

*Financial Report of*  
**COUNTY OF CONCHO**

Paint Rock, Texas

**Year Ended September 30, 2010**

COUNTY OF CONCHO  
Annual Financial Report  
Year Ended September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1-2
Management's Discussion and Analysis (Unaudited).....	3-8
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Assets - Modified Cash Basis .....	9
Statement of Activities - Modified Cash Basis.....	10
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds .....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets - Modified Cash Basis.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds.....	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis .....	14
Statement of Fiduciary Net Assets - Modified Cash Basis - Fiduciary Funds .....	15
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis - Fiduciary Funds.....	16
Notes to the Financial Statements .....	17-26
<u>Required Supplementary Information</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund.....	27-29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Road and Bridge Fund .....	30
Schedule of Funding Progress for the TCDRS Retirement Plan (Unaudited) .....	31
<u>Other Supplementary Information</u>	
Schedule of Certificates of Deposit.....	32
Taxing History .....	33
<b>COMPLIANCE AND INTERNAL CONTROLS SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	34-35

## FINANCIAL SECTION



A Limited Liability Partnership

Jerry L. Tinkler, CPA  
Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertandcompany.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

## INDEPENDENT AUDITORS' REPORT

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, 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'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Section I., Note C., the County's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, as of September 30, 2010, and the respective changes in modified cash basis financial position for the year then ended in conformity with the basis of accounting described in Section I., Note C.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2011, on our consideration of the County of Concho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the TCDRS retirement plan on pages 3 through 8, 27 through 30, and 31, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

The Honorable County Judge  
and Commissioners' Court  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Concho's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Eckert & Company, LLP**

May 23, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

Our discussion and analysis of the County of Concho's financial performance provides an overview of the County's financial activities for the year ended September 30, 2010, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditors' report.

#### **Financial Highlights - Modified Cash Basis of Accounting**

The County's assets exceeded its liabilities at the end of the current year by \$1,217,531 (net assets). Of this amount, \$559,184 (unrestricted net assets) may be used to meet the County's ongoing obligations.

The County's total net assets decreased by \$177,932 as a result of current year operations. The County's statement of activities shows total revenues of \$2,387,432 and total expenses of \$2,565,364.

The total fund balance and the unreserved fund balance of the General Fund was \$192,499 which was a decrease of \$265,759 compared to the prior year.

#### **Overview of the Financial Statements**

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### UNAUDITED

#### Overview of the Financial Statements - Continued

The statement of activities presents information showing how the County's net assets changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services.

The County has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund and the Road and Bridge Fund, both of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Government-Wide Financial Analysis**

**Net Assets** - A summary of the County's net assets is presented below:

NET ASSETS - MODIFIED CASH BASIS

	<u>Governmental Activities</u>	
	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 559,209	\$ 899,706
Capital Assets	<u>658,347</u>	<u>506,066</u>
Total Assets	<u>\$ 1,217,556</u>	<u>\$ 1,405,772</u>
Liabilities	<u>\$ 25</u>	<u>\$ 5</u>
Net Assets		
Invested in Capital Assets	\$ 658,347	\$ 506,066
Unrestricted	<u>559,184</u>	<u>899,701</u>
Total Net Assets	<u>\$ 1,217,531</u>	<u>\$ 1,405,767</u>

A large portion of the County's net assets resulting from modified cash basis transactions (\$658,347) reflects the County's investment in capital assets (land, buildings, and equipment). These assets are not available for future spending. The remaining balance of unrestricted net assets (\$559,184) may be used meet the County's ongoing obligations.



**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities decreased the County's net assets resulting from modified cash basis transactions by \$177,932 and increased the County's net assets resulting from modified cash basis transactions by \$38,396 for the fiscal years ended September 30, 2010 and 2009, respectively. Key elements of these increases (decreases) are as follows:

CHANGES IN NET ASSETS - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended September 30,	
	2010	2009
Revenues		
Program Revenues		
Charges for Services	\$ 645,475	\$ 697,597
Operating Grants and Contributions	174,200	133,896
General Revenues		
Maintenance and Operations Taxes	1,476,364	1,483,697
Sales Taxes	63,242	74,176
Investment Earnings	12,201	22,122
Other Revenues	15,950	32,879
Total Revenues	\$ 2,387,432	\$ 2,444,367
Expenses		
General Government	\$ 1,008,020	\$ 917,869
Roads and Bridges	552,333	489,045
Justice System	353,042	379,575
Public Safety	560,952	509,141
Public Health and Welfare	91,017	110,341
Total Expenses	\$ 2,565,364	\$ 2,405,971
Change in Net Assets	\$ (177,932)	\$ 38,396
Net Assets - Beginning	1,405,767	1,367,371
Prior Period Adjustment	(10,304)	0
Net Assets - Ending	\$ 1,217,531	\$ 1,405,767

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### UNAUDITED

#### Government-Wide Financial Analysis - Continued

The above "Changes in Net Assets" reflects the following:

- The total cost of all governmental activities this year was \$2,565,364.
- Some costs, \$645,475 were recovered through charges for services from those who directly benefited from the programs.
- Other costs, \$174,200, were recovered through operating grants and contributions.
- The total net cost of all governmental activities this year (total cost less program revenues) was \$1,745,689.
- The amount paid by taxpayers for these activities through property taxes was \$1,476,364.
- The amount funded by sales tax revenues for these activities was \$63,242.
- The amount funded by investment earnings and miscellaneous local revenues was \$28,151.

#### Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$559,183, a decrease of \$340,518 in comparison with the prior year. This total amount constitutes unreserved fund balance, which is available for spending at the County's discretion.

#### General Fund Budget

The original and final amended budget for the General Fund was \$2,048,870. Significant variances between the original budget and the final amended budget includes a \$15,213 decrease in Miscellaneous, a \$49,400 increase in GCG Technology, and a \$15,687 increase in Libraries under General Government, a \$62,493 decrease in County and District Courts under Justice System, and a \$40,717 increase in Law Enforcement Center Renovations under Public Safety.

#### Capital Assets and Debt - Modified Cash Basis

**Capital Assets** - The County's investment in capital assets, net of depreciation, for its governmental type activities as of September 30, 2010 and 2009, was \$658,347 and \$506,066, respectively. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Capital Assets and Debt - Modified Cash Basis - Continued**

Major additions during the current year included two sheriff's department vehicles, a road and bridge truck/trailer, a heat pump system and renovation of the law enforcement building.

CAPITAL ASSETS NET OF DEPRECIATION -  
MODIFIED CASH BASIS

	<u>Governmental Activities</u>	
	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 9,508	\$ 4,750
Buildings and Improvements	331,552	245,557
Machinery and Equipment	<u>317,287</u>	<u>255,759</u>
Totals	<u>\$ 658,347</u>	<u>\$ 506,066</u>

**Long-Term Debt** - The County had no long-term debt outstanding.

**Economic Factors and Next Year's Budget**

The County has adopted a budget for the General Fund in the amount of \$2,246,579, for the fiscal year 2011, which is an increase of \$197,709 from the fiscal year 2010.

The County's assessed valuation for property taxes is \$253,187,750 for the fiscal year 2011, which is an increase of \$20,737,320 from the fiscal year 2010.

The County's total tax rate for property taxes is \$.587169 for the fiscal year 2011, which is a decrease of \$.053781 from the fiscal year 2010.

The County's total tax levy for property taxes is \$1,486,640 for the fiscal year 2011, which is an increase of \$81 from the fiscal year 2010.

**Requests for Information**

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Allen Amos, County Judge, County of Concho, P.O. Box 158, Paint Rock, TX 76866-0158.

Basic Financial Statements

COUNTY OF CONCHO  
Statement of Net Assets - Modified Cash Basis  
September 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Temporary Investments	\$ 531,585
Due from Fiduciary Funds	27,077
Prepaid Expense	547
Capital Assets (Net of Accumulated Depreciation):	
Land	9,508
Buildings and Improvements	331,552
Machinery and Equipment	<u>317,287</u>
 Total Assets	 <u>\$ 1,217,556</u>
<u>LIABILITIES</u>	
Other Payables	<u>\$ 25</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 658,347
Unrestricted	<u>559,184</u>
 Total Net Assets	 <u><u>\$ 1,217,531</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Statement of Activities - Modified Cash Basis  
Year Ended September 30, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General Government	\$ 1,008,020	\$ 125,588	\$ 41,653	\$ (840,779)
Roads and Bridges	552,333	205,048	16,244	(331,041)
Justice System	353,042	238,732	26,918	(87,392)
Public Safety	560,952	62,761	41,635	(456,556)
Public Health and Welfare	91,017	13,346	47,750	(29,921)
Total Governmental Activities	<u>\$ 2,565,364</u>	<u>\$ 645,475</u>	<u>\$ 174,200</u>	<u>\$ (1,745,689)</u>
General Revenues:				
Property Taxes				\$ 1,476,364
Sales Tax				63,242
Investment Earnings				12,201
Miscellaneous				<u>15,950</u>
Total General Revenues				<u>\$ 1,567,757</u>
Change in Net Assets				\$ (177,932)
Net Assets - Beginning				1,405,767
Prior Period Adjustment				<u>(10,304)</u>
Net Assets - Ending				<u>\$ 1,217,531</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
September 30, 2010

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 197,160	\$ 209,190	\$ 125,235	\$ 531,585
Due from Other Funds	20,680	30,902	1,276	52,858
Prepaid Expense	465	81	0	546
Total Assets	<u>\$ 218,305</u>	<u>\$ 240,173</u>	<u>\$ 126,511</u>	<u>\$ 584,989</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$ 25,781	\$ 0	\$ 0	\$ 25,781
Other Payables	25	0	0	25
Total Liabilities	<u>\$ 25,806</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,806</u>
<u>FUND BALANCES</u>				
Unreserved, Reported in:				
General Fund	\$ 192,499	\$ 0	\$ 0	\$ 192,499
Special Revenue Funds	0	240,173	126,511	366,684
Total Fund Balances	<u>\$ 192,499</u>	<u>\$ 240,173</u>	<u>\$ 126,511</u>	<u>\$ 559,183</u>
Total Liabilities and Fund Balances	<u>\$ 218,305</u>	<u>\$ 240,173</u>	<u>\$ 126,511</u>	<u>\$ 584,989</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets - Modified Cash Basis  
September 30, 2010

<b>Total Fund Balances - Governmental Funds</b>	\$ 559,183
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net assets.	495,762
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net assets.	260,203
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of the adjustments is to decrease net assets.	(12,850)
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.	<u>(84,767)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 1,217,531</u></u>

The accompanying notes are an integral part of this financial statement.



COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis  
 Governmental Funds  
 Year Ended September 30, 2010

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Taxes	\$ 1,287,516	\$ 252,090	\$ 0	\$ 1,539,606
Fees	117,394	205,048	46,480	368,922
Fines	219,397	0	0	219,397
Intergovernmental	98,227	0	42,282	140,509
Grant	0	0	52,446	52,446
Interest	9,935	2,025	241	12,201
Miscellaneous	61,574	3,844	1,783	67,201
	<b>\$ 1,794,043</b>	<b>\$ 463,007</b>	<b>\$ 143,232</b>	<b>\$ 2,400,282</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	\$ 1,041,716	\$ 0	\$ 17,519	\$ 1,059,235
Roads and Bridges	0	570,301	16,244	586,545
Justice System	342,665	0	10,377	353,042
Public Safety	605,108	0	45,853	650,961
Public Health and Welfare	18,778	0	72,239	91,017
	<b>\$ 2,008,267</b>	<b>\$ 570,301</b>	<b>\$ 162,232</b>	<b>\$ 2,740,800</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ (214,224)</b>	<b>\$ (107,294)</b>	<b>\$ (19,000)</b>	<b>\$ (340,518)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 0	\$ 29,035	\$ 22,500	\$ 51,535
Transfers Out	(51,535)	0	0	(51,535)
	<b>\$ (51,535)</b>	<b>\$ 29,035</b>	<b>\$ 22,500</b>	<b>\$ 0</b>
Net Change in Fund Balances	<b>\$ (265,759)</b>	<b>\$ (78,259)</b>	<b>\$ 3,500</b>	<b>\$ (340,518)</b>
Fund Balances - Beginning	458,258	318,432	123,011	899,701
Fund Balances - Ending	<b>\$ 192,499</b>	<b>\$ 240,173</b>	<b>\$ 126,511</b>	<b>\$ 559,183</b>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities - Modified Cash Basis  
Year Ended September 30, 2010

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (340,518)
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net assets.	260,203
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of the adjustments is to decrease net assets.	(12,850)
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.	<u>(84,767)</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ (177,932)</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Statement of Fiduciary Net Assets - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2010

	Permanent School Fund	Agency Funds
<u>ASSETS</u>		
Cash and Temporary Investments	\$ 23,440	\$ 106,896
Due from Other Funds	0	1,719
Total Assets	\$ 23,440	\$ 108,615
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 28,796
Due to Other Governments	0	52,598
Due to Others	0	27,221
Total Liabilities	\$ 0	\$ 108,615
<u>NET ASSETS</u>		
Restricted for Permanent School Fund	\$ 23,440	

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Statement of Changes in Fiduciary Net Assets - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2010

	<u>Permanent School Fund</u>
<u>ADDITIONS</u>	
Interest Earned	\$ 261
 <u>DEDUCTIONS</u>	
None	<u>0</u>
 Change in Net Assets	 \$ 261
 Net Assets - Beginning	 <u>23,179</u>
 Net Assets - Ending	 <u><u>\$ 23,440</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Notes to the Financial Statements  
September 30, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Concho, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**A. Reporting Entity**

The County of Concho, Texas, was organized by an Act of the Texas Legislature in 1879. The County is governed by the Commissioners' Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net assets.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe how 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**

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

**Basis of Accounting**

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Additionally, the government reports the following fund type:

Fiduciary Funds - These Funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

**D. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net assets.

**E. Capital Assets**

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Capital Assets - Continued**

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	15-30
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**F. Restricted Assets**

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**G. Compensated Absences**

County employees are entitled to vacation and sick leave based on their length of employment. Vacation does not accumulate or vest. Employees may accumulate up to 480 hours of sick leave. Employees are not paid for unused sick leave upon separation from service and are paid only for the current year's unused vacation.

**H. Fund Equity**

Fund equity is presented in the fund financial statements as follows:

The unreserved, undesignated fund balances for governmental funds represent the amount available for budgeting future operations.

**I. Property Tax Revenues**

Property values are assessed on January 1 of each year at which time a tax lien attaches to the property to secure the payment of taxes. Property taxes are levied on October 1 of each year. The taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the following year at which time they become subject to penalties and interest.

Property taxes are recognized as revenues when they are collected.

**J. Interfund Transfers**

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

**B. Excess Expenditures Over Appropriations**

Expenditures exceeded appropriations within the following programs:

General Fund	
General Government	\$ 13,538
Public Safety	2,378

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) 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, and (10) 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.



COUNTY OF CONCHO  
Notes to the Financial Statements – Continued  
September 30, 2010

**III.DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

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

**Custodial Credit Risk – Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, since they are covered by depository insurance and pledged securities held by a third party in the County's name.

**Concentration of Credit Risk:** The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2010, all of the County's investments are in certificates of deposit with its depository bank. The certificates of deposit are completely covered by pledged securities as described in the preceding paragraph.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2010, the County was not significantly exposed to credit risk.

**Interest Rate Risk:** Not applicable

**Foreign Currency Risk:** Not applicable

The carrying amount of the County's cash and temporary investments at September 30, 2010, approximates fair value and consisted of the following:

Cash in Bank	\$ 324,841
Certificates of Deposit	<u>337,080</u>
Total Cash and Temporary Investments	<u><u>\$ 661,921</u></u>

COUNTY OF CONCHO  
Notes to the Financial Statements – Continued  
September 30, 2010

**III.DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**B. Interfund Receivables, Payables, and Transfers**

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Fiduciary Funds	<u>\$ 20,680</u>	<u>\$ 25,781</u>	Unremitted Fees
Road and Bridge Fund			
General Fund	\$ 25,781	\$ 0	Unremitted Fees
Fiduciary Funds	<u>5,121</u>	<u>0</u>	Unremitted Fees
	<u>\$ 30,902</u>	<u>\$ 0</u>	
Nonmajor Governmental Funds			
Fiduciary Funds	<u>\$ 1,276</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	\$ 0	\$ 20,680	Unremitted Fees
Road and Bridge Fund	0	5,121	Unremitted Fees
Nonmajor Governmental Funds	0	1,276	Unremitted Fees
Fiduciary Funds	<u>1,719</u>	<u>1,719</u>	Unremitted Fees
	<u>\$ 1,719</u>	<u>\$ 28,796</u>	
Totals	<u>\$ 54,577</u>	<u>\$ 54,577</u>	

All amounts due are expected to be repaid within one year.

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Road and Bridge Fund	\$ 29,035	To Cover Fund Deficit
General Fund	Nonmajor Governmental Funds	<u>22,500</u>	To Cover Fund Deficit
Total		<u>\$ 51,535</u>	

COUNTY OF CONCHO  
Notes to the Financial Statements – Continued  
September 30, 2010

**III.DETAIL NOTES ON ALL ACTIVITIES AND FUNDS – Continued**

**C. Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 4,750	\$ 4,758	\$ 0	\$ 9,508
Buildings and Improvements	412,174	104,952	0	517,126
Machinery and Equipment	<u>1,261,273</u>	<u>150,493</u>	<u>79,599</u>	<u>1,332,167</u>
Total Capital Assets	<u>\$ 1,678,197</u>	<u>\$ 260,203</u>	<u>\$ 79,599</u>	<u>\$ 1,858,801</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (166,617)	\$ (18,957)	\$ 0	\$ (185,574)
Machinery and Equipment	<u>(1,005,514)</u>	<u>(65,810)</u>	<u>(56,444)</u>	<u>(1,014,880)</u>
Total Accumulated Depreciation	<u>\$ (1,172,131)</u>	<u>\$ (84,767)</u>	<u>\$ (56,444)</u>	<u>\$ (1,200,454)</u>
Governmental Activities Capital Assets, Net	<u>\$ 506,066</u>	<u>\$ 175,436</u>	<u>\$ 23,155</u>	<u>\$ 658,347</u>

Depreciation expense was charged to governmental activities functions as follows:

General Government	\$ 27,536
Roads and Bridges	23,925
Public Safety	<u>33,306</u>
Total	<u>\$ 84,767</u>

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Leases**

The County entered into lease agreements to finance the acquisition of equipment for the Road and Bridge Department. These lease agreements qualify as capital leases for accounting purposes and are payable from the Road and Bridge Fund. The effective interest rates are 4.29%.

The County entered into a lease agreement to finance the acquisition of equipment for the Road and Bridge Department. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the Road and Bridge Fund. The effective interest rate is 5.5%.

The County entered into a lease agreement to finance the acquisition of equipment for the Road and Bridge Department. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the Road and Bridge Fund. The effective interest rate is 5.08%.

Future minimum lease payments are as follows:

Year Ending September 30,	Capital Leases						Total
	Road and Bridge		Road and Bridge		Road and Bridge		
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 401,023	\$ 17,204	\$ 11,076	\$ 386	\$ 11,245	\$ 3,755	\$ 444,689
2012	0	0	951	4	60,916	4,007	65,878
Totals	<u>\$ 401,023</u>	<u>\$ 17,204</u>	<u>\$ 12,027</u>	<u>\$ 390</u>	<u>\$ 72,161</u>	<u>\$ 7,762</u>	<u>\$ 510,567</u>

The following is a summary of the changes in capital leases for the year ended September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	<u>\$ 557,010</u>	<u>\$ 0</u>	<u>\$ 71,799</u>	<u>\$ 485,211</u>

**IV. OTHER INFORMATION**

**A. Retirement Plan**

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

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCERS (TCERS 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 deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**IV. OTHER INFORMATION - Continued**

**A. Retirement Plan - Continued**

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

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to contribute at an elected rate in both 2009 and 2010 that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act. The rate contributed for the months of the accounting year in 2009 was 7% and was 7% for the months of the accounting year in 2010.

The deposit rate payable by the employee members for calendar year 2010 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost - For the employer's accounting year ended September 30, 2010, the annual pension cost for the TCDRS plan for its employees was \$71,204, and the actual contributions were \$71,204.

Actuarial Valuation Information

Actuarial Valuation Date	12-31-07	12-31-08	12-31-09
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open
Amortization Period in Years	30	30	30
Asset Valuation Method	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value
Actuarial Assumptions:			
Investment Return <sup>1</sup>	8.0%	8.0%	8.0%
Projected Salary Increases <sup>1</sup>	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

<sup>1</sup> Includes Inflation at the Stated Rate

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2010

**IV. OTHER INFORMATION - Continued**

**A. Retirement Plan - Continued**

Trend Information			
<u>Accounting Year Ended,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9-30-08	\$ 58,646	100%	\$ 0
9-30-09	66,892	100%	0
9-30-10	71,204	100%	0

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 8% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Funded Status and Funding Progress - As of December 31, 2009, the most recent actuarial valuation date, the plan was 100.97% funded. The actuarial accrued liability for benefits was \$2,339,518, and the actuarial value of assets was \$2,362,305, resulting in an overfunded actuarial accrued liability (OAAL) of \$22,787. The covered payroll (annual payroll of active employees covered by the plan) was \$967,575 and the ratio of the OAAL to the covered payroll was (2.36)%.

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

**B. Subsequent Event**

The County has authorized issuing \$1,000,000 of Concho County, Texas, Unlimited Tax Road Bonds, Series 2011 dated January 15, 2011.

Required Supplementary Information

COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Modified Cash Basis - Budget and Actual  
General Fund  
Year Ended September 30, 2010

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,313,391	\$ 1,313,391	\$ 1,287,516	\$ (25,875)
Fees	170,250	170,250	117,394	(52,856)
Fines	278,000	278,000	219,397	(58,603)
Intergovernmental	103,834	103,834	98,227	(5,607)
Interest	15,000	15,000	9,935	(5,065)
Miscellaneous	38,400	38,400	61,574	23,174
<b>Total Revenues</b>	<b>\$ 1,918,875</b>	<b>\$ 1,918,875</b>	<b>\$ 1,794,043</b>	<b>\$ (124,832)</b>
<b>EXPENDITURES</b>				
General Government				
County Judge	\$ 67,730	\$ 67,620	\$ 67,515	\$ 105
Commissioners' Court	97,950	97,950	97,849	101
County and District Clerk	48,727	47,045	47,045	0
Elections	41,233	41,233	40,215	1,018
County Treasurer	66,610	66,610	65,640	970
Tax Assessor-Collector	69,410	69,410	66,287	3,123
Courthouse	92,700	86,744	86,744	0
Extension Office	86,998	84,935	84,323	612
Nondepartmental:				
Insurance	60,000	64,976	64,976	0
Appraisal District	89,500	93,482	93,482	0
Audit	16,000	14,441	14,441	0
Advertising and Legal Notices	2,300	1,028	1,028	0
County Trapper	55,800	53,833	52,800	1,033
Election Expense	7,000	9,867	30,152	(20,285)
County Services	5,000	1,989	1,505	484
Radio Tower	2,000	644	644	0
Miscellaneous	20,500	5,287	6,237	(950)
SWCD	5,000	5,000	5,000	0
Libraries	3,000	18,687	18,687	0
Health Insurance	92,235	96,092	96,092	0
Retirement	24,580	24,580	24,453	127
Social Security	27,838	26,575	26,575	0
Legislative Consultant	500	0	0	0
FAX/Phone and Supplies	750	750	626	124
GCG - Technology	5,000	49,400	49,400	0
<b>Total General Government</b>	<b>\$ 988,361</b>	<b>\$ 1,028,178</b>	<b>\$ 1,041,716</b>	<b>\$ (13,538)</b>



COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Modified Cash Basis - Budget and Actual  
 General Fund - Continued  
 Year Ended September 30, 2010

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES - Continued</b>				
Justice System				
County and District Clerk	\$ 48,726	\$ 47,045	\$ 47,045	\$ 0
Courts - County and District	153,700	91,207	88,453	2,754
Justices of the Peace	99,250	95,520	95,520	0
County Attorney	43,925	43,925	42,387	1,538
Nondepartmental:				
Health Insurance	43,421	45,237	45,237	0
Retirement	11,572	11,572	11,512	60
Social Security	13,105	12,511	12,511	0
Total Justice System	<u>\$ 413,699</u>	<u>\$ 347,017</u>	<u>\$ 342,665</u>	<u>\$ 4,352</u>
Public Safety				
Sheriff	\$ 252,441	\$ 253,337	\$ 258,336	\$ (4,999)
Constable - Precinct Two	8,635	8,635	6,635	2,000
Highway Patrol Expense	2,000	2,000	1,504	496
911 Expense	3,700	3,700	3,681	19
Fire Protection	6,200	6,307	6,307	0
Law Enforcement Center Renovations	35,000	75,717	75,717	0
Law Enforcement Center	146,885	142,329	142,319	10
Nondepartmental:				
Health Insurance	69,344	72,245	72,245	0
Retirement	18,480	18,480	18,384	96
Social Security	20,930	19,980	19,980	0
Total Public Safety	<u>\$ 563,615</u>	<u>\$ 602,730</u>	<u>\$ 605,108</u>	<u>\$ (2,378)</u>

COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Modified Cash Basis - Budget and Actual  
 General Fund - Continued  
 Year Ended September 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES - Continued</u>				
Public Health and Welfare				
Veterans Service Officer	\$ 2,160	\$ 2,160	\$ 2,160	\$ 0
County Health Officer	500	500	500	0
Van Driver	7,500	7,500	7,168	332
Child Welfare	1,000	0	0	0
Drug-Alcohol Treatment	1,500	0	0	0
Septic Site Inspector	5,500	6,500	6,500	0
Septic Site Inspection	6,000	2,450	2,450	0
Total Public Health and Welfare	<u>\$ 24,160</u>	<u>\$ 19,110</u>	<u>\$ 18,778</u>	<u>\$ 332</u>
 Total Expenditures	 <u>\$ 1,989,835</u>	 <u>\$ 1,997,035</u>	 <u>\$ 2,008,267</u>	 <u>\$ (11,232)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (70,960)	 \$ (78,160)	 \$ (214,224)	 \$ (136,064)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>(59,035)</u>	<u>(51,835)</u>	<u>(51,535)</u>	<u>300</u>
Net Change in Fund Balance	\$ (129,995)	\$ (129,995)	\$ (265,759)	\$ (135,764)
Fund Balance - Beginning	<u>458,258</u>	<u>458,258</u>	<u>458,258</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 328,263</u>	<u>\$ 328,263</u>	<u>\$ 192,499</u>	<u>\$ (135,764)</u>

COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Modified Cash Basis - Budget and Actual  
 Road and Bridge Fund  
 Year Ended September 30, 2010

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes	\$ 254,596	\$ 254,596	\$ 252,090	\$ (2,506)
Fees	215,600	215,600	205,048	(10,552)
Interest	4,000	4,000	2,025	(1,975)
Miscellaneous	0	0	3,844	3,844
	<u>0</u>	<u>0</u>	<u>3,844</u>	<u>3,844</u>
Total Revenues	<u>\$ 474,196</u>	<u>\$ 474,196</u>	<u>\$ 463,007</u>	<u>\$ (11,189)</u>
<b><u>EXPENDITURES</u></b>				
Roads and Bridges				
Precinct Employees	\$ 197,796	\$ 197,796	\$ 196,847	\$ 949
Insurance	61,648	61,788	60,551	1,237
Social Security	15,175	15,175	15,017	158
Retirement	13,860	13,860	13,780	80
Parts and Repairs	29,200	23,533	42,566	(19,033)
Fuel	44,000	49,154	47,826	1,328
Tires and Batteries	11,500	18,152	12,819	5,333
Shop Supplies	5,950	9,956	8,808	1,148
Utilities	7,350	7,562	6,690	872
Road Material	12,500	14,420	7,760	6,660
Machine Hire	3,500	3,500	2,544	956
Capital Lease Payments	87,250	103,000	96,462	6,538
Equipment Purchase	175,000	164,837	58,106	106,731
Miscellaneous	49,007	46,753	525	46,228
	<u>49,007</u>	<u>46,753</u>	<u>525</u>	<u>46,228</u>
Total Expenditures	<u>\$ 713,736</u>	<u>\$ 729,486</u>	<u>\$ 570,301</u>	<u>\$ 159,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (239,540)</u>	<u>\$ (255,290)</u>	<u>\$ (107,294)</u>	<u>\$ 147,996</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	<u>29,035</u>	<u>29,035</u>	<u>29,035</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ (210,505)</u>	<u>\$ (226,255)</u>	<u>\$ (78,259)</u>	<u>\$ 147,996</u>
Fund Balance - Beginning	<u>318,432</u>	<u>318,432</u>	<u>318,432</u>	<u>0</u>
Fund Balance - Ending	<u><u>\$ 107,927</u></u>	<u><u>\$ 92,177</u></u>	<u><u>\$ 240,173</u></u>	<u><u>\$ 147,996</u></u>

COUNTY OF CONCHO  
 Schedule of Funding Progress for the TCDRS Retirement Plan  
 September 30, 2010  
 (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Overfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll <sup>1</sup>	OAAL as a Percentage of Covered Payroll
12-31-07	\$ 2,200,654	\$ 1,981,962	\$ (218,692)	111.03 %	\$ 847,472	(25.81) %
12-31-08	2,083,236	2,068,329	(14,907)	100.72 %	865,620	(1.72) %
12-31-09	2,362,305	2,339,518	(22,787)	100.97 %	967,575	(2.36) %

<sup>1</sup> The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

Other Supplementary Information

COUNTY OF CONCHO  
Schedule of Certificates of Deposit  
September 30, 2010

<u>Description</u>	<u>Identifying Number</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>GOVERNMENTAL FUNDS</u>				
General Fund				
First State Bank	6607	1.50	2-4-11	<u>\$ 100,000</u>
Special Road and Bridge Fund				
First State Bank	6318	0.95	2-2-11	\$ 100,000
First State Bank	6617	0.95	7-14-11	<u>75,000</u>
				<u>\$ 175,000</u>
Courthouse Security Fund				
First State Bank	6517	1.05	5-29-11	\$ 15,000
First State Bank	6618	0.85	7-14-11	<u>20,000</u>
				<u>\$ 35,000</u>
Total Governmental Funds				<u><u>\$ 310,000</u></u>
<u>FIDUCIARY FUNDS</u>				
Permanent School Fund				
First State Bank	6045	0.85	8-19-11	<u>\$ 20,000</u>
Agency Funds				
District Court Trust Funds				
First State Bank	6462	1.50	5-20-12	\$ 2,607
County Judge/Eola Cemetery				
First State Bank	5450	0.75	3-09-11	<u>4,473</u>
				<u>\$ 7,080</u>
Total Fiduciary Funds				<u><u>\$ 27,080</u></u>

COUNTY OF CONCHO  
Taxing History  
September 30, 2010

The assessed valuations and taxes levied by the County of Concho for the past ten years are shown below:

<u>Tax Roll Year</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
2000	\$ 171,286,130	\$ 943,455
2001	186,468,465	979,373
2002	181,896,657	1,043,219
2003	184,543,616	1,089,197
2004	184,933,280	1,135,756
2005	190,690,018	1,232,181
2006	203,598,465	1,289,813
2007	226,761,310	1,343,693
2008	250,780,824	1,484,763
2009	232,450,430	1,486,559

COMPLIANCE AND INTERNAL CONTROLS SECTION





A Limited Liability Partnership

Jerry L. Tinkler, CPA  
Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertandcompany.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

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*

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 23, 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 Concho'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 Concho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Concho's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted one matter involving internal control over financial reporting that we reported to management of the County of Concho in a separate letter dated May 23, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Concho'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*.

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

**Eckert & Company, LLP**

May 23, 2011