

Financial Report of

COUNTY OF CONCHO

Paint Rock, Texas

Year Ended September 30, 2008

COUNTY OF CONCHO
Annual Financial Report
Year Ended September 30, 2008

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FINANCIAL SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2008, 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, 2008, 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 March 16, 2009, on our consideration of the County of Concho's internal control over financial reporting and 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 important for assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26 through 29, 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
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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 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. This 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

March 16, 2009

ALLEN AMOS
Concho County Judge

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, 2008, 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 \$1,367,371 (net assets). Of this amount, \$875,419 (unrestricted net assets) may be used to meet the County's ongoing obligations.

The County's total net assets increased by \$107,245 as a result of current year operations. The County's statement of activities shows total revenues of \$2,461,665 and total expenses of \$2,354,420.

The total fund balance and the unreserved fund balance of the General Fund was \$439,939 which was an increase of \$137,436 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

	Governmental Activities	
	September 30,	
	2008	2007
Current and Other Assets	\$ 875,419	\$ 752,899
Capital Assets	491,952	507,227
Total Assets	<u>\$ 1,367,371</u>	<u>\$ 1,260,126</u>
Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Net Assets		
Invested in Capital Assets	\$ 491,952	\$ 507,227
Unrestricted	875,419	752,899
Total Net Assets	<u>\$ 1,367,371</u>	<u>\$ 1,260,126</u>

A large portion of the County's net assets resulting from modified cash basis transactions (\$491,952) 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 (\$875,419) 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 increased the County's net assets resulting from modified cash basis transactions by \$107,245 and \$60,661 for the fiscal years ended September 30, 2008 and 2007, respectively. Key elements of these increases are as follows:

CHANGES IN NET ASSETS - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended September 30,	
	2008	2007
Revenues		
Program Revenues		
Charges for Services	\$ 692,332	\$ 714,123
Operating Grants and Contributions	239,057	202,244
General Revenues		
Maintenance and Operations Taxes	1,372,464	1,300,764
Sales Taxes	85,896	66,560
Investment Earnings	27,042	23,227
Other Revenues	44,874	15,894
Total Revenues	<u>\$ 2,461,665</u>	<u>\$ 2,322,812</u>
Expenses		
General Government	\$ 834,873	\$ 928,202
Roads and Bridges	509,054	463,321
Justice System	355,418	358,555
Public Safety	453,255	406,668
Public Health and Welfare	201,820	105,405
Total Expenses	<u>\$ 2,354,420</u>	<u>\$ 2,262,151</u>
Change in Net Assets	\$ 107,245	\$ 60,661
Net Assets - Beginning	<u>1,260,126</u>	<u>1,199,465</u>
Net Assets - Ending	<u><u>\$ 1,367,371</u></u>	<u><u>\$ 1,260,126</u></u>

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 \$2,354,420.
- Some costs, \$692,332 were recovered through charges for services from those who directly benefited from the programs.
- Other costs, \$239,057, were recovered through operating grants and contributions.
- The total net cost of all governmental activities this year (total cost less program revenues) was \$1,423,031.
- The amount paid by taxpayers for these activities through property taxes was \$1,372,464.
- The amount funded by sales tax revenues for these activities was \$85,896.
- The amount funded by investment earnings and miscellaneous local revenues was \$71,916.

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 \$875,419, an increase of \$122,520 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 \$1,795,637. None of the variances between the original budget and the final amended budget were significant.

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, 2008 and 2007, was \$491,952 and \$507,227, 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 a vehicle and building renovations.

CAPITAL ASSETS NET OF DEPRECIATION - MODIFIED CASH BASIS

	Governmental Activities	
	September 30,	
	2008	2007
Land	\$ 4,750	\$ 4,750
Buildings and Improvements	233,738	201,618
Machinery and Equipment	253,464	300,859
Totals	<u>\$ 491,952</u>	<u>\$ 507,227</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 \$1,936,653, for the fiscal year 2009, which is an increase of \$141,016 from the fiscal year 2008.

The County's assessed valuation for property taxes is \$250,639,990 for the fiscal year 2009, which is an increase of \$23,878,680 from the fiscal year 2008.

The County's total tax rate for property taxes is \$.592007 for the fiscal year 2009, which is a decrease of \$.00177 from the fiscal year 2008.

The County's total tax levy for property taxes is \$1,481,697 for the fiscal year 2009, which is an increase of \$138,004 from the fiscal year 2008.

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, 2008

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 413,577
Certificates of Deposit	415,000
Due from Fiduciary Funds	42,158
Due from Other Governments	4,684
Capital Assets (Net of Accumulated Depreciation):	
Land	4,750
Buildings and Improvements	233,738
Machinery and Equipment	<u>253,464</u>
Total Assets	<u>\$ 1,367,371</u>
<u>LIABILITIES</u>	
None	<u>\$ 0</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 491,952
Unrestricted	<u>875,419</u>
Total Net Assets	<u><u>\$ 1,367,371</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, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 834,873	\$ 176,786	\$ 28,700	\$ (629,387)
Roads and Bridges	509,054	198,932	25,999	(284,123)
Justice System	355,418	236,258	27,595	(91,565)
Public Safety	453,255	68,128	18,975	(366,152)
Public Health and Welfare	201,820	12,228	137,788	(51,804)
Total Governmental Activities	<u>\$ 2,354,420</u>	<u>\$ 692,332</u>	<u>\$ 239,057</u>	<u>\$ (1,423,031)</u>
General Revenues:				
Property Taxes				\$ 1,372,464
Sales Tax				85,896
Investment Earnings				27,042
Miscellaneous				<u>44,874</u>
Total General Revenues				<u>\$ 1,530,276</u>
Change in Net Assets				\$ 107,245
Net Assets - Beginning				<u>1,260,126</u>
Net Assets - Ending				<u>\$ 1,367,371</u>

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

COUNTY OF CONCHO
Balance Sheet - Modified Cash Basis
Governmental Funds
September 30, 2008

	<u>General</u>	<u>Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 108,650	\$ 204,917	\$ 100,010	\$ 413,577
Certificates of Deposit	300,000	100,000	15,000	415,000
Due from Other Funds	30,933	14,057	1,496	46,486
Due from Other Governments	<u>4,684</u>	<u>0</u>	<u>0</u>	<u>4,684</u>
Total Assets	<u>\$ 444,267</u>	<u>\$ 318,974</u>	<u>\$ 116,506</u>	<u>\$ 879,747</u>
<u>LIABILITIES</u>				
Due to Other Funds	<u>\$ 4,328</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,328</u>
<u>FUND BALANCES</u>				
Unreserved, Reported in:				
General Fund	\$ 439,939	\$ 0	\$ 0	\$ 439,939
Special Revenue Funds	<u>0</u>	<u>318,974</u>	<u>116,506</u>	<u>435,480</u>
Total Fund Balances	<u>\$ 439,939</u>	<u>\$ 318,974</u>	<u>\$ 116,506</u>	<u>\$ 875,419</u>
Total Liabilities and Fund Balances	<u>\$ 444,267</u>	<u>\$ 318,974</u>	<u>\$ 116,506</u>	<u>\$ 879,747</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, 2008

Total Fund Balances - Governmental Funds	\$ 875,419
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.	507,227
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.	65,023
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>(80,298)</u>
Net Assets of Governmental Activities	<u><u>\$ 1,367,371</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, 2008

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 1,242,485	\$ 215,876	\$ 0	\$ 1,458,361
Fees	164,693	198,931	49,694	413,318
Fines	212,640	0	0	212,640
Intergovernmental	128,826	0	74,498	203,324
Grant	0	0	79,406	79,406
Interest	21,885	4,367	790	27,042
Miscellaneous	36,596	21,932	9,046	67,574
Total Revenues	<u>\$ 1,807,125</u>	<u>\$ 441,106</u>	<u>\$ 213,434</u>	<u>\$ 2,461,665</u>
<u>EXPENDITURES</u>				
Current:				
General Government	\$ 847,408	\$ 0	\$ 8,842	\$ 856,250
Roads and Bridges	0	488,847	16,116	504,963
Justice System	325,327	0	30,091	355,418
Public Safety	411,364	0	12,317	423,681
Public Health and Welfare	19,858	0	178,975	198,833
Total Expenditures	<u>\$ 1,603,957</u>	<u>\$ 488,847</u>	<u>\$ 246,341</u>	<u>\$ 2,339,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 203,168	\$ (47,741)	\$ (32,907)	\$ 122,520
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	<u>(65,732)</u>	<u>35,732</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balances	\$ 137,436	\$ (12,009)	\$ (2,907)	\$ 122,520
Fund Balances - Beginning	<u>302,503</u>	<u>330,983</u>	<u>119,413</u>	<u>752,899</u>
Fund Balances - Ending	<u>\$ 439,939</u>	<u>\$ 318,974</u>	<u>\$ 116,506</u>	<u>\$ 875,419</u>

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, 2008

Total Net Change in Fund Balances - Governmental Funds	\$ 122,520
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.	65,023
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>(80,298)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 107,245</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, 2008

	Permanent School Fund	Agency Funds
<u>ASSETS</u>		
Cash	\$ 2,740	\$ 152,937
Certificates of Deposit	20,000	10,525
Due from Other Funds	<u>0</u>	<u>2,319</u>
Total Assets	<u>\$ 22,740</u>	<u>\$ 165,781</u>
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 44,477
Due to Other Governments	0	89,142
Due to Others	<u>0</u>	<u>32,162</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 165,781</u>
<u>NET ASSETS</u>		
Restricted for Permanent School Fund	<u>\$ 22,740</u>	

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, 2008

	Permanent School Fund
	<u> </u>
<u>ADDITIONS</u>	
Interest Earned	\$ 784
<u>DEDUCTIONS</u>	
None	<u>0</u>
Change in Net Assets	\$ 784
Net Assets - Beginning	<u>21,956</u>
Net Assets - Ending	<u><u>\$ 22,740</u></u>

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

COUNTY OF CONCHO
Notes to the Financial Statements
September 30, 2008

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, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. 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.

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.

G. 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.

H. 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.

I. 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.

J. 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.

COUNTY OF CONCHO
Notes to the Financial Statements - Continued
September 30, 2008

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Interfund Receivables and Payables

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>\$ 30,933</u>	<u>\$ 4,328</u>	Unremitted Fees
Road and Bridge Fund			
General Fund	\$ 4,328	\$ 0	
Fiduciary Funds	<u>9,729</u>	<u>0</u>	Unremitted Fees
	<u>\$ 14,057</u>	<u>\$ 0</u>	
Nonmajor Governmental Funds			
Fiduciary Funds	<u>\$ 1,496</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	\$ 0	\$ 30,933	Unremitted Fees
Road and Bridge Fund	0	9,729	Unremitted Fees
Nonmajor Governmental Funds	0	1,496	Unremitted Fees
Fiduciary Funds	<u>2,319</u>	<u>2,319</u>	Unremitted Fees
	<u>\$ 2,319</u>	<u>\$ 44,477</u>	
Totals	<u>\$ 48,805</u>	<u>\$ 48,805</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	\$ 35,732	To Cover Fund Deficit
General Fund	Nonmajor Governmental Funds	<u>30,000</u>	To Cover Fund Deficit
Total		<u>\$ 65,732</u>	

COUNTY OF CONCHO
Notes to the Financial Statements - Continued
September 30, 2008

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Leases - Continued

Future minimum lease payments are as follows:

Year Ending September 30,	Capital Leases				Total
	Road and Bridge		Road and Bridge		
	Principal	Interest	Principal	Interest	
2009	\$ 38,542	\$ 21,458	\$ 9,924	\$ 1,537	\$ 71,461
2010	40,195	19,805	10,485	977	71,462
2011	421,453	18,080	11,076	386	450,995
2012	0	0	951	4	955
Totals	\$ 500,190	\$ 59,343	\$ 32,436	\$ 2,904	\$ 594,873

The following is a summary of the changes in capital leases for the year ended September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	\$ 588,565	\$ 0	\$ 55,939	\$ 532,626

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 and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated 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.

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.

Since Cat doesn't show our payments at \$17,500 as payments, he uses their schedule of \$15,000. Payoff is then not actually correct.

make keep a running total of this. figures are not accurate.

*2009-2010 figures for 4 maintainers - \$451,648
Rec #3
.. 22,512
.. 82,500*

COUNTY OF CONCHO
Notes to the Financial Statements - Continued
September 30, 2008

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>
9-30-06	\$ 59,400	100%	\$ 0
9-30-07	59,076	100%	0
9-30-08	58,646	100%	0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll¹</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12-31-05	\$ 1,708,172	\$ 1,630,801	\$ (77,371)	104.74 %	\$ 796,185	(9.72) %
12-31-06	1,956,524	1,776,632	(179,892)	110.13 %	844,247	(21.31) %
12-31-07	2,200,654	1,981,963	(218,691)	111.03 %	847,472	(25.81) %

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

B. Self-Insurances

The County has entered into an interlocal participation agreement with the West Texas Rural Counties Association Insurance Pool (the Pool). The Pool is an unincorporated association of counties and other political subdivisions of the State of Texas that was created to provide assistance in financing each member's risk of loss pursuant to the provisions of Article 715c, Texas Revised Civil Statutes Annotated, and Chapter 172 of the Local Government Code. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The County's participation in the Pool is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid to the Pool. The Pool is required to provide stop-loss coverage and/or maintain reserves to insure that the participation of the County is maintained on a nonassessable basis at all times. The County made contributions to the Pool for the coverage selected based upon rates established by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience. The Pool may impose a surcharge on the County as a condition of continued participation in the Pool when the County has a higher loss experience than identified in the underwriting standards. The County's participation in the Pool consists of the Risk Management Pool which provides coverage for property damage, general liability, law enforcement liability, automobile liability and physical damage, public officials' liability, and workers' compensation.

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, 2008

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 1,198,379	\$ 1,198,379	\$ 1,242,485	\$ 44,106
Fees	172,600	172,600	164,693	(7,907)
Fines	227,000	227,000	212,640	(14,360)
Intergovernmental	89,834	89,834	128,826	38,992
Interest	16,000	16,000	21,885	5,885
Miscellaneous	26,700	26,700	36,596	9,896
Total Revenues	\$ 1,730,513	\$ 1,730,513	\$ 1,807,125	\$ 76,612
EXPENDITURES				
General Government				
County Judge	\$ 66,125	\$ 66,125	\$ 61,659	\$ 4,466
Commissioners' Court	76,380	76,380	76,094	286
County and District Clerk	54,420	55,045	44,748	10,297
Elections	39,063	39,063	30,030	9,033
County Treasurer	56,752	56,752	53,516	3,236
Tax Assessor-Collector	59,332	57,868	57,576	292
Courthouse	49,460	50,324	50,324	0
Extension Office	72,235	75,083	75,083	0
Nondepartmental:				
Insurance	85,000	92,730	92,730	0
Appraisal District	82,000	96,827	96,827	0
Audit	15,000	14,558	14,315	243
Advertising and Legal Notices	3,000	3,000	2,580	420
County Trapper	29,400	26,400	26,400	0
Election Expense	8,000	11,981	6,040	5,941
County Services	2,500	4,678	4,678	0
Radio Tower	2,000	2,177	2,083	94
Miscellaneous	20,500	8,039	8,039	0
SWCD	5,000	5,000	5,000	0
Libraries	3,000	6,000	6,000	0
Health Insurance	103,251	99,325	85,991	13,334
Retirement	24,607	24,607	21,375	3,232
Social Security	26,536	26,536	22,899	3,637
Legislative Consultant	500	500	0	500
FAX/Phone and Supplies	1,000	1,000	775	225
GCG - Technology	5,000	5,000	364	4,636
Contingency	30,000	2,282	2,282	0
Total General Government	\$ 920,061	\$ 907,280	\$ 847,408	\$ 59,872

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, 2008

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>EXPENDITURES</u> - Continued				
Public Health and Welfare				
County Health Officer	\$ 500	\$ 500	\$ 500	\$ 0
Van Driver	7,300	7,300	7,278	22
Child Welfare	500	500	500	0
Drug-Alcohol Treatment	1,500	1,500	0	1,500
Septic Site Inspector	5,500	5,500	5,500	0
Septic Site Inspection	6,000	6,080	6,080	0
Total Public Health and Welfare	<u>\$ 21,300</u>	<u>\$ 21,380</u>	<u>\$ 19,858</u>	<u>\$ 1,522</u>
Total Expenditures	<u>\$ 1,738,637</u>	<u>\$ 1,738,637</u>	<u>\$ 1,603,957</u>	<u>\$ 134,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (8,124)	\$ (8,124)	\$ 203,168	\$ 211,292
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(57,000)	(57,000)	(65,732)	(8,732)
Net Change in Fund Balance	\$ (65,124)	\$ (65,124)	\$ 137,436	\$ 202,560
Fund Balance - Beginning	<u>302,503</u>	<u>302,503</u>	<u>302,503</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 237,379</u>	<u>\$ 237,379</u>	<u>\$ 439,939</u>	<u>\$ 202,560</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, 2008

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes	\$ 211,452	\$ 211,452	\$ 215,876	\$ 4,424
Fees	196,000	196,000	198,931	2,931
Interest	4,700	4,700	4,367	(333)
Miscellaneous	0	0	21,932	21,932
Total Revenues	<u>\$ 412,152</u>	<u>\$ 412,152</u>	<u>\$ 441,106</u>	<u>\$ 28,954</u>
<u>EXPENDITURES</u>				
Roads and Bridges				
Precinct Employees	\$ 184,152	\$ 184,639	\$ 172,877	\$ 11,762
Insurance	53,492	53,492	46,245	7,247
Social Security	14,089	14,097	13,166	931
Retirement	12,893	12,926	12,101	825
Parts and Repairs	23,554	26,113	25,188	925
Fuel	51,000	64,771	64,263	508
Tires and Batteries	12,000	14,381	10,893	3,488
Shop Supplies	5,975	5,426	3,362	2,064
Utilities	8,200	8,347	7,690	657
Road Material	7,500	7,699	7,356	343
Machine Hire	5,000	1,420	920	500
Capital Lease Payment	70,000	70,000	70,000	0
Equipment Purchase	111,500	124,167	51,731	72,436
Miscellaneous	36,979	8,856	3,055	5,801
Total Expenditures	<u>\$ 596,334</u>	<u>\$ 596,334</u>	<u>\$ 488,847</u>	<u>\$ 107,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (184,182)	\$ (184,182)	\$ (47,741)	\$ 136,441
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	26,982	26,982	35,732	8,750
Net Change in Fund Balance	\$ (157,200)	\$ (157,200)	\$ (12,009)	\$ 145,191
Fund Balance - Beginning	330,983	330,983	330,983	0
Fund Balance - Ending	<u>\$ 173,783</u>	<u>\$ 173,783</u>	<u>\$ 318,974</u>	<u>\$ 145,191</u>

Supplementary Information

COUNTY OF CONCHO
Schedule of Certificates of Deposit
September 30, 2008

<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	6496	4.15	12-11-08	\$ 100,000
First State Bank	6502	4.15	1-08-09	100,000
First State Bank	6505	3.50	1-29-09	100,000
				<u>\$ 300,000</u>
Special Road and Bridge Fund				
First State Bank	6318	2.50	2-12-09	100,000
Courthouse Security Fund				
First State Bank	6517	2.20	5-29-09	<u>15,000</u>
Total Governmental Funds				<u><u>\$ 415,000</u></u>
<u>FIDUCIARY FUNDS</u>				
Permanent School Fund				
First State Bank	6045	2.20	8-19-09	<u>\$ 20,000</u>
Agency Funds				
District Court Trust Funds				
First State Bank	6086	3.95	2-23-10	\$ 3,613
First State Bank	6462	4.00	4-05-10	2,439
County Judge/Eola Cemetery				
First State Bank	5450	2.00	3-09-09	<u>4,473</u>
				<u>\$ 10,525</u>
Total Fiduciary Funds				<u><u>\$ 30,525</u></u>

COUNTY OF CONCHO
Taxing History
September 30, 2008

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>
1998	\$ 150,845,817	\$ 844,375
1999	146,885,348	817,379
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

COUNTY OF CONCHO
Year Ended September 30, 2008

Federal Financial Assistance

Federal Grantor: U.S. Department of Housing and Urban Development

Pass Through Grantor: Texas Office of Rural Community Affairs

Type of Grant: Community Development Block Grant/State's Program

CFDA Number: 14.228

Project Number: 724181

Contract Period: 5-7-04 to 3-6-08

		Federal				
	Budget	Prior Years	Current Year	Local	Total	Variance
<u>RECEIPTS</u>						
Federal	\$ 174,900	\$ 105,354	\$ 69,546	\$ 0	\$ 174,900	\$ 0
Local	9,300	0	0	24,176	24,176	(14,876)
Total Receipts	\$ 184,200	\$ 105,354	\$ 69,546	\$ 24,176	\$ 199,076	\$ (14,876)
<u>DISBURSEMENTS</u>						
Federal						
Water Facilities	\$ 140,700	\$ 82,044	\$ 58,656	\$ 0	\$ 140,700	\$ 0
Engineering	16,700	10,500	6,200	0	16,700	0
General Administration	17,500	12,810	4,690	0	17,500	0
Local						
Water Facilities	9,300	0	0	24,176	24,176	(14,876)
Total Disbursements	\$ 184,200	\$ 105,354	\$ 69,546	\$ 24,176	\$ 199,076	\$ (14,876)
Excess Receipts Over Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

COMPLIANCE AND INTERNAL CONTROLS SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Jerry L. Tinkler, CPA
Michael E. Oliphant, CPA
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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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 16, 2009. 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 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'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's financial statements that is more than inconsequential will not be prevented or detected by the County'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'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 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.

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*.

The Honorable County Judge
and Commissioners' Court
Page 2

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

March 16, 2009

COUNTY OF CONCHO
Schedule of Status of Prior Findings
Year Ended September 30, 2008

Prior Year Findings -

Reference Number: 07-1

The limited number of employees which the County has in the various offices prohibits the County from establishing a proper system for the segregation of duties. Segregation of duties is a key element of internal control.

Status of Prior Year Findings -

Reference Number: 07-1

A complete segregation of duties cannot be obtained within the current employee structure and budget constraints. The County feels that the controls which are in place will reduce the risks associated with a lack of segregation of duties to an acceptable level. The County feels that it is not economically feasible to obtain sufficient personnel in order to obtain a complete segregation of duties, and the County does not plan to take any further action on this matter.