES

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

	General	Road and Bridge	Jail/Justice Center I&S	Other Governmental Funds	TOTAL
Receivables:					
Property Taxes	\$ 532,586	\$ 138,367	\$ 45,582	\$ 70,637	\$ 787,172
Other	69,002	38,122	5,439	44,300	156,863
Due from Other Funds	1,806	-	-	-	1,806
Gross Receivables	\$ 603,394	\$ 176,489	\$ 51,021	\$ 114,937	\$ 945,841
Less: Allowance for Uncollectibles	146,493	40,796	6,280	19,430	212,999
Net Total Receivables	<u>\$ 456,901</u>	<u>\$ 135,693</u>	<u>\$ 44,741</u>	<u>\$ 95,507</u>	<u>\$ 732,842</u>

Governmental funds report *deferred revenue* in connection with receivables for revenue that is 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, *deferred revenues* reported in the governmental funds were as follows:

General Fund -		
Delinquent Property Taxes Receivable	\$	300,128
Special Road and Bridge Fund -		
Delinquent Property Taxes Receivable		77,204
Jail/Justice Center I&S -		
Delinquent Property Taxes Receivable		29,241
Other Governmental Funds -		
Delinquent Property Taxes Receivable		<u>41,510</u>
 TOTAL DEFERRED REVENUES	\$	<u><u>448,083</u></u>

3.C. COURT FINES, FEES AND EMS BILLINGS RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines, fees and EMS billings receivable to be \$3,010,783, which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts and the EMS Department, the County has booked an allowance for uncollectible accounts of \$2,335,681, resulting in a net receivable of \$675,102.

3.D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

Primary Government

	Balance 10/1/09	Increases	Decreases	Balance 9/30/10
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 368,272	\$ -	\$ -	\$ 368,272
Construction in Progress	13,321,887	7,890	13,329,777	-
Total Assets Not Being Depreciated	<u>13,690,159</u>	<u>7,890</u>	<u>13,329,777</u>	<u>368,272</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,914,873	13,376,836	16	16,291,693
Equipment and Machinery	6,236,026	725,770	105,210	6,856,586
Infrastructure	1,910,607	226,303	-	2,136,910
Total Capital Assets Being Depreciated	<u>11,061,506</u>	<u>14,328,909</u>	<u>105,226</u>	<u>25,285,189</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,537,540)	(363,954)	-	(1,901,494)
Equipment and Machinery	(4,844,205)	(503,421)	100,640	(5,246,986)
Infrastructure	(1,045,511)	(113,268)	-	(1,158,779)
Total Accumulated Depreciation	<u>(7,427,256)</u>	<u>(980,643)</u>	<u>100,640-</u>	<u>(8,307,259)</u>
Total Capital Assets Being Depreciated, Net	<u>3,634,250</u>	<u>13,348,266</u>	<u>4,586-</u>	<u>16,977,930</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,324,409</u>	<u>\$ 13,356,156</u>	<u>13,334,363</u>	<u>\$ 17,346,202</u>

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

Governmental Activities:	
General Administration	\$ 394,377
Law Enforcement	149,093
Administration of Justice	20,758
Roads and Bridges	317,616
Community & Economic Development	25,730
Corrections	4,957
Health & Human Services	<u>68,112</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>980,643</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2010, is as follows:

Interfund balances

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,806	\$ -
Special Revenue Funds	-	1,806
 TOTAL DUE FROM/TO	 <u>\$ 1,806</u>	 <u>\$ 1,806</u>

The composition of interfund transfers as of September 30, 2010, is as follows:

Interfund transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 110	\$ 62,901
Special Revenue Funds	62,988	197
 TOTAL TRANSFERS	 <u>\$ 63,098</u>	 <u>\$ 63,098</u>

3.F. LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the County for the year ended September 30, 2010.

	Balance 10/01/09	Issued	Retired	Balance 9/30/10	Due Within One Year
Texas General Obligation Bonds - Series 2007	\$ 8,840,000	\$ -	\$ 315,000	\$ 8,525,000	\$ 335,000
Texas General Obligation Bonds - Series 2008	1,835,000	-	70,000	1,765,000	70,000
Capital Leases	27,283	-	27,283	-	-
SUBTOTAL	\$ 10,702,283	\$ -	\$ 412,283	\$ 10,290,000	\$ 405,000
Compensated Absences	151,812	41,521	-	193,333	-
Premium on Bonds	325,709	-	18,053	307,656	-
TOTAL	\$ 11,179,804	\$ 41,521	\$ 430,336	\$ 10,790,989	\$ 405,000

Certificates of Obligation

The County issued Texas General Obligation Bonds - Series 2007 for \$9,425,000 at interest rates from 4.25% to 5.25% with a final maturity date of August 17, 2027. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

The County issued Texas General Obligation Bonds - Series 2008 for \$1,875,000 at interest rates from 3% to 5% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

Debt service requirements for the Texas General Obligation Bonds - Series 2007 and 2008 are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2011	\$ 405,000	\$ 476,408	\$ 881,408
2012	420,000	456,720	876,720
2013	445,000	436,245	881,245
2014	465,000	414,570	879,570
2015	490,000	391,620	881,620
2016-2020	2,805,000	1,581,063	4,386,063
2021-2025	3,485,000	900,965	4,385,965
2026-2030	1,775,000	135,225	1,910,225
TOTAL	\$ 10,290,000	\$ 4,792,816	\$ 15,082,816

Capital Leases

During October 2006, the County entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC for the purchase of a 2007 Rosco Maximizer and Asphalt Distributor. The agreement was payable in four (4) annual installments of \$28,718 (including interest @ 5.26%). The final installment was made on October 15, 2009.

The assets acquired through capital leases are as follows:

Road Equipment	\$ 109,460
Less: Accumulated Depreciation	43,784
Net Value	<u>\$ 65,676</u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2010, as follows:

Year Ended September 30	
2011	\$ 70,549
2012	70,549
2013	63,154
2014	53,470
2015	3,456
Total Minimum Rentals	<u>\$ 261,178</u>

Rental Expenditures in Fiscal Year 2010 \$ 82,833

3.G. CONTINGENT LIABILITIES

The County is currently involved in several pending litigation suits and is subject to other various litigation and claims arising out of the normal course of operations. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

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 government expects such amounts, if any, to be immaterial.

3.H. RISK MANAGEMENT

County of Bandera is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation. The County contracts in the form of interlocal agreements with the Texas Association of Counties (TAC) to provide the aforementioned types of insurance coverage through an intergovernmental risk pool. These multi-employer accounts provide for a combination of modified self-insurance and stop loss coverage. Contributions are set annually by Texas Association of Counties. Liability by the County is generally limited to the amounts calculated by the County interlocal agreements. The County also provides group health, dental and life insurance coverage for full-time employees through TAC, Ameritas, and TCDRS.

3.I. EMPLOYEE RETIREMENT PLAN

Plan Description

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

The plan provisions are adopted by the governing body of Bandera County, 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 Bandera County 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

Bandera County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and Bandera County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of Bandera County is actuarially determined annually. Bandera County contributed using the actuarially determined rate of 7.99% for the months of the accounting year in 2009, and 8.79% for the months of the accounting year in 2010. The deposit rate payable by the employee members of the plan for calendar years 2009 and 2010 was the rate of 7% as adopted by the governing body of Bandera County. The employee deposit rate and the employer contribution rate may be changed by the governing body of Bandera County within the options available in the TCDRS Act.

Annual Pension Cost

For the County's accounting year ending September 30, 2010, the annual pension cost for the TCDRS plan for its employees was \$525,084, and the actual contributions were \$525,084.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2008 and December 31, 2009, the basis for determining the contribution rates for calendar years 2009 & 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/09	12/31/08	12/31/07
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	15
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 ¹	8%	8%	8%
Projected salary Increases ¹	5.4%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

Trend Information for the Retirement Plan for the Employees of County of Bandera

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/99	\$ 164,307	100%	\$ -0-
9/30/00	240,076	100%	-0-
9/30/01	245,572	100%	-0-
9/30/02	266,801	100%	-0-
9/30/03	259,364	100%	-0-
9/30/04	271,038	100%	-0-
9/30/05	289,670	100%	-0-
9/30/06	345,634	100%	-0-
9/30/07	379,618	100%	-0-
9/30/08	378,822	100%	-0-
9/30/09	416,728	100%	-0-
9/30/10	525,084	100%	-0-

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF COUNTY OF BANDERA**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll Actuarial (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/98	\$ 2,586,793	\$ 3,313,609	\$ 726,816	78.07%	\$ 2,026,967	35.86%
12/31/99	2,860,070	3,592,562	732,492	79.61%	2,511,881	29.16%
12/31/00	3,154,158	3,845,870	691,712	82.01%	2,580,663	26.80%
12/31/01	3,550,229	4,236,390	686,161	83.30%	2,728,167	25.15%
12/31/02	4,069,353	4,833,129	763,776	84.20%	2,988,146	25.56%
12/31/03	4,754,274	5,418,847	664,573	87.74%	2,973,557	22.35%
12/31/04	5,283,618	6,043,375	759,757	87.43%	3,177,661	23.91%
12/31/05	5,948,970	6,691,893	742,923	88.90%	3,570,164	20.81%
12/31/06	6,854,227	7,286,144	431,917	94.07%	4,205,994	10.27%
12/31/07 ¹	7,565,799	7,999,737	433,938	94.58%	4,517,064	9.61%
12/31/08	7,907,486	8,990,424	1,082,938	87.95%	4,813,428	22.50%
12/31/09	9,021,590	10,123,440	1,101,850	89.12%	5,435,092	20.27%

¹Funding information may differ from prior year compliance data due to plan changes effective 1/1/2010.

3.J. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (VALIC). The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

3.K. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 4, 2011, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements

REQUIRED SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
	Taxes:				
5110	Property Taxes	\$ 7,416,232	\$ 7,416,232	\$ 7,393,166	\$ (23,066)
5120	General Sales and Use Taxes	400,000	400,000	418,524	18,524
5180	Other Taxes	10,000	10,000	17,219	7,219
5200	Licenses and Permits	44,500	44,500	43,614	(886)
5300	Intergovernmental Revenue and Grants	425,639	464,040	315,077	(148,963)
5400	Charges for Services	899,030	919,030	1,111,467	192,437
5510	Fines	186,000	186,000	243,164	57,164
5610	Investment Earnings	30,000	30,000	7,875	(22,125)
5640	Contributions & Donations	-	10,141	10,191	50
5700	Other Revenue	49,100	49,100	69,566	20,466
5020	Total Revenues	9,460,501	9,529,043	9,629,863	100,820
EXPENDITURES:					
	Current:				
	General Government:				
0011	General Administration	2,029,690	2,018,057	1,874,747	143,310
	Public Safety:				
0021	Law Enforcement	2,684,428	2,615,648	2,525,365	90,283
0023	Corrections	1,151,040	1,140,976	1,094,000	46,976
0031	Road and Bridge	203,775	203,775	190,219	13,556
0033	Health & Human Services	264,252	337,384	303,088	34,296
0034	Administration of Justice	1,844,064	1,897,430	1,856,941	40,489
	Conservation and Development:				
0061	Community & Economic Development	344,471	327,271	322,896	4,375
	Capital Outlay:				
0080	Capital Outlay	201,700	748,291	451,106	297,185
6030	Total Expenditures	8,723,420	9,288,832	8,618,362	670,470
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	737,081	240,211	1,011,501	771,290
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	110	110
8911	Transfers Out (Use)	-	-	(62,901)	(62,901)
7080	Total Other Financing Sources (Uses)	-	-	(62,791)	(62,791)
1200	Net Change	737,081	240,211	948,710	708,499
0100	Fund Balance - October 1 (Beginning)	1,823,009	1,823,009	1,823,009	-
3000	Fund Balance - September 30 (Ending)	\$ 2,560,090	\$ 2,063,220	\$ 2,771,719	\$ 708,499

BANDERA COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD & BRIDGE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,559,460	\$ 1,559,460	\$ 1,585,417	\$ 25,957
Licenses and Permits	539,000	539,000	582,864	43,864
Intergovernmental Revenue and Grants	27,000	27,000	27,366	366
Charges for Services	-	40,500	40,684	184
Investment Earnings	15,000	15,000	6,239	(8,761)
Other Revenue	8,000	8,000	10,315	2,315
Total Revenues	2,148,460	2,188,960	2,252,885	63,925
EXPENDITURES:				
Current:				
Road and Bridge	2,293,361	2,292,677	1,959,355	333,322
Debt Service:				
Principal	27,284	27,284	27,283	1
Interest	1,436	1,436	1,435	1
Capital Outlay:				
Capital Outlay	127,523	168,707	168,706	1
Total Expenditures	2,449,604	2,490,104	2,156,779	333,325
Change in Fund Balance	(301,144)	(301,144)	96,106	397,250
Fund Balance - October 1 (Beginning)	2,264,818	2,264,818	2,264,818	-
Fund Balance - September 30 (Ending)	\$ 1,963,674	\$ 1,963,674	\$ 2,360,924	\$ 397,250

BANDERA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SEPTEMBER 30, 2010

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF COUNTY OF BANDERA
 (unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll Actuarial (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/98	\$ 2,586,793	\$ 3,313,609	\$ 726,816	78.07%	\$ 2,026,967	35.86%
12/31/99	2,860,070	3,592,562	732,492	79.61%	2,511,881	29.16%
12/31/00	3,154,158	3,845,870	691,712	82.01%	2,580,663	26.80%
12/31/01	3,550,229	4,236,390	686,161	83.30%	2,728,167	25.15%
12/31/02	4,069,353	4,833,129	763,776	84.20%	2,988,146	25.56%
12/31/03	4,754,274	5,418,847	664,573	87.74%	2,973,557	22.35%
12/31/04	5,283,618	6,043,375	759,757	87.43%	3,177,661	23.91%
12/31/05	5,948,970	6,691,893	742,923	88.90%	3,570,164	20.81%
12/31/06	6,854,227	7,286,144	431,917	94.07%	4,205,994	10.27%
12/31/07 ¹	7,565,799	7,999,737	433,938	94.58%	4,517,064	9.61%
12/31/08	7,907,486	8,990,424	1,082,938	87.95%	4,813,428	22.50%
12/31/09	9,021,590	10,123,440	1,101,850	89.12%	5,435,092	20.27%

¹Funding information may differ from prior year compliance data due to plan changes effective 1/1/2010.

SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	09 2008 Library Grant	11 Hotel/Motel Tax Fund	12 Ambulance Fund	14 Mansfield Park Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 30,645	\$ 3,834
Investments - Current	-	-	525,276	65,463
Taxes Receivable	-	-	16,467	6,214
Allowance for Uncollectible Taxes (credit)	-	-	(4,530)	(1,709)
Receivables (Net)	-	3,527	1,423	530
Total Assets	<u>\$ -</u>	<u>\$ 3,527</u>	<u>\$ 569,281</u>	<u>\$ 74,332</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 3,527	\$ 20,100	\$ 4,570
Due to Other Funds	-	-	-	-
Deferred Revenues	-	-	9,279	3,502
Total Liabilities	<u>-</u>	<u>3,527</u>	<u>29,379</u>	<u>8,072</u>
Fund Balances:				
Unreserved and Undesignated:				
Reported in the Special Revenue Fund	-	-	539,902	66,260
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>539,902</u>	<u>66,260</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,527</u>	<u>\$ 569,281</u>	<u>\$ 74,332</u>

The notes to the Financial Statements are an integral part of this statement.

15 Indigent Health Care Fund	16 Sanitary Landfill Fund	18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention CCP 102 Fund	25 Juvenile Activities Fund	27 Sheriff Seized Asset Fund	28 Law Library Fund	29 Adult Probation Fund
\$ 11,204	\$ 12,108	\$ -	\$ 100	\$ 4,259	\$ 3,399	\$ -	\$ 638
192,179	207,454	-	-	73,235	58,458	21,850	-
25,576	10,557	-	-	11,823	-	-	-
(7,035)	(2,904)	-	-	(3,252)	-	-	-
2,284	3,638	-	-	1,009	-	-	-
<u>\$ 224,208</u>	<u>\$ 230,853</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 87,074</u>	<u>\$ 61,857</u>	<u>\$ 21,850</u>	<u>\$ 638</u>
\$ 47	\$ 17,569	\$ -	\$ -	\$ 9,698	\$ 4,014	\$ 2,822	\$ 278
-	-	-	-	-	-	-	-
14,413	7,653	-	-	6,663	-	-	-
<u>14,460</u>	<u>25,222</u>	<u>-</u>	<u>-</u>	<u>16,361</u>	<u>4,014</u>	<u>2,822</u>	<u>278</u>
209,748	205,631	-	100	70,713	57,843	19,028	360
-	-	-	-	-	-	-	-
<u>209,748</u>	<u>205,631</u>	<u>-</u>	<u>100</u>	<u>70,713</u>	<u>57,843</u>	<u>19,028</u>	<u>360</u>
<u>\$ 224,208</u>	<u>\$ 230,853</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 87,074</u>	<u>\$ 61,857</u>	<u>\$ 21,850</u>	<u>\$ 638</u>

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	30 County Clerk Records Mgmt. Fund	31 Records Preservation Fund	32 Courthouse Security Fund	33 Juvenile Probation State Aid
ASSETS				
Cash and Cash Equivalents	\$ 1,089	\$ 2,524	\$ 104	\$ 9,388
Investments - Current	18,988	43,145	1,952	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	-	-
Total Assets	<u>\$ 20,077</u>	<u>\$ 45,669</u>	<u>\$ 2,056</u>	<u>\$ 9,388</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,488	\$ -	\$ -	\$ 1,471
Due to Other Funds	-	-	-	-
Deferred Revenues	-	-	-	-
Total Liabilities	<u>1,488</u>	<u>-</u>	<u>-</u>	<u>1,471</u>
Fund Balances:				
Unreserved and Undesignated:				
Reported in the Special Revenue Fund	18,589	45,669	2,056	7,917
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>18,589</u>	<u>45,669</u>	<u>2,056</u>	<u>7,917</u>
Total Liabilities and Fund Balances	<u>\$ 20,077</u>	<u>\$ 45,669</u>	<u>\$ 2,056</u>	<u>\$ 9,388</u>

The notes to the Financial Statements are an integral part of this statement.

34 Juvenile Probation Corrections	35 Grant Z Salary Supplement	36 Juvenile Probation Title IV E	37 CJD Grant Title V Fund	45 Alternative Dispute Resolution	46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fee Fund
\$ 7,434	\$ 950	\$ 2,163	\$ 607	\$ 456	\$ -	\$ 4,470	\$ 475
-	-	37,249	-	7,503	152	-	7,886
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,434</u>	<u>\$ 950</u>	<u>\$ 39,412</u>	<u>\$ 607</u>	<u>\$ 7,959</u>	<u>\$ 152</u>	<u>\$ 4,470</u>	<u>\$ 8,361</u>
\$ -	\$ -	\$ 55	\$ 101	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	55	101	-	-	-	-
7,434	950	39,357	506	7,959	152	4,470	8,361
-	-	-	-	-	-	-	-
<u>7,434</u>	<u>950</u>	<u>39,357</u>	<u>506</u>	<u>7,959</u>	<u>152</u>	<u>4,470</u>	<u>8,361</u>
<u>\$ 7,434</u>	<u>\$ 950</u>	<u>\$ 39,412</u>	<u>\$ 607</u>	<u>\$ 7,959</u>	<u>\$ 152</u>	<u>\$ 4,470</u>	<u>\$ 8,361</u>

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	50 Grant H Diversionary Placement	51 Family Protection Fee Fund	52 Attorney Pre-Trial Diversion	53 Grant F Progressive Sanctions
ASSETS				
Cash and Cash Equivalents	\$ 3,209	\$ 968	\$ 720	\$ 3,697
Investments - Current	-	-	12,442	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	-	-
Total Assets	<u>\$ 3,209</u>	<u>\$ 968</u>	<u>\$ 13,162</u>	<u>\$ 3,697</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 115	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenues	-	-	-	-
Total Liabilities	<u>115</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved and Undesignated:				
Reported in the Special Revenue Fund	3,094	968	13,162	3,697
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>3,094</u>	<u>968</u>	<u>13,162</u>	<u>3,697</u>
Total Liabilities and Fund Balances	<u>\$ 3,209</u>	<u>\$ 968</u>	<u>\$ 13,162</u>	<u>\$ 3,697</u>

The notes to the Financial Statements are an integral part of this statement.

54 Grant G Progressive Sanctions	55 District Clerk Records Management	56 County Clerk Records Archive Fund	57 County Attorney Forfeitures	58 Justice Court Technology Fund	60 State Funded Training-Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive Fund
\$ -	\$ 311	\$ 823	\$ -	\$ 232	\$ 14,975	\$ 113	\$ 110
-	5,283	13,935	-	3,828	-	1,991	1,608
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	31,889	-	-	-	-
<u>\$ -</u>	<u>\$ 5,594</u>	<u>\$ 14,758</u>	<u>\$ 31,889</u>	<u>\$ 4,060</u>	<u>\$ 14,975</u>	<u>\$ 2,104</u>	<u>\$ 1,718</u>
\$ -	\$ -	\$ 2,162	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,806	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,162	1,806	-	-	-	-
-	5,594	12,596	30,083	4,060	14,975	2,104	1,718
-	-	-	-	-	-	-	-
-	5,594	12,596	30,083	4,060	14,975	2,104	1,718
<u>\$ -</u>	<u>\$ 5,594</u>	<u>\$ 14,758</u>	<u>\$ 31,889</u>	<u>\$ 4,060</u>	<u>\$ 14,975</u>	<u>\$ 2,104</u>	<u>\$ 1,718</u>

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	88 TDRA Grants Fund	95 Medina Lake County Park Fund
ASSETS				
Cash and Cash Equivalents	\$ 2,083	\$ 40	\$ -	\$ 5,763
Investments - Current	-	995	-	98,616
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables (Net)	-	-	-	-
Total Assets	<u>\$ 2,083</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 104,379</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 690
Due to Other Funds	-	-	-	-
Deferred Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>690</u>
Fund Balances:				
Unreserved and Undesignated:				
Reported in the Special Revenue Fund	2,083	1,035	-	103,689
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>2,083</u>	<u>1,035</u>	<u>-</u>	<u>103,689</u>
Total Liabilities and Fund Balances	<u>\$ 2,083</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 104,379</u>

The notes to the Financial Statements are an integral part of this statement.

Total Nonmajor Special Revenue Funds	64 Ambulance Sinking Fund	61 Jail/Justice Center 2007 Construction	Total Nonmajor Governmental Funds
\$ 128,891	\$ 60	\$ -	\$ 128,951
1,399,488	1,110	-	1,400,598
70,637	-	-	70,637
(19,430)	-	-	(19,430)
44,300	-	-	44,300
<u>\$ 1,623,886</u>	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ 1,625,056</u>
\$ 68,707	\$ -	\$ -	\$ 68,707
1,806	-	-	1,806
41,510	-	-	41,510
<u>112,023</u>	<u>-</u>	<u>-</u>	<u>112,023</u>
1,511,863	-	-	1,511,863
-	1,170	-	1,170
<u>1,511,863</u>	<u>1,170</u>	<u>-</u>	<u>1,513,033</u>
<u>\$ 1,623,886</u>	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ 1,625,056</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	09 2008 Library Grant	11 Hotel/Motel Tax Fund	12 Ambulance Fund	14 Mansfield Park Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ 227,312	\$ 86,318
Other Taxes	-	327,596	-	-
Intergovernmental Revenue and Grants	120,234	-	33,463	-
Charges for Services	-	-	777,959	26,548
Forfeits	-	-	-	-
Investment Earnings	-	-	1,435	169
Contributions & Donations	-	-	10,000	-
Other Revenue	-	-	-	175
Total Revenues	<u>120,234</u>	<u>327,596</u>	<u>1,050,169</u>	<u>113,210</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Corrections	-	-	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	-	1,000,026	-
Administration of Justice	-	-	-	-
Conservation and Development:				
Community & Economic Development	120,234	332,112	-	93,456
Infrastructure & Environmental	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	114,383	12,425
Total Expenditures	<u>120,234</u>	<u>332,112</u>	<u>1,114,409</u>	<u>105,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(4,516)</u>	<u>(64,240)</u>	<u>7,329</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(4,516)	(64,240)	7,329
Fund Balance - October 1 (Beginning)	-	4,516	604,142	58,931
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,902</u>	<u>\$ 66,260</u>

The notes to the Financial Statements are an integral part of this statement.

15 Indigent Health Care Fund	16 Sanitary Landfill Fund	18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention CCP 102 Fund	25 Juvenile Activities Fund	27 Sheriff Seized Asset Fund	28 Law Library Fund	29 Adult Probation Fund
\$ 355,155	\$ 145,105	\$ -	\$ -	\$ 164,356	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,793	-	-	-	15,000	14,324	-	-
-	297,746	41,372	100	8,528	-	12,780	-
-	-	-	-	-	-	-	-
386	393	-	-	172	158	70	1
-	-	-	-	-	-	-	-
5,726	-	-	-	642	-	-	-
<u>374,060</u>	<u>443,244</u>	<u>41,372</u>	<u>100</u>	<u>188,698</u>	<u>14,482</u>	<u>12,850</u>	<u>1</u>
-	-	41,372	-	-	-	-	-
-	-	-	-	-	16,322	-	-
-	-	-	-	-	-	-	31,150
-	283,465	-	-	-	-	-	-
234,430	-	-	-	-	-	-	-
-	-	-	-	155,043	-	-	-
-	-	-	-	-	-	25,972	-
-	-	-	-	-	-	-	-
-	1,950	-	-	-	13,925	-	-
<u>234,430</u>	<u>285,415</u>	<u>41,372</u>	<u>-</u>	<u>155,043</u>	<u>30,247</u>	<u>25,972</u>	<u>31,150</u>
<u>139,630</u>	<u>157,829</u>	<u>-</u>	<u>100</u>	<u>33,655</u>	<u>(15,765)</u>	<u>(13,122)</u>	<u>(31,149)</u>
-	-	-	-	-	-	-	30,000
-	-	(110)	-	-	-	-	-
-	-	(110)	-	-	-	-	30,000
139,630	157,829	(110)	100	33,655	(15,765)	(13,122)	(1,149)
70,118	47,802	110	-	37,058	73,608	32,150	1,509
<u>\$ 209,748</u>	<u>\$ 205,631</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 70,713</u>	<u>\$ 57,843</u>	<u>\$ 19,028</u>	<u>\$ 360</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	30 County Clerk Records Mgmt. Fund	31 Records Preservation Fund	32 Courthouse Security Fund	33 Juvenile Probation State Aid
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	44,157
Charges for Services	26,555	7,378	15,506	-
Forfeits	-	-	-	-
Investment Earnings	60	115	1	-
Contributions & Donations	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>26,615</u>	<u>7,493</u>	<u>15,507</u>	<u>44,157</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	40,406	8,055	-	-
Public Safety:				
Law Enforcement	-	-	47,056	-
Corrections	-	-	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	-	-	-	41,321
Conservation and Development:				
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	1,858
Total Expenditures	<u>40,406</u>	<u>8,055</u>	<u>47,056</u>	<u>43,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,791)</u>	<u>(562)</u>	<u>(31,549)</u>	<u>978</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	32,500	-
Transfers Out (Use)	-	-	-	(87)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>32,500</u>	<u>(87)</u>
Net Change in Fund Balance	(13,791)	(562)	951	891
Fund Balance - October 1 (Beginning)	<u>32,380</u>	<u>46,231</u>	<u>1,105</u>	<u>7,026</u>
Fund Balance - September 30 (Ending)	<u>\$ 18,589</u>	<u>\$ 45,669</u>	<u>\$ 2,056</u>	<u>\$ 7,917</u>

The notes to the Financial Statements are an integral part of this statement.

34 Juvenile Probation Corrections	35 Grant Z Salary Supplement	36 Juvenile Probation Title IV E	37 CJD Grant Title V Fund	45 Alternative Dispute Resolution	46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fee Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44,601	5,700	2,390	2,729	-	-	-	-
-	-	-	-	5,853	1,841	1,840	3,960
-	-	106	-	18	2	-	10
-	-	-	-	-	-	-	-
<u>44,601</u>	<u>5,700</u>	<u>2,496</u>	<u>2,729</u>	<u>5,871</u>	<u>1,843</u>	<u>1,840</u>	<u>3,970</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,601	5,700	17,524	2,223	6,000	1,798	-	263
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>44,601</u>	<u>5,700</u>	<u>17,524</u>	<u>2,223</u>	<u>6,000</u>	<u>1,798</u>	<u>-</u>	<u>263</u>
-	-	(15,028)	506	(129)	45	1,840	3,707
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(15,028)	506	(129)	45	1,840	3,707
<u>7,434</u>	<u>950</u>	<u>54,385</u>	<u>-</u>	<u>8,088</u>	<u>107</u>	<u>2,630</u>	<u>4,654</u>
<u>\$ 7,434</u>	<u>\$ 950</u>	<u>\$ 39,357</u>	<u>\$ 506</u>	<u>\$ 7,959</u>	<u>\$ 152</u>	<u>\$ 4,470</u>	<u>\$ 8,361</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	50 Grant H Diversionary Placement	51 Family Protection Fee Fund	52 Attorney Pre-Trial Diversion	53 Grant F Progressive Sanctions
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	18,588	-	-	22,179
Charges for Services	-	1,575	11,949	-
Forfeits	-	-	-	-
Investment Earnings	-	-	11	-
Contributions & Donations	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	18,588	1,575	11,960	22,179
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Corrections	-	-	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	18,592	3,500	-	22,179
Conservation and Development:				
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	18,592	3,500	-	22,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4)	(1,925)	11,960	-
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(4)	(1,925)	11,960	-
Fund Balance - October 1 (Beginning)	3,098	2,893	1,202	3,697
Fund Balance - September 30 (Ending)	\$ 3,094	\$ 968	\$ 13,162	\$ 3,697

The notes to the Financial Statements are an integral part of this statement.

54 Grant G Progressive Sanctions	55 District Clerk Records Management	56 County Clerk Records Archive Fund	57 County Attorney Forfeitures	58 Justice Court Technology Fund	60 State Funded Training-Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	5,434	-	-
-	1,953	27,811	-	6,399	-	2,102	1,574
-	-	-	31,889	-	-	-	-
-	12	86	-	4	-	2	2
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,965	27,897	31,889	6,403	5,434	2,104	1,576
-	187	60,664	-	-	-	-	107
-	-	-	1,806	-	4,387	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,000	-	-	-	-	-
-	187	64,664	1,806	4,000	4,387	-	107
-	1,778	(36,767)	30,083	2,403	1,047	2,104	1,469
87	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
87	-	-	-	-	-	-	-
87	1,778	(36,767)	30,083	2,403	1,047	2,104	1,469
(87)	3,816	49,363	-	1,657	13,928	-	249
\$ -	\$ 5,594	\$ 12,596	\$ 30,083	\$ 4,060	\$ 14,975	\$ 2,104	\$ 1,718

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	88 TDRA Grants Fund	95 Medina Lake County Park Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	14,583	-	-	-
Charges for Services	-	35	-	122,957
Forfeits	-	-	-	-
Investment Earnings	-	10	-	196
Contributions & Donations	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>14,583</u>	<u>45</u>	<u>-</u>	<u>123,153</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety:				
Law Enforcement	-	-	-	-
Corrections	-	-	-	-
Road and Bridge	-	-	-	-
Health & Human Services	-	5,500	-	-
Administration of Justice	12,500	-	-	-
Conservation and Development:				
Community & Economic Development	-	3,500	-	107,166
Infrastructure & Environmental	-	-	259	-
Capital Outlay:				
Capital Outlay	-	-	-	2,682
Total Expenditures	<u>12,500</u>	<u>9,000</u>	<u>259</u>	<u>109,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,083</u>	<u>(8,955)</u>	<u>(259)</u>	<u>13,305</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>2,083</u>	<u>(8,955)</u>	<u>(259)</u>	<u>13,305</u>
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>9,990</u>	<u>259</u>	<u>90,384</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,083</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 103,689</u>

The notes to the Financial Statements are an integral part of this statement.

Total Nonmajor Special Revenue Funds	64 Ambulance Sinking Fund	61 Jail/Justice Center 2007 Construction	Total Nonmajor Governmental Funds
\$ 978,246	\$ -	\$ -	\$ 978,246
327,596	-	-	327,596
356,175	-	-	356,175
1,404,321	-	-	1,404,321
31,889	-	-	31,889
3,419	3	5	3,427
10,000	-	-	10,000
6,543	-	-	6,543
<u>3,118,189</u>	<u>3</u>	<u>5</u>	<u>3,118,197</u>
150,791	-	-	150,791
69,571	-	-	69,571
31,150	-	-	31,150
283,465	-	-	283,465
1,239,956	-	-	1,239,956
335,244	-	-	335,244
682,440	-	-	682,440
259	-	-	259
151,223	-	-	151,223
<u>2,944,099</u>	<u>-</u>	<u>-</u>	<u>2,944,099</u>
<u>174,090</u>	<u>3</u>	<u>5</u>	<u>174,098</u>
62,587	-	401	62,988
(197)	-	-	(197)
<u>62,390</u>	<u>-</u>	<u>401</u>	<u>62,791</u>
236,480	3	406	236,889
<u>1,275,383</u>	<u>1,167</u>	<u>(406)</u>	<u>1,276,144</u>
<u>\$ 1,511,863</u>	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ 1,513,033</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BALANCE OCTOBER 1 2009	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2010
STATE FEE & FINE FUND				
Assets:				
Cash and Cash Equivalents	\$ 61,444	\$ 231,212	\$ 232,034	\$ 60,622
Other Receivables	365	-	365	-
Total Assets	<u>\$ 61,809</u>	<u>\$ 231,212</u>	<u>\$ 232,399</u>	<u>\$ 60,622</u>
Liabilities:				
Accounts Payable	\$ 51,381	\$ 51,425	\$ 51,381	\$ 51,425
Due to Other Governments	10,428	230,847	232,078	9,197
Total Liabilities	<u>\$ 61,809</u>	<u>\$ 282,272</u>	<u>\$ 283,459</u>	<u>\$ 60,622</u>
 EMS MEMORIALS & DONATIONS FUND				
Assets:				
Cash and Cash Equivalents	\$ 5,176	\$ 2,103	\$ 3,188	\$ 4,091
Investments - Current	5,662	100	-	5,762
Total Assets	<u>\$ 10,838</u>	<u>\$ 2,203</u>	<u>\$ 3,188</u>	<u>\$ 9,853</u>
Liabilities:				
Due to Others	\$ 10,838	\$ 2,203	\$ 3,188	\$ 9,853
 DEFERRED COMPENSATION PLANS				
Assets:				
Investments - Current	\$ 574,802	\$ 96,437	\$ 36,758	\$ 634,481
Liabilities:				
Due to Participants	\$ 574,802	\$ 96,437	\$ 36,758	\$ 634,481
 OFFICIALS' FEES & ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 841,294	\$ 32,897,623	\$ 33,092,053	\$ 646,864
Investments - Current	125,280	65,080	49,727	140,633
Total Assets	<u>\$ 966,574</u>	<u>\$ 32,962,703</u>	<u>\$ 33,141,780</u>	<u>\$ 787,497</u>
Liabilities:				
Due to Others	\$ 125,280	\$ 65,080	\$ 49,727	\$ 140,633
Due to Other Governments	841,294	32,897,623	33,092,053	646,864
Total Liabilities	<u>\$ 966,574</u>	<u>\$ 32,962,703</u>	<u>\$ 33,141,780</u>	<u>\$ 787,497</u>

The notes to the Financial Statements are an integral part of this statement.

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	BALANCE OCTOBER 1 2009	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2010
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 907,914	\$ 33,130,938	\$ 33,327,275	\$ 711,577
Investments - Current	705,744	161,617	86,485	780,876
Other Receivables	365	-	365	-
Total Assets	<u>\$ 1,614,023</u>	<u>\$ 33,292,555</u>	<u>\$ 33,414,125</u>	<u>\$ 1,492,453</u>
Liabilities:				
Accounts Payable	\$ 51,381	\$ 51,425	\$ 51,381	\$ 51,425
Due to Others	136,118	67,283	52,915	150,486
Due to Other Governments	851,722	33,128,470	33,324,131	656,061
Due to Participants	574,802	96,437	36,758	634,481
Total Liabilities	<u>\$ 1,614,023</u>	<u>\$ 33,343,615</u>	<u>\$ 33,465,185</u>	<u>\$ 1,492,453</u>

The notes to the Financial Statements are an integral part of this statement.

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2010

	85 GNADE Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,648	\$ 9,832	\$ 7,165	\$ 8,038
Investments - Current	-	-	-	138,660
Total Assets	<u>\$ 3,648</u>	<u>\$ 9,832</u>	<u>\$ 7,165</u>	<u>\$ 146,698</u>
LIABILITIES				
Accounts Payable	-	8,995	1,694	8,572
Total Liabilities	<u>-</u>	<u>8,995</u>	<u>1,694</u>	<u>8,572</u>
NET ASSETS				
Unrestricted Net Assets	<u>3,648</u>	<u>837</u>	<u>5,471</u>	<u>138,126</u>
Total Net Assets	<u>\$ 3,648</u>	<u>\$ 837</u>	<u>\$ 5,471</u>	<u>\$ 138,126</u>

The notes to the Financial Statements are an integral part of this statement.

97 Bandera EMS Building Fund	Total Private Purpose Trust Funds
\$ 1,410	\$ 30,093
<u>-</u>	<u>138,660</u>
<u>\$ 1,410</u>	<u>\$ 168,753</u>
<u>\$ -</u>	<u>\$ 19,261</u>
<u>\$ -</u>	<u>\$ 19,261</u>
<u>1,410</u>	<u>149,492</u>
<u>\$ 1,410</u>	<u>\$ 149,492</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Data Control Codes	85 GNADE Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ADDITIONS:				
Sales of Merchandise	\$ -	\$ 1,578	\$ -	\$ -
Investment Earnings	-	-	342	-
Oil Production Royalties	-	-	-	8,365
Contributions & Donations	-	9,035	-	-
Total Additions	<u>-</u>	<u>10,613</u>	<u>342</u>	<u>8,365</u>
DEDUCTIONS:				
Distributions to Schools	-	-	1,694	8,572
Supplies	-	10,356	-	-
Total Deductions	<u>-</u>	<u>10,356</u>	<u>1,694</u>	<u>8,572</u>
Change in Net Assets	-	257	(1,352)	(207)
Total Net Assets - October 1 (Beginning)	<u>3,648</u>	<u>580</u>	<u>6,823</u>	<u>138,333</u>
Total Net Assets - September 30 (Ending)	<u>\$ 3,648</u>	<u>\$ 837</u>	<u>\$ 5,471</u>	<u>\$ 138,126</u>

The notes to the Financial Statements are an integral part of this statement.

<u>97</u>	<u>Total</u>
<u>Bandera EMS</u>	<u>Private</u>
<u>Building</u>	<u>Purpose</u>
<u>Fund</u>	<u>Trust Funds</u>
\$ -	\$ 1,578
-	342
-	8,365
-	9,035
-	<u>19,320</u>
-	10,266
-	10,356
-	<u>20,622</u>
-	(1,302)
<u>1,410</u>	<u>150,794</u>
<u>\$ 1,410</u>	<u>\$ 149,492</u>

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Bandera, as of and for the year ended September 30, 2010, which collectively comprise the County of Bandera's basic financial statements and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the County of Bandera's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Bandera's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Bandera'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 the County of Bandera'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 the County of Bandera's financial statements that is more than inconsequential will not be prevented or detected by the County of Bandera's internal control.

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

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Bandera, in a separate letter dated March 4, 2011.

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

Sincerely,

Neffendorf, Knopp, Dooss & Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

March 4, 2011

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

Certified Public Accountants

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March 4, 2011

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Bandera for the year ended September 30, 2010, and have issued our report thereon dated March 4, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by County of Bandera are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2011

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We did find non-material weakness, included for informational purposes as follows:

Treasurer's Office

As reported in the prior year, quarterly investment reports should be prepared and submitted to the County Commissioners' Court and to the County Auditor. According to the County Investment Policy and the Public Funds Investment Act, investment reports should be prepared and submitted to the governing body of the County of Bandera not less than quarterly. We recommend that the County Treasurer, consistently and in a timely manner, prepare and submit to the Bandera County Commissioners' Court and to the County Auditor quarterly investment reports.

Collections - Justice of the Peace Offices – No. 1 and No. 4

In the prior year we reported on the lack of controls over the cash and receipting of cash. Funds received (cash, checks, money orders) are put in case folders and stacked on a clerk's desk until she has the time to enter the receipt into the computer system. Deposits were not made on a timely basis (sometimes in excess of a week). Only one clerk is responsible for preparing the deposits and for receipting into the computer system. Following are the updated conditions and recommendations:

1. In the prior year we recommended that deposits should be made daily. This has improved. Deposits are now made more frequently (at least two or three times a week).
2. The segregation of the deposit and the receipting functions has not improved from the prior year. Following is our comment and recommendation from the prior year:

Since there is more than one clerk at this office, the duties of preparing and making the deposit and receipting into the computer system should be segregated. One clerk should enter the receipts into the computer system and print out a report. The other clerk should count the funds, reconcile the amount to the receipt report and deposit the funds.

This information is intended solely for the use of the Commissioner's Court and management of County of Bandera and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Neffendorf, Knopp, Doos & Company, P.C.

NEFFENDORF, KNOPP, DOOS & COMPANY, P.C.
Fredericksburg, Texas