

DIMMIT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2009

**DIMMIT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT**

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Members of Commissioners Court
Dimmit County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dimmit County, Texas as of and for the year ended September 30, 2009, which collectively comprise Dimmit County, Texas's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dimmit County, Texas's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dimmit County, Texas, as of September 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, on our consideration of Dimmit County, Texas'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.

The management's discussion and analysis and budgetary comparison schedules listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dimmit County, Texas's basic financial statements. The combining financial statements and schedules for non-major funds and fiduciary funds listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local*

Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Dimmit County, Texas. The combining financial statements and schedules for non-major funds and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bill C. Rocha, CPA". The signature is written in a cursive, flowing style.

Bill C. Rocha
Certified Public Accountant
June 23, 2010

**DIMMIT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

As management of Dimmit County, Texas, we offer readers of Dimmit County, Texas's (the County) financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2009.

FINANCIAL HIGHLIGHTS

The government-wide assets of the County (exclusive of the Dimmit County Memorial Hospital) exceeded its liabilities as of September 30, 2009, by \$ 9,002,351 (net assets). The net assets of the governmental activities totaled \$ 9,299,911 and were comprised of unrestricted governmental net assets in the amount of \$ 3,921,908, restricted net assets in the amount of \$ 1,617,974 and net assets invested in capital assets, net of related debt in the amount of \$ 3,760,029. The business-type activities had deficit net assets which totaled (\$ 297,561) and was comprised of net assets invested in capital assets, net of related debt in the amount of \$ 8,067 and unrestricted net assets in the deficit amount of (\$ 305,628.)

During the year, the County (exclusive of the Dimmit County Memorial Hospital) had revenues that exceeded expenses by \$ 1,629,309.

The County's component unit, Dimmit County Memorial Hospital, increased its net assets by \$ 197,441 including operating transfers from the County in the amount of \$ 147,031, a donation of property in the amount of \$ 175,434 and net operating decreased in the amount of \$ (125,024). The County's total debt at year end was \$ 10,739,077, exclusive of Dimmit County Memorial Hospital total debt of \$ 70,295.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: (1) government-wide financial statements provide information about the activities of the County as a whole and present a long - term view of the County's finances; (2) fund financial statements for governmental and business-type activities and the County's component unit provide information as to how these services were financed in the short term as well as what remains for future spending and also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds; (3) notes to the financial statements amplify and clarify items in the government-wide and fund financial statements and (4) other statements that provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements: The Government-Wide Financial Statements, which begin on page 9 of this report, 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, 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.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County as the Primary Government (page 10) include expenses for General Government, Public Safety, Judicial, Culture and Recreation, Highways and Streets, Health and Welfare, and Interest on Long-Term debt. Of the \$ 6,133,654 in expenses for these governmental activities, 62% was recovered by charging for services, and 9% was paid for by operating and capital grants and contributions. The remainder was paid by taxes and other revenues.

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 funds of the County can be divided into three categories - governmental funds, proprietary 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 current resources and uses of those resources, as well as on the balances of such resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Beginning on page 12 of this report, information is presented separately in the Governmental Fund Balance Sheet for the General Fund, the Debt Service Fund and Public Facility Corporation which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 56.

Proprietary Funds - At this time, the County maintains two types of proprietary funds (enterprise funds). The County's Enterprise Funds consist of the Dimmit County Memorial Hospital and Utilities operations. Dimmit County Memorial Hospital is a discretely presented component unit of the County. The financial data of the Dimmit County Memorial Hospital is taken from 2009 financial statements audited and issued by separate independent auditors.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements for the utility operations begin on page 18. The component unit financial statements, which begin on page 21 of this report, provide information for the Dimmit County Memorial Hospital.

Fiduciary/Agency Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The County has Agency funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operation. See page 25.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-45 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required information concerning Budgetary Comparison Schedules for Major programs, Combining Schedules for Non-Major governmental funds and Combining Fiduciary Statements, this information may be found on pages 46-66.

GOVERNMENTAL- WIDE FINANCIAL ANALYSIS

A portion of the County's net assets (\$ 5,397,149) reflects the County's investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), net of any outstanding debt or bond issue costs used to acquire those assets. The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table provides a summary of the County's current and capital assets; current and long-term liabilities; invested in capital assets, net of related debt; and restricted and unrestricted amounts of net assets. As presented in the table, Governmental Activities and Business-Type Activities, including Dimmit County Memorial Hospital which is presented as a component unit, are presently separately with a total shown for both types of activities for the County.

Table 1
Summary of Net Assets
At September 30, 2009

	Governmental Activities 2009	Business-Type Activities 2009	Total 2009	Governmental Activities 2008	Business-Type Activities 2008	Total 2008	Total Increase (Decrease)
Current and Other Assets	\$ 5,292,892	\$ 2,083,163	\$ 7,376,055	\$ 5,604,295	\$ 2,143,521	\$ 7,747,816	\$ (371,761)
Capital Assets	15,099,886	1,707,415	16,807,301	14,364,657	1,616,405	15,981,062	826,239
Total Assets	20,392,778	3,790,578	24,183,356	19,968,952	3,759,926	23,728,878	454,478
Current Liabilities	353,790	1,324,733	1,678,523	282,850	1,399,567	1,682,417	(3,894)
Other Liabilities	10,739,077	70,295	10,809,372	12,075,665	145,633	12,221,298	(1,411,926)
Total Liabilities	11,092,867	1,395,028	12,487,895	12,358,515	1,545,200	13,903,715	(1,415,820)
Net Assets:							
Invested in Capital Assets							
Net of Related Debt	3,760,028	1,637,120	5,397,148	2,590,851	1,470,772	4,061,623	1,335,525
Restricted	1,617,975	-	1,617,975	1,547,404	-	1,547,404	70,571
Unrestricted	3,921,908	758,430	4,680,338	3,472,182	743,954	4,216,136	464,202
Total Net Assets	\$ 9,299,911	\$ 2,395,550	\$ 11,695,461	\$ 7,610,437	\$ 2,214,725	\$ 9,825,163	\$ 1,870,298

Analysis of County Activities—the following schedule provides a summary of the County's operations (including Dimmit County Memorial Hospital) for the years ended September 30, 2009 and 2008.

DIMMIT COUNTY'S CHANGES IN NET ASSETS

Table 2
Changes in Net Assets

	Governmental Activities 2009	Business-Type Activities 2009	Total 2009	Governmental Activities 2008	Business-Type Activities 2008	Total 2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,789,751	\$ 9,403,489	\$ 13,193,241	\$ 3,996,051	\$ 9,530,172	\$ 13,526,223
Operating/Capital Grants & Contributions	565,666	227,766	793,432	402,061	102,101	504,162
Total Program Revenue	4,355,417	9,631,255	13,986,673	4,398,112	9,632,273	14,030,385
General Revenues:						
Property Taxes, General Purpose	2,624,534	-	2,624,534	2,551,712	-	2,551,712
Property Taxes, Debt Service	400,439	-	400,439	444,750	-	444,750
Sales Taxes	381,287	-	381,287	361,882	-	361,882
Investment Earnings/Reimbursements	161,154	-	161,154	274,338	-	274,338
Total General Revenues	3,567,414	-	3,567,414	3,632,682	0	3,632,682
Total Program and General Revenues	7,922,831	9,631,255	17,554,087	8,030,794	9,632,273	17,663,067
Expenses:						
General Government	1,585,054	-	1,585,054	1,657,742	-	1,657,742
Public Safety	2,392,739	-	2,392,739	2,095,810	-	2,095,810
Judicial	559,831	-	559,831	541,036	-	541,036
Culture and Recreation	209,732	-	209,732	329,203	-	329,203
Highways and Streets	662,828	-	662,828	820,213	-	820,213
Health and Welfare	360,935	-	360,935	56,050	-	56,050
Interest on Long-Term Debt	362,536	-	362,536	1,392,279	-	1,392,279
Business- Type Activities:						
Utilities		120,759	120,759	-	143,488	143,488
Hospital	-	9,476,703	9,476,703	-	9,515,247	9,515,247
Total Expenses	6,133,655	9,597,462	15,731,117	6,892,333	9,658,735	16,551,068
Increase (decrease) in Net Assets Before Transfers:	1,789,176	33,793	1,822,969	1,138,461	(26,462)	1,111,999
Transfers/Refunds to State	(143,251)	147,031	3,780	(122,538)	162,537	39,999
Donation of Property	-	-	-	-	-	-
Net Increase In Net Assets	1,645,925	180,824	1,826,749	1,015,923	136,075	1,151,998
Net Assets, Beginning	7,610,437	2,214,726	9,825,163	6,691,204	2,078,650	8,769,854
Prior Period Adjustment	43,549	-	43,549	(96,690)	-	(96,690)
Net Assets, Ending	\$ 9,299,911	\$ 2,395,550	\$ 11,695,461	\$ 7,610,437	\$ 2,214,725	\$ 9,825,162

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, Dimmit County's governmental funds reported combined ending fund balances of \$ 2,520,700. About 64% of this amount (\$ 1,617,975) constitutes reserved fund balances. The remainder of the fund balance is available for new spending. The government-wide presentations of net asset balances and classifications are different; please refer to pages 14 and 17 of this report for a more detailed presentation of governmental fund balances that reconciles the difference between the two methods of reporting net assets.

In the General Fund, the County had budgeted \$ 5,177,191 in revenues and the actual amount collected at year end was \$ 5,178,286. The County budgeted \$ 5,170,164 in expenditures and the actual current expenditures were \$ 4,919,292. Please refer to page 46-55 of this report for more information.

The Public Facility Corporation fund has a total fund balance of \$ 871,081 and the Debt Service Fund has a fund balance of \$ 462,356.

Proprietary funds and Component Units - The County's proprietary fund and component unit statements beginning on page 18 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities (including Dimmit County Memorial Hospital) as of September 30, 2009, amounts to \$ 15,637,055 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment. This is the result of law enforcement vehicles purchased and continued construction of street improvements and public facilities. The following schedule shows the County's capital assets for both the governmental and business-type activities at year end. For more detailed information, refer to the capital assets footnote beginning on page 35 of the report.

DIMMIT COUNTY CAPITAL ASSETS			
	Governmental	Business	
	Activities	Type	Total
		Activities	
Land	\$ 702,226	\$ 46,098	\$ 748,324
Buildings	15,168,981	3,113,818	18,282,799
Machinery & Equipment	4,994,646	4,955,333	9,949,979
Construction In Progress	292,029		
Leased Assets	-	151,236	151,236
	<u>21,157,882</u>	<u>8,266,485</u>	<u>29,424,367</u>
Less Accumulated Depreciation	(6,936,213)	(6,559,070)	(13,495,283)
Total Capital Assets	<u>\$ 14,221,669</u>	<u>\$ 1,707,415</u>	<u>\$ 15,929,084</u>

Debt Administration

At the end of the current fiscal year, the County had debt comprised of certificates of obligation, notes payable and capital lease obligations of \$ 10,869,372 (including Dimmit County Memorial Hospital). This amount represents debt backed by the full faith and credit of the County and equipment. The following schedule shows the outstanding debt of the County. For more detailed information, refer to the debt footnote, beginning on page 37 of this report.

DIMMIT COUNTY CERTIFICATES, NOTES AND CAPITALIZED LEASE OBLIGATIONS PAYABLE			
	Governmental	Business	
	Activities	Type Activities	Total
Certificates of Obligation	\$ 4,975,000	\$ -	\$ 4,975,000
Notes Payable	5,622,452	130,295	5,752,747
Capital Lease	141,625	-	141,625
Total Debt	<u>\$ 10,739,077</u>	<u>\$ 130,295</u>	<u>\$ 10,869,372</u>

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information contact Mr. Carlos A. Pereda, Jr., Dimmit County Auditor at:

Mailing Address: Dimmit County, Texas
County Auditor's Office
407 W. Houston St
Carrizo Springs, Texas 78834

Telephone: (830) 876-4246

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BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

DIMMIT COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Dimmit County Memorial Hospital
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 495,999	\$ 15,009	\$ 511,007	\$ 91,812
Investments	510,415	-	510,415	-
Receivables (net)				
Taxes	3,033,803	-	3,033,803	-
Other	442,010	-	442,010	2,089,524
Internal Balances	431,456	(319,220)	112,237	-
Due from Other Governments	264,352	-	264,352	-
Notes Receivable	114,857	-	114,857	-
Assets Limited as to Use	-	-	-	10,206
Other Current Assets	-	-	-	195,832
Total Current Assets	5,292,892	(304,211)	4,988,681	2,387,374
Non-Current Assets				
Restricted Cash and Investments	600,781	-	600,781	-
Capital Assets				
Land	702,226	-	702,226	46,098
Buildings and Improvements, net	12,541,029	-	12,541,029	1,123,106
Equipment, net	686,385	8,067	694,452	378,907
Construction in Progress	292,029	-	292,029	151,237
Other Assets	277,436	-	277,436	-
Total Non-Current Assets	15,099,886	8,067	15,107,953	1,699,348
Total Assets	20,392,778	(296,144)	20,096,634	4,086,722
<u>LIABILITIES</u>				
Current Liabilities				
Bank Overdraft	-	-	-	335,680
Accounts Payable	187,117	1,417	188,534	584,510
Accrued Liabilities	50,169	-	50,169	343,126
Due to Other Governments	5,087	-	5,087	-
Notes Payable	-	-	-	60,000
Deferred Revenue	111,417	-	111,417	-
Total Current Liabilities	353,790	1,417	355,207	1,323,316
Long Term Liabilities				
Due within one Year	1,255,085	-	1,255,085	48,526
Due after one Year	9,483,992	-	9,483,992	21,769
Total Long Term Liabilities	10,739,077	-	10,739,077	70,295
Total Liabilities	11,092,867	1,417	11,094,284	1,393,611
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	3,760,028	8,067	3,768,095	1,629,053
Restricted for				
Special Revenue Funds	201,009	-	201,009	-
Capital Projects	954,610	-	954,610	-
Debt Service	462,356	-	462,356	-
Unrestricted	3,921,908	(305,629)	3,616,279	1,064,058
Total Net Assets	\$ 9,299,911	\$ (297,562)	\$ 9,002,349	\$ 2,693,111

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

DIMMIT COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions / Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,585,054	\$ 591,995	\$ -	\$ -
Public Safety	2,392,739	2,814,271	541,666	-
Judicial	559,831	218,846	-	-
Culture and Recreation	209,732	-	-	-
Highways and Streets	662,828	152,531	-	24,000
Health and Welfare	360,935	12,108	-	-
Interest on Long-Term Debt	362,536	-	-	-
Total Governmental Activities	6,133,655	3,789,751	541,666	24,000
Business-Type Activities				
Utility	120,758	104,141	-	-
Total Primary Government	\$ 6,254,414	\$ 3,893,894	\$ 541,666	\$ 24,000
Component Unit				
Dimmit County Memorial Hospital	\$ 9,476,703	\$ 9,299,347	\$ -	\$ 227,766
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Sales Taxes				
Investment Earnings				
Other Miscellaneous Income				
Refund to State				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - October 1, 2008				
Prior Period Adjustments				
Net Assets - September 30, 2009				

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

Net (Expenses) Revenues and Changes in Net Assets Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Dimmit County Memorial Hospital
\$ (993,059)	\$ -	\$ (993,059)	\$ -
963,198	-	963,198	-
(340,985)	-	(340,985)	-
(209,732)	-	(209,732)	-
(486,297)	-	(486,297)	-
(348,827)	-	(348,827)	-
(362,536)	-	(362,536)	-
		-	
(1,778,238)	-	(1,778,238)	
-	(16,617)	(16,617)	
(1,778,238)	(16,617)	(1,794,855)	-
-	-	-	50,410
2,624,534	-	2,624,534	-
400,439	-	400,439	-
381,287	-	381,287	-
12,299	-	12,299	-
148,855	-	148,855	-
(36,941)	-	(36,941)	-
(106,310)	-	(106,310)	147,031
3,424,163	-	3,424,163	147,031
1,645,925	(16,617)	1,629,308	197,441
7,610,437	(280,945)	7,329,492	2,495,670
43,549	-	43,549	-
\$ 9,299,911	\$ (297,562)	\$ 9,002,349	\$ 2,693,111

Governmental Fund Financial Statements

**DIMMIT COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	Major Funds		
	General	Debt Service	Public Facility Corporation
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 134,232	\$ 238	\$ 119,838
Certificates of Deposit	-	510,415	-
Receivables (net)			
Taxes	2,757,025	276,778	-
Other	442,008	-	-
Due from Other Funds	31,798	-	116,900
Due from Other Governments	-	-	-
Notes Receivable	-	-	-
Cash and Cash Equivalents- Restricted	-	-	600,781
Total Assets	\$ 3,365,063	\$ 787,431	837,519
<u>LIABILITIES</u>			
Bank Overdraft	\$ -	\$ -	\$ -
Accounts Payable	180,635	7,569	(45,627)
Accrued Liabilities	-	-	35,547
Due to Other Funds	(480,410)	40,728	(134,898)
Due to Other Governments	5,087	-	-
Deferred Revenue	2,757,025	276,778	111,417
Total Liabilities	2,462,337	325,075	(33,561)
<u>FUND BALANCES</u>			
Reserved For			
Special revenue purposes	\$ -	\$ -	\$ -
Capital projects	-	-	871,081
Debt Service	-	462,356	-
Unreserved, Reported in			
General Fund	902,726	-	-
Total Fund Balances	902,726	462,356	871,081
Total Liabilities and Fund Balances	\$ 3,365,063	\$ 787,431	837,520

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

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 241,691	\$ 495,999
-	510,415
-	3,033,803
-	442,008
12,476	161,174
264,352	264,352
114,857	114,857
-	600,781
<u>\$ 633,376</u>	<u>\$ 5,623,389</u>

\$ -	\$ -
44,541	187,117
-	35,547
304,297	(270,282)
-	5,087
-	3,145,220
<u>348,838</u>	<u>3,102,689</u>

\$ 201,009	\$ 201,009
83,529	954,610
-	462,356
-	902,726
<u>284,538</u>	<u>2,520,700</u>
<u>\$ 633,376</u>	<u>\$ 5,623,389</u>

DIMMIT COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Total Fund Balance - Governmental Funds	\$ 2,520,700						
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the adjusted cost of these assets was \$ 20,715,452 and the accumulated depreciation was \$ 6,350,795. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, not recorded as liabilities in the funds. The total long-term debt at the beginning of the year was \$ 12,075,665. The net effect of these adjustments is to increase net assets.	2,288,992						
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt on the government-wide financial statements.	1,778,867						
<table> <tr> <td>Capital Outlays</td><td style="text-align: right;">\$ 442,430</td></tr> <tr> <td>Long-term Debt Principal Payments</td><td style="text-align: right;">1,336,437</td></tr> <tr> <td></td><td style="text-align: right;"><u>\$ 1,778,867</u></td></tr> </table>	Capital Outlays	\$ 442,430	Long-term Debt Principal Payments	1,336,437		<u>\$ 1,778,867</u>	
Capital Outlays	\$ 442,430						
Long-term Debt Principal Payments	1,336,437						
	<u>\$ 1,778,867</u>						
Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(585,418)						
Proceeds from bond issuances are shown as revenues in the governmental funds financial statements, but are shown as liabilities on the government-wide financial statements.	-						
Unamortized bond issuance costs are shown as liabilities in the government-wide financial statements, but are not shown in the governmental funds financial statements	277,432						
Various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions it to increase net assets.	3,019,339						
Total Net Assets - Governmental Activities	<u>\$ 9,299,911</u>						

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

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DIMMIT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Major Funds		
	General	Debt Service	Public Facility Corporation
Revenues			
Taxes	\$ 2,935,440	\$ 421,048	\$ -
Licenses and Permits	269,675	-	-
Intergovernmental	406,873	-	-
Non Capital Grants	-	-	-
Charges for Services	512,238	-	1,347,677
Use of County Monies and Property	688,445	-	-
Fines and Forfeitures	168,761	-	-
Miscellaneous	196,854	23,412	-
Total Revenues	5,178,286	444,460	1,347,677
Expenses			
Current			
General Government	1,427,025	-	-
Public Safety	2,125,923	-	71,240
Judicial	602,366	-	-
Culture and Recreation	120,072	-	-
Highways and Streets	590,111	-	-
Health and Welfare	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal Retirement	-	242,750	963,763
Interest & Fiscal Charges	-	88,580	249,529
Debt Issue Costs	-	-	-
Total Expenses	4,865,497	331,330	1,284,532
Operating Income (Loss)	312,789	113,130	63,145
Other Financing Sources (Uses)			
Operating Transfers In (Out)	(53,795)	-	(55,002)
Capital Grants	-	-	-
Refund to State	-	-	-
Equity Transfer	-	-	-
Reimbursements and Restitution	-	-	-
Total Other Financing Sources (Uses)	(53,795)	-	(55,002)
Net Change In Fund Balance	258,993	113,130	8,142
Fund Balances - Beginning October 1, 2008	636,795	349,226	862,939
Prior Year Adjustments	6,937	-	-
Fund Balances - Ending September 30, 2009	\$ 902,725	\$ 462,356	\$ 871,081

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

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,356,488
-	269,675
165,408	572,281
546,951	546,951
3,874	1,863,789
6,000	694,445
12,020	180,780
19,739	240,004
<u>753,992</u>	<u>7,724,414</u>
-	1,427,025
-	2,197,163
-	602,366
78,625	198,697
109,500	699,611
326,697	326,697
292,029	292,029
-	1,206,513
-	338,109
-	-
<u>806,851</u>	<u>7,288,210</u>
<u>(52,859)</u>	<u>436,205</u>
2,488	(106,310)
(36,941)	-
-	(36,941)
-	-
<u>(34,453)</u>	<u>(143,250)</u>
(87,312)	292,953
335,238	2,184,198
36,612	43,549
<u>\$ 284,538</u>	<u>\$ 2,520,700</u>

DIMMIT COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Total Net Change in Fund Balance - Governmental Funds	\$	292,953
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(142,988)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		198,415
--	--	---------

The repayment of principal long term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amount are deferred and amortized in the statement of activities. This amount is the net of these differences in reporting.		1,297,545
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Change in Net Assets of Governmental Activities	\$	<u>1,645,926</u>
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The notes to the financial statements are an integral part of this statement.

Proprietary Fund Financial Statements

DIMMIT COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Water Utility Fund	Catarina Utility Fund	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 544	\$ 14,465	\$ 15,009
Total Current Assets	<u>544</u>	<u>14,465</u>	<u>15,009</u>
Capital Assets			
Depreciable Capital Assets, Net of Accumulated Depreciation	8,067	-	8,067
Total Current Assets	<u>8,067</u>	<u>-</u>	<u>8,067</u>
Total Assets	<u>8,611</u>	<u>14,465</u>	<u>23,076</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	1,417	-	1,417
Due to other Funds	317,064	2,156	319,220
Total Current Liabilities	<u>318,481</u>	<u>2,156</u>	<u>320,637</u>
Total Liabilities	<u>318,481</u>	<u>2,156</u>	<u>320,637</u>
<u>NET ASSETS</u>			
Invested in Capital Assets Net of Related Debt Unrestricted	8,067 (317,937)	- 12,309	8,067 (305,629)
Total Net Assets	<u>\$ (309,870)</u>	<u>\$ 12,309</u>	<u>\$ (297,562)</u>

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

DIMMIT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Water Utility Fund</u>	<u>Catarina Utility Fund</u>	<u>Total</u>
Operating Revenues			
Water Fees	\$ 88,593	\$ 11,139	\$ 99,732
Other Revenue	4,409	-	4,409
	<u>93,002</u>	<u>11,139</u>	<u>104,141</u>
Total Operating Revenue			
Operating Expenses			
Operating Expenses	114,803	5,955	120,758
Depreciation and Amortization	-	-	-
	<u>114,803</u>	<u>5,955</u>	<u>120,758</u>
Total Operating Expenses			
Operating Income (Loss)	(21,801)	5,184	(16,617)
Net Assets - Beginning October 1, 2008	<u>(288,069)</u>	<u>7,125</u>	<u>(280,944)</u>
Net Assets - Ending September 30, 2009	<u><u>\$ (309,870)</u></u>	<u><u>\$ 12,309</u></u>	<u><u>\$ (297,561)</u></u>

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

**DIMMIT COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Water Utility Fund	Catarina Utility Fund	Total
Cash Flows From Operating Activities			
Cash Received from Patients, Third Party Payors and customers	\$ 93,001	\$ 11,140	\$ 104,141
Cash Paid to Suppliers	(184,965)		(184,965)
Cash Paid for Employee Benefits and Payroll Taxes	(70,127)	(6,019)	(76,146)
Net Cash Provided (Used) By Operating Activities	(162,091)	5,121	(156,970)
Cash and Cash Equivalents - October 1, 2008	162,635	9,344	171,979
Cash and Cash Equivalents - September 30, 2009	<u>\$ 544</u>	<u>\$ 14,465</u>	<u>\$ 15,009</u>
Reconciliation of Net Income to Net Cash Flows From Operating Activities			
Operating Income (loss)	\$ (21,801)	\$ 5,185	\$ (16,616)
Adjustments to Reconcile Operating Income to Net Cash Flows Used in Operating Activities:			
Depreciation	-	-	-
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable and Accrued Expenses	(108,990)		(108,990)
Increase (Decrease) in Interfund Activities	(31,300)	(64)	(31,364)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (162,091)</u>	<u>\$ 5,121</u>	<u>\$ (156,970)</u>

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

Discrete Component Unit Financial Statements

**DIMMIT COUNTY, TEXAS
STATEMENT OF NET ASSETS
DISCRETE COMPONENT UNIT
SEPTEMBER 30, 2009**

	Dimmit County Memorial Hospital
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 91,812
Assets Limited as to Use	10,206
Patient / Customers Accounts Receivable, Net	1,305,357
Estimated Third-party Payor Settlements Receivable	784,167
Other Current Assets	195,832
Total Current Assets	2,387,374
Capital Assets	
Land	46,098
Buildings and Improvements, Net	1,123,106
Equipment, Net	378,907
Construction in Progress	151,237
Total Current Assets	1,699,348
Total Assets	4,086,722
<u>LIABILITIES</u>	
Current Liabilities	
Bank Overdrafts	335,680
Notes Payables	60,000
Current Portion of Long-term Debt	48,526
Accounts Payable	584,510
Due to other Funds	-
Estimated Third-party Payor Settlements Payable	-
Accrued Expenses	343,126
Total Current Liabilities	1,371,842
Long-term Debt, net of current portion	21,769
Total Liabilities	1,393,611
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	1,629,053
Unrestricted	1,064,058
Total Net Assets	\$ 2,693,111

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

DIMMIT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
DISCRETE COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Dimmit County Memorial Hospital
Operating Revenues	
Net Patient Service Revenue	\$ 9,175,417
Other Revenue	123,930
	<hr/>
Total Operating Revenue	9,299,347
	<hr/>
Operating Expenses	
Operating Expenses	9,174,092
Depreciation and Amortization	264,584
	<hr/>
Total Operating Expenses	9,438,676
	<hr/>
Operating Income (Loss)	(139,329)
	<hr/>
Non-Operating Revenues (Expenses)	
Non Capital Grants and Contributions	52,332
Donations of Property	175,434
Interest and Debt Expense	(38,027)
	<hr/>
Total Non-Operating Revenues (Expenses)	189,739
	<hr/>
Change in Net Assets Before Transfers	50,410
	<hr/>
Operating Transfers In (Out)	
Transfers in from County	147,031
	<hr/>
Change in Net Assets	197,441
	<hr/>
Net Assets - October 1, 2008	2,495,670
	<hr/>
Net Assets - September 30, 2009	\$ 2,693,111
	<hr/> <hr/>

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

**DIMMIT COUNTY, TEXAS
STATEMENT OF CASH FLOWS
DISCRETE COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Dimmit County Memorial Hospital
Cash Flows from Operating Activities	
Cash Received from Patients, Third Party Payors and customers	\$ 8,965,157
Other Receipts and Payments form Operations, Net	98,521
Cash Paid to Suppliers	(3,624,377)
Cash Paid to Employees	(4,336,208)
Cash Paid for Employee Benefits and Payroll Taxes	(968,547)
	<hr/>
Net Cash Provided (Used) By Operating Activities	134,546
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Capital grants and contributions	-
Proceeds from issuance of long term-term debt and notes payable	-
Principal payments on long-term debt	(75,338)
Interest payments on long-term debt	(37,129)
Purchase of capital assets	(180,160)
	<hr/>
Net Cash Provided (Used) By Capital and Related Financing Activities	(292,627)
	<hr/>
Cash Flows from Non-Capital Financing Activities	
Transfer from the County and Other Interfund Activity	147,031
Non-Capital Grants and Contributions	52,332
Proceeds From Issuance of Long-Term Debt and Notes Payable	60,000
Principal Payments on Long-Term Debt	(200,000)
Interest Payments on Long- Term Debt	(898)
	<hr/>
Net Cash Provided (Used) By Non-Capital Financing Activities	58,465
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(99,616)
	<hr/>
Cash and Cash Equivalents - October 1, 2008	201,634
Cash and Cash Equivalents - September 30, 2009	\$ 102,018
	<hr/> <hr/>

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

DIMMIT COUNTY, TEXAS
STATEMENT OF CASH FLOWS
DISCRETE COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

**Reconciliation of Cash and Cash Equivalents
To the Statement of Net Assets**

Cash and Cash Equivalents	
Presented Under the Following Titles:	
Cash and Cash Equivalents	\$ 91,812
Assets limited as to Use	10,206
Total Cash and Cash Equivalents	<u>\$ 102,018</u>

**Reconciliation of Net Income to
Net Cash Flows from Operating Activities**

Operating Income (loss)	(139,329)
Adjustments to Reconcile Operating Income to Net Cash Flows Used in Operating Activities:	
Depreciation	264,584
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	69,023
(Increase) Decrease in Other Assets	(39,046)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(76,174)
Increase (Decrease) in Third-Party Payor Settlements	(280,192)
Other Prepaids, Deferrals and Accrual, net	<u>335,680</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 134,546</u>

Schedule of noncash investing, capital and financial activities

Donation of Building	<u>\$ 175,434</u>
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The notes to the financial statements are an integral part of this statement.

Agency Fund Financial Statements

DIMMIT COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2009

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Investments	\$ 835,681
Due From Other Funds	<u> 22,728</u>
Total Assets	<u><u>\$ 858,409</u></u>
<u>LIABILITIES</u>	
Due to Other Funds	\$ 121,640
Due to Others	<u> 736,769</u>
Total Liabilities	<u><u>\$ 858,409</u></u>

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

**DIMMIT COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dimmit County, Texas (the "County") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

A. Reporting Entity

Primary Government and Component Unit

The County is a body corporate and politic. The general governing body of the County is Commissioners Court which has none of the functions of a court but has powers and duties defined by the Texas officials consisting of the County Judge elected county-wide and four Commissioners elected by precinct. The County Judge is the administrative officer of the County. The general functions of Commissioners Court are to establish a courthouse and jail, appoint numerous minor officials, fill vacancies in certain County offices, let contracts in the name of the County, build roads and bridges, administer the County's public welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds, adopt the County budget and any other lawful functions authorized by law. In accordance with GASB Statement 14, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

Blended Component Unit - Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units should be combined with data of the primary government (County).

For reporting purposes, the Dimmit County Public Facility Corporation (DCPFC) qualifies as a blended component unit. The Commissioners Court appoints the governing board of the DCPFC. The purpose of the DCPFC is to construct a border patrol facility and to account for the operation of the station which is leased to the United States Government for the Border Patrol.

Discretely Presented Component Unit - Discretely presented component units, although legally separate entities are in substance part of the government's operations and so data from these units should be reported along with and beside the data of the primary government (County).

For reporting purposes, the Dimmit County Memorial Hospital (Hospital) qualifies as a discretely presented component unit. The Hospital is owned by the County. Operations of the Hospital are administered through a seven - member Board of Managers appointed by the Commissioners Court. The financial data pertaining to the Hospital, taken from the 2009 issued financial statements, is presented with the data of the primary government. The Hospital provides inpatient, outpatient, and emergency care services to residents of the County.

B. Government-wide and Fund Financial Statements

The **government-wide financial statements** include the statements of net assets and statement of activities. Government-wide statements report, except for County fiduciary activity, information on all activities of the County and the discretely presented component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements (continued)

The Statement of Net Assets presents information on all of the County's assets and liabilities, 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.

The Statement of Activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The government has the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

The **Debt Service Fund** is used to set aside and accumulate resources to meet current and future debt service requirements on general long-term debt.

The **Public Facility Corporation Fund** is used to account for the construction of a Border Patrol station and to account for the operation of the station leased to the government of the United States of America.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government - wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *non operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and time deposits.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts. The property tax receivable allowance is equal to approximately 12% of outstanding property taxes at September 30, 2009.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1 of the following year. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity

Restricted Assets

The restricted assets consist of cash restricted for capital projects.

Capital Assets

Capital assets, which include property, plant, equipment but no infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County does not have a formal capitalization policy so that all capital assets with an estimated useful life in excess of one year are included. Such 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	30-33
Improvements other than buildings	35
Equipment	5-10

Compensated Absences

A liability for unused vacation for all full time employees is calculated and reported in the government - wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

Leave or compensation is attributable to services already rendered.

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured. Compensated absences are accrued in the government - wide statements.

Sick leave is paid on a prescribed basis. While the benefit accrues up to a maximum of 96 hours they are not paid upon separation from employment and therefore not reported in the financial statements of the County.

Long-term Obligations

Long-term debt and other long-term obligations of the enterprise funds are reported as liabilities in the proprietary fund financial statements and in the government-wide financial statements. Long-term debt and other long-term obligations of the governmental funds are not reported in the fund financial statements, but are reported as liabilities of the governmental activities in the government-wide financial statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Fund Equity

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

Net Assets

Net assets represent the difference between assets and liabilities.

Net assets invested in capital assets, net of related debt consists of the original cost of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors laws or regulations of other governments.

During the current fiscal year, the County elected to include a note payable that originated in fiscal year 2004 relating to the construction of the Border Patrol Station in the computation of net assets invested in capital assets, net of related debt. The inclusion of this amount had the net effect of increasing unrestricted net assets and decreasing net assets invested in capital assets, net of related debt.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The County Judge is by statute the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the special assistant designated by the County Judge to assist him and the Commissioners Court on budgetary matters. The County Judge reviews budget requests, holds informal hearings when needed, and fills in columns in budget preparation forms, setting out his budget recommendations to the Commissioners Court.

A public hearing, at which Department heads may appear, is held on the budget by the Commissioners Court. Before determining the final budget, the Commissioners Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Appropriations lapse at fiscal year-end.

Amendments are made during the year on approval by the Commissioners Court. The final amended budget is used in this report.

Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a budgetary basis rather than in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the budgetary basis revenues are recognized as collected and expenditures are recognized as paid. The items which reconcile the budgetary basis to the modified accrual basis (GAAP) are receivables, which are not recognized under the budgetary basis.

**DIMMIT COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Deficit Fund Equity

The following governmental activities had deficit fund balances as of September 30, 2009:

Airport Fund Project \$ (22,073), Records Management – District Clerk Fund \$ (6,925), Border Patrol Project Fund \$ (6,522), Records Management - County Clerk Fund \$ (9,671) and ORCA Espantosa \$ (27,613).

The Water Utility fund also had a deficit balance of (\$ 309,871).

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The County does not have a formal policy regarding types of carrying amounts of deposits allowed. Collateral requirements are addressed in its depository agreement with its principal banking institution, but not with other banking institutions which may hold funds as a trustee.

Receivables

Dimmit County

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

Receivables	General Fund	Debt Service Fund	Other Non Major	Total
Taxes	\$ 3,243,558	\$ 325,621	\$ -	\$ 3,569,179
Accounts	442,008	-		442,008
Intergovernmental	-	-	264,352	264,352
Notes Receivable	-	-	114,857	114,857
Gross Receivables	3,685,566	325,621	379,209	4,390,396
Less allowance for uncollectible	(486,533)	(48,843)	-	(535,376)
Net Receivables	\$ 3,199,033	\$ 276,778	\$ 379,209	\$ 3,855,020

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Receivables (continued)

Dimmit County (continued)

The County has one direct economic development loan to a private entity identified as follows:

- (1) A promissory note in the amount of \$ 285,000 was initiated on December 29, 1995 and due on June 1, 2016. The note was issued to Neighborhood Housing Program Services of Dimmit County, Inc. The note is due in 240 installments bearing annual interest of 3% for the first 15 years only. The loan is secured by a deed of trust to certain real property. The balance at September 30, 2009 is \$ 114,857.

Dimmit County Memorial Hospital

The Hospital is located in Carrizo Springs, Texas. The Hospital grants credit without collateral to its patients, most are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers was as follows:

	2009
Medicare	17%
Medicaid	21%
Other third-party payers	26%
Patients	36%
	<u>100%</u>
	2009
Accounts receivable - GROSS	\$ 4,580,328
Allowance for bad debts and contractual adjustments	(3,274,971)
Accounts receivable - NET	<u>\$ 1,305,357</u>

**DIMMIT COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

3. DETAILED NOTES ON ALL FUNDS (continued)

Receivables (continued)

Dimmit County - Interfund Receivables and Payable

During the course of its operations, the County has numerous transactions between funds to finance operations and service debt.

When applicable, interfund receivables are reported and clearly identified as due from or due to other funds in the financial statements. Interfund balances at September 30, 2009 consisted of the following individual fund receivables and payables:

Fund	Receivable	Payable
General	\$ 512,208	\$ -
Debt Service Fund	\$ -	\$ 40,728
Public Facility Corporation	134,898	-
Other Non Major	270,282	458,530
Water Utility Fund	-	317,064
Catarina Fund	-	2,154
Fiduciary	22,728	121,640
	<u>\$ 940,116</u>	<u>\$ 940,116</u>

Interfund activity is primarily incurred in order to meet obligations of funds which are on a cost reimbursement arrangement or that must pay expenses before a revenue stream is received. These amounts are intended to be temporary in nature.

Dimmit County Memorial Hospital - Net Patient Service Revenue

Medicare and Medicaid inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is reimbursed for costs after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary.

Subject to the above-mentioned review, the retroactive settlement receivable from these programs at September 30, 2009, was \$ 784,167. Adjustments to these amounts (if any) will be recognized in the year of determination.

Current cost report receivable from (payable to) Medicare	\$ 23,772
Current cost report receivable from Medicaid	659,992
Current year PIP receivable from Medicare	100,403
Lump sum payable	-
Net third-party settlements	<u>\$ 784,167</u>

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Dimmit County Memorial Hospital - Net Patient Service Revenue (continued)

Net patient service revenues at September 30, 2009 included \$ 1,024,495, which was paid under the Medicaid Disproportionate Share Program. The Hospital has been notified that it may expect to receive approximately \$ 966,000 from the Medicaid Disproportionate Share Program during the State fiscal year 2010 under this program.

The Hospital participated in the Medicaid Upper Payment Limit Program (UPL), a program designed to benefit rural community hospitals. As part of the program, twenty-five hospitals meeting specific requirements agreed to advance funds which are then matched with federal funding. Again, based on specific requirements, all funds are then disbursed to rural community hospitals throughout Texas. In connection with this program, the Hospital advanced \$ 367,140 for the year ending September 30, 2009. Subsequently, the Hospital received approximately \$ 905,258 for the year ending September 30, 2009. Additionally, advances and payments will be made quarterly for the state fiscal year 2010.

The Hospital has also entered into agreements with Blue Cross and certain commercial insurance carriers, health maintenance organizations, etc. The future impact of these changes is dependent upon interpretation of new regulations, patient acuity and treatment patterns and has not been estimated. The basis for payment to the Hospital under these various agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The Hospital's previous reimbursements are also subject to review by federal authorities. These authorities have several initiatives in progress. No material liabilities have been identified to date under these review programs; however, the potential exists for future claims. These will be recognized in the year the amounts are determined, if any.

Dimmit County Memorial Hospital - Uncompensated Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. Additionally, the Hospital forgoes charges relating to Medicare, Medicaid, and other third-party payers. Following is a schedule of patient service revenue at established rates and charges forgone for the year ended September 30, 2009:

	2009
Gross patient service revenue	\$ 19,410,153
Bad debts and uncollected accounts	(2,586,070)
Medicare and Medicaid contractual adjustments	(5,463,187)
Charity care	(2,809,442)
Other deductions	(1,036,968)
Disproportionate share and other credits	1,660,931
	<u>\$ 9,175,417</u>

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Dimmit County Memorial Hospital - Limited Use Assets and Investments

The components of assets limited as to use at September 30, 2009, are set forth in the following table. Investments are stated at fair value and are comprised primarily of cash and cash equivalents.

Internally designated for self-funded insurance \$ 10,206

Capital Assets

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

Dimmit County

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balances
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 702,226	\$ -	\$ -	\$ 702,226
Construction in Progress	-	292,029	-	292,029
Total assets not being depreciated	702,226	292,029	-	994,255
Capital assets, being depreciated:				
Buildings	15,168,981	-	-	15,168,981
Improvements other than buildings	-	-	-	-
Equipment	4,844,245	150,401	-	4,994,646
Total assets being depreciated	20,013,226	150,401	-	20,163,627
Less accumulated depreciation:				
Buildings	(2,415,309)	(212,643)	-	(2,627,952)
Equipment	(3,935,486)	(372,775)	-	(4,308,261)
Total accumulated depreciation	(6,350,795)	(585,418)	-	(6,936,213)
Total capital assets being depreciated, net	13,662,431	(435,017)	-	13,227,414
Government activities capital assets, net	14,364,657	(142,988)	-	14,221,669
Business - Type Activities:				
Capital assets being depreciated:				
Equipment	20,166	-	-	20,166
Less accumulated depreciation	(12,099)	-	-	(12,099)
Business-type activities being depreciated, net	\$ 8,067	\$ -	\$ -	\$ 8,067

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Dimmit County (continued)

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

<u>Governmental Activities</u>	
General Government	\$ 193,563
Public Safety	275,477
Highways and Streets	27,965
Judicial	11,035
Culture and Recreation	43,140
Health and Welfare	34,238
Total Depreciation Expense - Governmental Activities	<u>\$ 585,418</u>

Dimmit County Memorial Hospital

	Beginning Balance	Additions	Deletions/ Adjustments	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 46,098	\$ -	\$ -	\$ -	\$ 46,098
Construction in progress		151,236			\$ 151,236
Total capital assets not being Depreciated	46,098	151,236	-	-	197,334
Capital assets being depreciated:					
Buildings and improvements	2,938,384	175,434	-	-	3,113,818
Equipment	4,644,388	28,779	-	262,000	4,935,167
Leased assets	262,000	-	-	(262,000)	-
Total capital assets being depreciated	7,844,772	204,213	-	-	8,048,985
Less accumulated depreciation:					
Buildings and improvements	(1,902,382)	(88,330)	-	-	(1,990,712)
Equipment	(4,129,317)	(164,942)	-	(262,000)	(4,556,259)
Leased assets	(250,833)	(11,167)	-	262,000	-
Total accumulated depreciation	(6,282,532)	(264,439)	-	-	(6,546,971)
Total capital assets being depreciated, net	1,562,240	(60,226)	-	-	1,502,014
Total capital assets, net	\$ 1,608,338	\$ 91,010	\$ -	\$ -	\$ 1,699,348

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Dimmit County Memorial Hospital (continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
Equipment	3-25
Leased assets	3-5

Debt

Dimmit County

At September 30, 2009, long-term debt consisted of the following individual issues:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Certificates of Obligation</u>					
(1) Series 2008	\$ 4,685,000	\$ -	\$ 45,000	\$ 4,640,000	\$ 45,000
<u>Notes Payable</u>					
(2) Bank of America	6,586,216	-	963,764	5,622,452	963,764
<u>Limited Tax Notes</u>					
(3) Series 2006	461,000	-	126,000	335,000	138,000
<u>Capital Leases</u>					
(4) Road Equipment	240,608	-	151,729	88,879	54,866
(5) Motor Graders	102,689	-	49,943	52,746	53,455
	<u>\$ 12,075,513</u>	<u>\$ -</u>	<u>\$ 1,336,436</u>	<u>\$ 10,739,077</u>	<u>\$ 1,255,085</u>

- (1) Certificates of Obligation Limited Tax Refunding Bonds, Series 2008 was issued in the amount of \$ 4,685,000. This C.O. was issued to decrease Certificates of Obligation Series 2001, 2002, 2003, 2003A and 2003B.
- (2) A \$10,000,000 note payable to Bank of America, dated May 29, 2003, with a final payment due on August 1, 2014. The note is payable in monthly installments of \$109,470 including interest of 5.69% per annum. The proceeds of the note were used to finance the new Border Patrol Station. The County has entered into a lease agreement with the United States Government to provide the funds to meet debt service requirements.

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Debt (continued)

Dimmit County (continued)

- (3) Limited Tax Note, Series 2006, dated September 15, 2006, was issued in the amount of \$533,000. The limited tax note is payable semi-annually on March 1, and September 1, beginning March 1, 2007 for five years. The interest is 4.62% per annum. The proceeds of the Limited Tax Note were used to finance equipment purchases.
- (4) The County entered into a capital lease on March 26, 2007 to purchase a dump truck, loader truck and a garbage truck. The equipment was delivered to the county during fiscal year 2008. The lease is payable in 5 annual installments of \$ 69,702, including interest at 5.98% per annum, beginning February 1, 2008 and maturing February 2013. The lease is secured by the equipment.
- (5) The County entered into a capital lease on May 4, 2005 to purchase equipment and to refinance two motor graders. The lease is payable in five annual installments of \$54,666, including interest at 4.948% per annum, beginning January 20, 2006 and maturing on January 20, 2010. The lease is secured by the equipment.

Debt service requirements of the County to maturity for the above obligations are follows:

Year Ended September 30,	Principal	Interest	Total
2010	\$ 1,204,536	\$ 537,904	\$ 1,742,440
2011	1,290,863	473,408	1,764,271
2012	1,432,693	400,628	1,833,321
2013	1,514,435	321,271	1,835,706
2014	1,490,606	237,057	1,727,663
2015 - 2019	1,830,000	894,956	2,724,956
2020 - 2023	1,835,000	375,082	2,210,082
	<u>\$ 10,598,133</u>	<u>\$ 3,240,306</u>	<u>\$ 13,838,439</u>

Lease payments are expenditures of the General Fund. The following is a summary of future minimum lease payments under capital leases:

Year Ending September 30,	
2010	116,195
2011	35,072
Total minimum lease payments	151,267
Less: amount representing interest	(9,642)
Present value of future minimum lease payments	<u>\$ 141,625</u>

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Debt (continued)

Dimmit County (continued)

During the fiscal year ending September 30, 2008, the County issued \$ 4,685,000 in Unlimited Tax Refunding Bonds, Series 2008 to defease \$ 1,580,000 of the Certificates of Obligation, Series 2001, \$ 525,000 of the Certificates of Obligation, Series 2002, \$ 1,725,000 of the Certificates of Obligation, Series 2003, \$ 265,000 of the Certificates of Obligation, Series 2003-A, and \$ 160,000 of the Certificates of Obligation, Series 2003-B, and to pay bond issue costs. The County increased its total debt service payments over the next 14 years by \$ 1,672,747 but obtained an economic gain of approximately \$ 153,043, based on the present value of the payments to be made and the increased repayment period.

Interest Rate Swap

Objective of the Interest Rate Swap

As a means to lower its borrowing costs, when compared to fixed-rate loans at the time of issuance on May 1, 2003, the County entered into an interest rate swap in connection with its \$ 10,000,000 construction loan from Bank of America, N.A. The intention of the swap was to effectively change the County's variable interest rate on the loan to a synthetic fixed rate of 5.6900%.

Terms

The loan and the related swap agreement mature on August 1, 2014, and the swap's notional amount of \$ 10,000,000 million matches the \$ 10,000,000 variable-rate loan. The swap was entered into at the same time the loan was issued. As principal on the loan declines, the notional value of the swap declines to match the unpaid principal balance. Under the swap, the County pays the counterparty a fixed payment of 5.6900% and receives a variable payment based on the London Interbank Offered Rate (LIBOR). Conversely, the loan's variable-rate payments are based on the Applicable Interest Rate as stated in the loan agreement. The Applicable Interest Rate changes monthly and is based on the U.S. Prime Rate.

Fair Value

As of September 30, 2009, the swap had a negative fair value of (\$ 64,675). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate loan, creating lower synthetic rates. Because the payments on the County's variable-rate loan adjust to changing interest rates, the loan does not have a corresponding fair value increase.

Credit Risk

As of September 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair market value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk

As noted above, the swap exposes the County to basis risk. Should the relationship between LIBOR and the U.S. Prime Rate converge, the synthetic rate on the loan would change. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Debt (continued)

Termination Risk

The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate loan would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

Swap Payments and Associated Debt

As rates vary, variable-rate loan interest payments and net swap payments will vary. Using rates as of September 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are listed in below:

Year Ending September 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2010	1,020,055	204,324	119,659	1,344,038
2011	1,079,635	162,859	95,375	1,337,869
2012	1,142,693	118,973	69,674	1,331,340
2013	1,209,435	72,523	42,472	1,324,430
2014	1,170,606	23,361	13,680	1,207,647
Total	<u>\$ 5,622,424</u>	<u>\$ 582,040</u>	<u>\$ 340,860</u>	<u>\$ 6,545,324</u>

Dimmit County Memorial Hospital

A summary of notes payable at September 30, 2009 follows:

	Beginning Balance	Issued	Retired	Ending Balance
Note payable to bank, 6.00%, collateralized by accounts receivable, payable in full March 30, 2009	\$ 200,000	\$ -	\$ 200,000	\$ -
Note payable to bank, 6.00%, collateralized by accounts receivable, payable in full May 15, 2010	-	60,000	-	60,000
	<u>\$ 200,000</u>	<u>\$ 60,000</u>	<u>\$ 200,000</u>	<u>\$ 60,000</u>

**DIMMIT COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

3. DETAILED NOTES ON ALL FUNDS (continued)

Debt (continued)

Dimmit County Memorial Hospital (continued)

A summary of long-term debt and capital lease obligations at September 30, 2009 follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Note payable to L.A. Barrington, 10.53% collateralized by equipment, payable in monthly installments of \$4,469, payable in full February 2011.	\$ 113,993	\$ -	\$ 43,698	\$ 70,295	\$ 48,526
Capital lease obligations, with imputed interest rate of 6.89% to 10.53% collateralized by leased equipment.	31,640	-	31,640	-	-
	<u>\$ 145,633</u>	<u>\$ -</u>	<u>\$ 75,338</u>	<u>\$ 70,295</u>	<u>\$ 48,526</u>

Borrowing Restrictions - Texas Governmental Hospitals have significant limitations on their ability to borrow funds. Generally, they are limited in the length of term for obligations to purchase equipment and severely restricted in their ability to borrow for working capital needs. Additionally, there are restrictions on their ability to pledge tax revenues to meet obligations more than one year in the future.

A summary of long-term debt and capital lease obligations following September 30, 2009 follows:

Year Ending September 30,	Long-Term Debt	
	Principal	Interest
2010	48,526	5,102
2011	21,769	576
	<u>\$ 70,295</u>	<u>\$ 5,678</u>

Retirement Plan

Dimmit County

Plan Description

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

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Retirement Plan (continued)

Dimmit County (continued)

Plan Description (continued)

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 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The employer has chosen the annually determined contribution rate (ADCR) plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the coverage payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.41% for the months of the accounting year 2008, and 6.76% for the months of the accounting year 2009.

The contribution rate payable by the employee members for calendar year 2009 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ending September 30, 2009 the annual pension cost for the TCDRS plan for its employees was \$ 152,614.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, the annual required contributions and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2006 and December 31, 2007 and December 31, 2008, the basis for determining the contribution rates for the calendar years 2008 and 2009. The December 31, 2008 actuarial valuation is the most recent valuation.

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Retirement Plan (continued)

Dimmit County (continued)

Actuarial Valuation Information			
Actuarial valuation date	12/31/06	12/31/07	12/31/08
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	30	30	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

**Trend Information for the Retirement Plan
for Employees of Dimmit County**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 114,851	100%	\$ -
2008	\$ 121,538	100%	\$ 10,202
2009	\$ 152,614	100%	\$ 12,059

Transition Disclosure

It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

**Schedule of Funding for the Retirement
Plan for the Employees**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
12/31/06	\$ 2,781,636	\$ 2,736,236	\$ (45,400)	101.66%	\$ 1,648,005	-2.75%
12/31/07	\$ 3,035,931	\$ 3,017,779	\$ (18,152)	100.60%	\$ 1,640,174	-1.11%
12/31/08	\$ 2,989,219	\$ 3,201,820	\$ 212,601	93.36%	\$ 2,023,125	10.51%

**DIMMIT COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

3. DETAILED NOTES ON ALL FUNDS (continued)

Retirement Plan (continued)

Dimmit County Memorial Hospital

In July 1992, the Hospital began a defined contribution pension plan known as Section 457 Plan. This plan covers substantially all employees meeting age and service requirements, and is funded in monthly contributions with the Hospital electing to contribute 5%. For employees that had 15 years of service before 1995, the Hospital contributes 10%. Hospital contributions to the plan in future periods will be determined by Board resolution.

	2009
Participant salaries	\$ 3,269,682
Contributions by employees	\$ 52,232
Percent of participant salaries	1.60%
Contributions by the Hospital	\$ 191,320
Percent of participant salaries	5.85%

Employee Benefits

Compensated Absences – As of September 30, 2009, the Hospital has accrued compensated absence liability of \$167,140. The Hospital does pay accrued vacation absences upon termination if proper notice procedures are followed.

Insurance Arrangement – The hospitalization insurance for Hospital employees is provided by a self-funded insurance plan funded by the Hospital. The plan is administered by an insurance company who monitors the claims submitted to them and notifies the hospital as to the amount of funds to transfer into a designated account for the payment of claims. The plan has an annual stop-loss provision of \$50,000 per employee, whereby the Hospital's maximum annual payment for any employee cannot exceed \$50,000. Estimated liabilities of \$95,469 have been recorded for claims that are unpaid at September 30, 2009, as well as for those that are incurred but not reported. This estimate is based on an analysis of claims filed subsequent to that date in conjunction with the above noted excess insurance.

	Liability at Beginning of year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of Year
2008-2009	\$ 67,211	\$ 402,947	\$ (374,689)	\$ 95,469
2007-2008	\$ 67,211	\$ 350,614	\$ (350,614)	\$ 67,211

The Hospital participates in an inter-local pool (the "Pool") of approximately 40 Texas rural governmental hospitals sharing risk for workers compensation injuries. The Pool has the right to assess the hospital for an amount equal to its original contribution in the case of excess losses associated with any particular year during which the Hospital participated. The Pool maintains specific excess insurance on a per occurrence basis and also aggregate excess insurance that provide some mitigation of overall member losses. The Hospital is subject to additional funding assessments based on actual claims paid in excess of expected claim funding. The Hospital does not expect additional assessments based on claim history.

As of December 31, 2007, the Pool ceased funding for the majority of their participants. The Pool will continue to operate until all claims have been resolved. The Hospital has obtained alternate indemnified coverage for subsequent workers compensation claims.

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

3. DETAILED NOTES ON ALL FUNDS (continued)

Dimmit County Memorial Hospital - Functional Expenses

The Hospital provides general health care services to residents within its geographic vicinity. Expenses related to providing these services as follows:

	2009
Health care services	\$ 8,449,171
General and Administrative	989,505
	<u>\$ 9,438,676</u>

Dimmit County Memorial Hospital Operations

The Hospital has experienced operating losses over the past several years. Additionally, the Hospital has suffered cash flow shortages which may adversely impact its ability to obtain supplies, pay employees, or make scheduled debt payments on a timely basis. The Hospital is dependent on the timely collection of patient receivables to provide cash for operations. Loss or reduction of collections or the Hospital's borrowing capacity could have a significant adverse effect on the Hospital's ability to meet its current liabilities. At September 30, 2009, current liabilities are in excess of available cash by approximately \$ 1,300,000.

Contingent Liabilities and Commitments

Dimmit County

According to the County's management the County is not contingently liable for lawsuits and claims.

Dimmit County Memorial Hospital

The Hospital is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person/\$300,000 per occurrence. These limits coincide with the malpractice insurance coverage maintained by the Hospital. The Hospital, from time to time, may be subject to claims and suits for other damages as well. In the opinion of management, the ultimate resolution of the above types of legal proceedings will not have a material effect on the Hospital's financial position or results of operations.

SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedules

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - REVENUES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
TAXES				
Current Roll Collections	\$ 2,401,616	\$ 2,401,616	\$ 2,424,727	\$ 23,111
Delinquent Taxes Collected	130,000	130,000	100,461	(29,539)
Penalties and Interest	93,284	93,284	72,282	(21,002)
State General Sales Tax	375,386	375,386	381,287	5,901
Miscellaneous	10,000	10,000	-	(10,000)
Discounts and Fees	(45,515)	(45,515)	(43,317)	2,198
TOTAL TAXES	<u>2,964,771</u>	<u>2,964,771</u>	<u>2,935,440</u>	<u>(29,331)</u>
LICENSES AND PERMITS				
Motor Vehicle Registration	285,000	285,000	267,979	(17,021)
Alcoholic Beverage Permits	2,200	2,200	1,696	(504)
TOTAL LICENSES AND PERMITS	<u>287,200</u>	<u>287,200</u>	<u>269,675</u>	<u>(17,525)</u>
INTERGOVERNMENTAL REVENUE				
State Judicial	35,833	35,833	61,667	25,834
Law Enforcement	270,000	270,000	343,750	73,750
Other	2,500	2,500	1,456	(1,044)
TOTAL INTERGOVERNMENTAL REVENUE	<u>308,333</u>	<u>308,333</u>	<u>406,873</u>	<u>98,540</u>
CHARGES FOR SERVICES				
Tax Collections	102,215	102,215	89,997	(12,218)
Tax Certificates	1,045	1,045	2,025	980
Garbage Collection	-	-	-	-
Child Support Fees	18,000	18,000	10,425	(7,575)
County Attorney	1,000	1,000	-	(1,000)
Sheriff	750	750	-	(750)
County Clerk	150,000	150,000	239,292	89,292
District Clerk	72,000	72,000	82,806	10,806
Miscellaneous	57,650	57,650	87,694	30,044
TOTAL CHARGES FOR SERVICES	<u>402,660</u>	<u>402,660</u>	<u>512,238</u>	<u>109,578</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - REVENUES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
USE OF COUNTY MONIES AND PROPERTY				
Interest Earned	\$ 16,500	\$ 16,500	\$ 18,462	\$ 1,962
Equipment Rental			(2,562)	(2,562)
Lateral Road/Lease Payment	13,727	13,727	13,897	170
Auction Revenues	5,500	5,500	15,857	10,357
Detention Center	850,000	850,000	642,792	(207,208)
TOTAL USE OF COUNTY MONIES AND PROPERTY	<u>885,727</u>	<u>885,727</u>	<u>688,445</u>	<u>(197,282)</u>
FINES AND FORFEITURES				
Traffic Fines		-	-	-
Court Costs and Fines	28,500	28,500	4,192	(24,308)
Bail Bond Forfeitures	2,500	2,500	469	(2,031)
Justice of the Peace	165,000	165,000	164,099	(901)
TOTAL FINES AND FORFEITURES	<u>196,000</u>	<u>196,000</u>	<u>168,761</u>	<u>(27,239)</u>
MISCELLANEOUS				
Other Services	132,500	132,500	196,854	64,354
TOTAL MISCELLANEOUS	<u>132,500</u>	<u>132,500</u>	<u>196,854</u>	<u>64,354</u>
TOTAL REVENUES	<u>\$ 5,177,191</u>	<u>\$ 5,177,191</u>	<u>\$ 5,178,286</u>	<u>\$ 1,095</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
GENERAL GOVERNMENT				
County Judge and Commissioners:				
Personnel Services	\$ 252,075	\$ 252,675	\$ 244,684	\$ 7,991
Repairs, Materials and Supplies	1,550	1,550	2,772	(1,222)
Professional and Contract Services	24,000	24,000	14,440	9,560
Capital Outlays	-	-	-	-
TOTAL COUNTY JUDGE AND COMMISSIONERS	<u>277,625</u>	<u>278,225</u>	<u>261,896</u>	<u>16,329</u>
County Clerk:				
Personnel Services	90,306	90,306	87,155	3,151
Repairs, Materials and Supplies	30,150	30,150	26,805	3,345
Professional and Contract Services	14,179	14,179	21,355	(7,176)
Capital Outlays	-	-	-	-
TOTAL COUNTY CLERK	<u>134,635</u>	<u>134,635</u>	<u>135,316</u>	<u>(681)</u>
Veterans Service Office:				
Other Services and Charges	1,700	1,700	1,200	500
TOTAL VETERAN SERVICE OFFICE	<u>1,700</u>	<u>1,700</u>	<u>1,200</u>	<u>500</u>
County Treasurer:				
Personnel Services	65,177	65,177	62,490	2,687
Repairs, Materials and Supplies	4,800	4,800	6,877	(2,077)
Professional and Contract Services	10,390	10,390	7,096	3,294
Capital Outlays	-	-	-	-
TOTAL COUNTY TREASURER	<u>80,367</u>	<u>80,367</u>	<u>76,463</u>	<u>3,904</u>
County Auditor:				
Personnel Services	90,138	90,138	77,404	12,734
Repairs, Materials and Supplies	3,500	3,500	2,256	1,244
Professional and Contract Services	9,115	9,115	13,552	(4,437)
Capital Outlays	-	-	-	-
TOTAL COUNTY AUDITOR	<u>102,753</u>	<u>102,753</u>	<u>93,212</u>	<u>9,541</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
GENERAL GOVERNMENT (continued)				
Other Services and Charges:				
Professional and Contract Services	\$ 110,000	\$ 110,000	\$ 111,298	\$ (1,298)
Other Services and Charges	63,293	65,202	34,188	31,014
TOTAL OTHER SERVICES AND CHARGES	<u>173,293</u>	<u>175,202</u>	<u>145,486</u>	<u>29,716</u>
 Courthouse:				
Personnel Services	82,571	82,571	68,155	14,416
Repairs, Materials and Supplies	11,500	11,500	49,838	(38,338)
Professional and Contract Services	141,148	141,148	116,181	24,967
TOTAL COURTHOUSE	<u>235,219</u>	<u>235,219</u>	<u>234,174</u>	<u>1,045</u>
 Planner:				
Personnel Services	54,523	54,523	68,831	(14,308)
Repairs, Materials and Supplies	6,750	6,750	7,389	(639)
Other Services and Charges	6,700	6,700	9,291	(2,591)
TOTAL PLANNER	<u>67,973</u>	<u>67,973</u>	<u>85,512</u>	<u>(17,539)</u>
 Appraisal District:				
Other Services and Charges	140,000	140,000	138,947	1,053
TOTAL VOTER ADMINISTRATION	<u>140,000</u>	<u>140,000</u>	<u>138,947</u>	<u>1,053</u>
 Tax Assessor Collector:				
Personnel Services	143,165	143,165	128,198	14,967
Repairs, Materials and Supplies	18,951	18,951	12,032	6,919
Professional and Contract Services	25,100	25,100	14,177	10,923
Capital Outlays	1,100	1,100	20,586	(19,486)
TOTAL TAX ASSESSOR COLLECTOR	<u>188,316</u>	<u>188,316</u>	<u>174,993</u>	<u>13,323</u>
 County Insurance:				
Other Services and Charges	93,000	89,000	79,825	9,175
TOTAL COUNTY INSURANCE	<u>93,000</u>	<u>89,000</u>	<u>79,825</u>	<u>9,175</u>
 TOTAL GENERAL GOVERNMENT	<u>1,494,881</u>	<u>1,493,390</u>	<u>1,427,024</u>	<u>66,366</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
JUDICIAL				
293rd District Court:				
Personnel Services	\$ 9,302	\$ 9,302	\$ 3,268	\$ 6,034
Repairs, Materials and Supplies	1,250	1,250	12,201	(10,951)
Professional and Contract Services	47,240	47,240	59,163	(11,923)
Capital Outlays	360	360	-	360
TOTAL 293rd DISTRICT COURT	<u>58,152</u>	<u>58,152</u>	<u>74,631</u>	<u>(16,479)</u>
365th District Court:				
Personnel Services	9,311	9,302	3,348	5,954
Repairs, Materials and Supplies	2,382	2,382	7,076	(4,694)
Professional and Contract Services	61,113	61,113	59,543	1,570
TOTAL 365th DISTRICT COURT	<u>72,806</u>	<u>72,797</u>	<u>69,967</u>	<u>2,830</u>
County Attorney				
Personnel Services	89,496	89,496	85,533	3,963
Repairs, Materials and Supplies	3,000	3,000	2,713	287
Professional and Contract Services	4,653	4,653	5,917	(1,264)
Capital Outlays	-	-	-	-
TOTAL COUNTY ATTORNEY	<u>97,149</u>	<u>97,149</u>	<u>94,163</u>	<u>2,986</u>
District Attorney:				
Other Services and Charges	46,000	46,000	46,000	-
TOTAL DISTRICT ATTORNEY	<u>46,000</u>	<u>46,000</u>	<u>46,000</u>	<u>-</u>
District Clerk:				
Personnel Services	86,177	86,177	87,037	(860)
Repairs, Materials and Supplies	5,733	5,733	22,399	(16,666)
Other Services and Charges	29,501	29,501	24,279	5,222
Capital Outlays	1,200	1,200	-	1,200
TOTAL DISTRICT CLERK	<u>122,611</u>	<u>122,611</u>	<u>133,715</u>	<u>(11,104)</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
JUDICIAL (continued)				
Justice of the Peace Pct 1:				
Personnel Services	\$ 42,282	\$ 42,282	\$ 40,422	\$ 1,860
Repairs, Materials and Supplies	1,600	1,600	3,467	(1,867)
Professional and Contract Services	3,150	3,150	4,564	(1,414)
Capital Outlay	-	-	86	(86)
TOTAL JUSTICE OF THE PEACE PCT. 1	<u>47,032</u>	<u>47,032</u>	<u>48,539</u>	<u>(1,507)</u>
Justice of the Peace Pct 2:				
Personnel Services	42,148	42,148	33,698	8,450
Repairs, Materials and Supplies	600	600	7,598	(6,998)
Professional and Contract Services	3,150	3,150	2,037	1,113
Capital Outlay	-	-	-	-
TOTAL JUSTICE OF THE PEACE PCT. 2	<u>45,898</u>	<u>45,898</u>	<u>43,333</u>	<u>2,565</u>
Justice of the Peace Pct 3:				
Personnel Services	41,970	41,970	40,220	1,750
Repairs, Materials and Supplies	950	950	210	740
Professional and Contract Services	3,125	3,125	5,622	(2,497)
Capital Outlay	-	-	258	(258)
TOTAL JUSTICE OF THE PEACE PCT. 3	<u>46,045</u>	<u>46,045</u>	<u>46,310</u>	<u>(265)</u>
Justice of the Peace Pct 4:				
Personnel Services	41,970	41,970	40,241	1,729
Repairs, Materials and Supplies	900	900	808	92
Professional and Contract Services	3,650	3,650	4,660	(1,010)
Capital Outlay	-	-	-	-
TOTAL JUSTICE OF THE PEACE PCT. 4	<u>46,520</u>	<u>46,520</u>	<u>45,708</u>	<u>812</u>
TOTAL JUDICIAL	<u>582,213</u>	<u>582,204</u>	<u>602,366</u>	<u>(20,162)</u>
PUBLIC SAFETY				
Constables:				
Personnel Services	61,129	61,129	59,796	1,333
Repairs, Materials and Supplies	3,130	8,980	3,328	5,652
Professional and Contract Services	14,750	8,900	591	8,309
Capital Outlay	750	750	3,250	(2,500)
TOTAL CONSTABLES	<u>79,759</u>	<u>79,759</u>	<u>66,965</u>	<u>12,794</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
PUBLIC SAFETY (continued)				
Sheriff:				
Personnel Services	\$ 636,224	\$ 636,224	\$ 555,472	\$ 80,752
Repairs, Materials and Supplies	8,500	8,500	17,556	(9,056)
Other Services and Charges	105,200	105,200	137,683	(32,483)
Capital Outlay	2,000	2,000	-	2,000
TOTAL SHERIFF	<u>751,924</u>	<u>751,924</u>	<u>710,711</u>	<u>41,213</u>
Fire and Ambulance Service:				
Repairs, Materials and Supplies	5,500	5,500	8,234	(2,734)
Other Services and Charges	57,000	57,000	45,689	11,311
Capital Outlay	-	-	-	-
TOTAL FIRE AND AMBULANCE SERVICE	<u>62,500</u>	<u>62,500</u>	<u>53,923</u>	<u>8,577</u>
Jail:				
Personnel Services	623,129	623,129	574,845	48,284
Repairs, Materials and Supplies	224,900	224,900	236,512	(11,612)
Other Services and Charges	218,083	218,083	337,149	(119,066)
Capital Outlay	2,500	2,500	-	2,500
TOTAL JAIL	<u>1,068,612</u>	<u>1,068,612</u>	<u>1,148,505</u>	<u>(79,893)</u>
Probation Office:				
Personnel Services	13,800	13,800	-	13,800
Other Services and Charges	51,000	51,000	54,451	(3,451)
TOTAL PROBATION OFFICE	<u>64,800</u>	<u>64,800</u>	<u>54,451</u>	<u>10,349</u>
Department of Public Safety:				
Personnel Services	23,587	23,587	24,792	(1,205)
Repairs, Materials, and Supplies	600	600	117	483
Other Services and Charges	1,625	1,625	2,128	(503)
TOTAL DEPARTMENT OF PUBLIC SAFETY	<u>25,812</u>	<u>25,812</u>	<u>27,036</u>	<u>(1,224)</u>
INS:				
Personnel Services	63,680	17,878	19,614	(1,736)
Repairs, Materials, and Supplies	26,626	72,428	44,718	27,710
TOTAL INS	<u>90,306</u>	<u>90,306</u>	<u>64,332</u>	<u>25,974</u>
TOTAL PUBLIC SAFETY	<u>2,143,713</u>	<u>2,143,713</u>	<u>2,125,923</u>	<u>17,790</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
CULTURE AND RECREATION				
Public Library:				
Other Services and Charges	\$ 42,185	\$ 42,185	\$ 42,185	\$ -
TOTAL PUBLIC LIBRARY	<u>42,185</u>	<u>42,185</u>	<u>42,185</u>	<u>-</u>
Agriculture:				
Personnel Services	36,015	36,015	36,745	(730)
Repairs, Materials and Supplies	1,000	5,000	3,436	1,564
Other Services and Charges	7,300	7,300	6,456	844
Capital Outlay	1,000	1,000	-	1,000
TOTAL AGRICULTURE	<u>45,315</u>	<u>49,315</u>	<u>46,637</u>	<u>2,678</u>
MHMR Services:				
Other Services and Charges	5,000	5,000	3,750	(1,250)
TOTAL MHMR SERVICES	<u>5,000</u>	<u>5,000</u>	<u>3,750</u>	<u>(1,250)</u>
Community Center:				
Other Services and Charges	27,500	25,000	27,500	-
TOTAL COMMUNITY CENTER	<u>27,500</u>	<u>25,000</u>	<u>27,500</u>	<u>-</u>
TOTAL CULTURE AND RECREATION	<u>120,000</u>	<u>121,500</u>	<u>120,072</u>	<u>1,428</u>
HIGHWAYS AND STREETS				
Road and Bridge:				
Personnel Services	338,913	338,913	314,376	24,537
Repairs, Materials and Supplies	12,300	12,300	11,290	1,010
Other Services and Charges	335,781	335,781	264,446	71,335
TOTAL ROAD AND BRIDGE	<u>686,994</u>	<u>686,994</u>	<u>590,111</u>	<u>96,883</u>
TOTAL HIGHWAYS AND STREETS	<u>686,994</u>	<u>686,994</u>	<u>590,111</u>	<u>96,883</u>
TOTAL CURRENT EXPENDITURES	<u>5,027,801</u>	<u>5,027,801</u>	<u>4,865,497</u>	<u>162,305</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfer out (County Hospital)	117,363	117,363	117,238	125
Other Transfers	25,000	25,000	(63,442)	88,442
	<u>142,363</u>	<u>142,363</u>	<u>53,795</u>	<u>88,568</u>
Total Expenditures	<u>\$ 5,170,164</u>	<u>\$ 5,170,164</u>	<u>\$ 4,919,292</u>	<u>\$ 250,872</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - REVENUES AND EXPENDITURES
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 421,840	\$ 421,840	\$ 421,048	\$ (792)
Miscellaneous	8,236	8,236	23,412	15,176
Total Revenues	<u>430,076</u>	<u>430,076</u>	<u>444,460</u>	<u>14,384</u>
EXPENDITURES				
Debt Service				
Principal Retirement	171,000	171,000	242,750	(71,750)
Interest & Fiscal Charges	254,887	254,887	88,580	166,307
Debt Issue Costs			-	-
Total Expenditures	<u>425,887</u>	<u>425,887</u>	<u>331,330</u>	<u>94,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,189</u>	<u>4,189</u>	<u>113,130</u>	<u>108,941</u>
OTHER FINANCING SOURCE (USES)				
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>4,189</u>	<u>4,189</u>	<u>113,130</u>	<u>108,941</u>
FUND BALANCE - OCTOBER 1, 2008	<u>349,226</u>	<u>349,226</u>	<u>349,226</u>	<u>-</u>
FUND BALANCE - SEPTEMBER 30, 2009	<u>\$ 353,415</u>	<u>\$ 353,415</u>	<u>\$ 462,356</u>	<u>\$ 108,941</u>

DIMMIT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - REVENUES AND EXPENDITURES
PUBLIC FACILITY CORPORATION (A BLENDED COMPONENT UNIT)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,347,677	\$ 1,347,677
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Total Revenues	-	-	1,347,677	1,347,677
EXPENDITURES				
Public Safety				
Personnel services	-	-	2,880	(2,880)
Repairs, materials, and supplies	-	-	1,335	(1,335)
Professional and contract services	-	-	54,963	(54,963)
Other services and charges	-	-	12,061	(12,061)
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	963,764	(963,764)
Interest	-	-	249,529	(249,529)
Total Expenditures	-	-	1,284,532	(1,284,532)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	63,145	63,145
OTHER FINANCING SOURCE (USES)				
Operating Transfers In (Out)	-	-	(55,002)	(55,002)
Total Other Financing Sources (Uses)	-	-	(55,002)	(55,002)
NET CHANGE IN FUND BALANCES	-	-	8,142	8,142
FUND BALANCE - OCTOBER 1, 2008	-	-	862,939	862,939
Prior Period Adjustments	-	-	-	-
FUND BALANCE - SEPTEMBER 30, 2009	\$ -	\$ -	\$ 871,081	\$ 871,081

**Combining and Individual Fund Financial
Statement**

Non-major Governmental Funds

DIMMIT COUNTY, TEXAS
COMBINING AND INDIVIDUAL FUND BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Airport Fund Project	Emergency Fund	Courthouse Security	Technology	Records Management County Clerk
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 823	\$ -	\$ 35,630	\$ 6,812	\$ 6,947
Due from Other Funds	-	1,045	(5,625)	-	-
Due from Other Governments	-	-	-	-	-
Notes Receivable	-	-	-	-	-
TOTAL ASSETS	\$ 823	\$ 1,045	\$ 30,005	\$ 6,812	\$ 6,947
<u>LIABILITIES</u>					
Accounts Payable	\$ (2,971)	\$ -	\$ -	\$ -	\$ 6,158
Due to Other Funds	25,867	-	-	-	10,460
TOTAL LIABILITIES	22,896	-	-	-	16,618
<u>FUND BALANCES(DEFICIT)</u>					
Reserved for:					
Capital Projects	-	-	-	-	-
Special Revenue Purposes	(22,073)	1,045	30,005	6,812	(9,671)
TOTAL FUND BALANCES	(22,073)	1,045	30,005	6,812	(9,671)
TOTAL LIABILITIES AND FUND BALANCES	\$ 823	\$ 1,045	\$ 30,005	\$ 6,812	\$ 6,947

(Continued)

Economic Development	Operation Linebacker	Operation Border Star	Records Management District Clerk	Law Library	Total Non-major Special Revenue Funds
\$ 6,304	\$ -	\$ 8,715	\$ 144	\$ 7,506	\$ 72,882
26,389	(9,332)	-	-	-	12,477
(8,418)	68,105	37,243	-	-	96,930
114,857	-	-	-	-	114,857
<u>\$ 139,132</u>	<u>\$ 58,774</u>	<u>\$ 45,959</u>	<u>\$ 144</u>	<u>\$ 7,506</u>	<u>\$ 297,146</u>
\$ 5,587	\$ -	\$ -	\$ 3,569	\$ 899	\$ 13,243
-	(1,319)	43,439	3,501	948	82,896
					-
5,587	(1,319)	43,439	7,070	1,847	96,138
-	-	-	-	-	-
133,545	60,092	2,519	(6,925)	5,658	201,008
					-
133,545	60,092	2,519	(6,925)	5,658	201,008
<u>\$ 139,132</u>	<u>\$ 58,774</u>	<u>\$ 45,959</u>	<u>\$ 144</u>	<u>\$ 7,506</u>	<u>297,146</u>

**COMBINING AND INDIVIDUAL FUND BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009
(Continued)**

	Dimmit County Jail Project	Texas Historical Commission Project	Colonia Carrizo Hill Project	ORCA #719077 Disaster Relief	ORCA Espantosa #727277	Border Colonia
ASSETS						
Cash and Cash Equivalents	\$ 132	\$ 37,649	\$ 16,162	\$ -	\$ -	\$ -
Due from Other Funds	(1)	-	-	-	-	-
Due from Other Governments	-	-	-	48,740	15,520	-
Notes Receivable	-	-	-	-	-	-
TOTAL ASSETS	\$ 132	\$ 37,649	\$ 16,162	\$ 48,740	\$ 15,520	\$ -
LIABILITIES						
Accounts Payable	\$ 1,562	\$ -	\$ -	\$ -	\$ 4,912	\$ -
Due to Other Funds	(14,770)	(2,688)	-	48,740	38,222	-
TOTAL LIABILITIES	(13,208)	(2,688)	-	48,740	43,134	-
FUND BALANCES(DEFICIT)						
Reserved for:						
Capital Projects	13,338	40,337	16,162	-	(27,613)	-
Special Revenue Purposes	-	-	-	-	-	-
TOTAL FUND EQUITY	13,338	40,337	16,162	-	(27,613)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 131	\$ 37,649	\$ 16,162	\$ 48,740	\$ 15,520	\$ -

Colonia Planning	ORCA Colonia Construction	Limited Tax Notes Series 2006	Border Patrol Project	Federal Emergency Management Agency (FEMA)	Total Non-major Capital Project Funds	Total All Non-major Governmental Funds
\$ -	\$ 1	\$ -	\$ 21,459	\$ 93,405	\$ 168,808	\$ 241,691
-	-	-	-	-	-	12,476
-	13,300	-	-	89,862	167,422	264,352
-	-	-	-	-	-	114,857
\$ -	\$ 13,301	\$ -	\$ 21,459	\$ 183,267	\$ 336,231	\$ 633,376
\$ (40)	\$ 13,300	\$ (21)	\$ 1,189	\$ 10,396	\$ 31,298	\$ 44,541
40	-	-	26,792	125,066	221,402	304,297
(0)	13,300	(21)	27,981	135,462	252,700	348,838
-	1	21	(6,522)	47,806	83,529	83,529
-	-	-	-	-	-	201,008
-	1	21	(6,522)	47,806	83,529	284,538
\$ (0)	\$ 13,301	\$ 0	\$ 21,459	\$ 183,267	\$ 336,230	\$ 633,376

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

	Airport Fund Project	Emergency Fund	Courthouse Security	Technology	Records Management County Clerk
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Non Capital Grants	-	-	-	-	-
Charges for Services	-	-	934	-	-
Use of County Monies and Property	6,000	-	-	-	-
Fines and Forfeitures	-	-	6,033	5,985	-
Miscellaneous	-	-	493	105	10,587
TOTAL REVENUES	6,000	-	7,461	6,091	10,587
EXPENDITURES					
Culture and Recreation	30,645	-	5,625	9,210	27,144
Highways and Streets	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	-	-	-
	30,645	-	5,625	9,210	27,144
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,645)	-	1,836	(3,119)	(16,557)
Other Financing Sources (uses)					
Capital Grants	-	-	-	-	-
Operating Transfers-In (Out)	22,500	-	-	-	-
Refund to State	-	-	-	-	-
Matching Funds	-	-	-	-	-
Total Other Financing Sources (uses)	22,500	-	-	-	-
Net Change in Fund Balances	(2,145)	-	1,836	(3,119)	(16,557)
FUND BALANCES - OCTOBER 1, 2008	(19,928)	1,045	28,169	9,931	6,886
Prior Period Adjustments	-	-	-	-	-
FUND BALANCES - SEPTEMBER 30, 2009	\$ (22,073)	\$ 1,045	\$ 30,005	\$ 6,812	\$ (9,671)

(Continued)

Economic Development	Operation linebacker	Operation Border Star	Records Management District Clerk	Law Library	Total Nonmajor Special Revenue Funds
\$ -	\$ 70,500	\$ -	\$ -	\$ -	\$ 70,500
-	-	255,919	-	-	255,919
-	-	-	-	2,940	3,874
-	-	-	-	-	6,000
-	-	-	-	-	12,020
5,096	-	331	1,467	119	18,199
5,096	70,500	256,250	1,467	3,059	366,511
-	-	-	2,207	3,795	78,625
-	-	-	-	-	-
-	70,500	256,197	-	-	326,697
-	-	-	-	-	-
-	70,500	256,197	2,207	3,795	405,323
5,096	-	53	(740)	(735)	(38,812)
-	-	-	-	-	-
-	-	-	-	-	22,500
(36,941)	-	-	-	-	(36,941)
-	-	-	-	-	-
(36,941)	-	-	-	-	(14,441)
(31,845)	-	53	(740)	(736)	(53,252)
165,390	60,092	(34,076)	(6,187)	6,395	217,719
-	-	36,543	-	-	36,543
\$ 133,545	\$ 60,092	\$ 2,519	\$ (6,925)	\$ 5,658	\$ 201,008

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

	Dimmit County Jail Project	Texas Historical Commission Project	Colonia Carrizo Hill Project	ORCA #719077 Disaster Relief	ORCA Espantosa #727277
REVENUES					
Intergovernmental	\$ -	\$ 12,108	\$ -	\$ -	\$ -
Non Capital Grants	-	-	16,000	-	251,033
Charges for Services	-	-	-	-	-
Use of County Monies and Property	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	126	-	83
TOTAL REVENUES	-	12,108	16,126	-	251,116
EXPENDITURES					
Culture and Recreation	-	-	-	-	-
Highways and Streets	-	-	16,000	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	-	-	278,729
	-	-	16,000	-	278,729
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	12,108	126	-	(27,613)
Other Financing Sources (uses)	-	-	-	-	-
Capital Grants	-	-	-	-	-
Operating Transfers-In (Out)	-	-	5,302	-	-
Refund to State	-	-	-	-	-
Equity Transfers	-	-	-	-	-
Total Other Financing Sources (uses)	-	-	5,302	-	-
Net Change in Fund Balances	-	12,108	5,428	-	(27,613)
FUND BALANCES - OCTOBER 1, 2008	13,338	28,229	10,664	-	-
Prior Period Adjustments	-	-	70	-	-
FUND BALANCES - SEPTEMBER 30, 2009	\$ 13,338	\$ 40,337	\$ 16,162	\$ -	\$ (27,613)

Border Colonia	Colonia Planning	ORCA Colonia Construction	Limited Tax Notes Series 2006	Border Patrol Project	Federal Emergency Management Agency (FEMA)	Total Non-major Capital Project Funds	Total All Non-major Governmental Funds
\$ -	\$ 55,000	\$ 27,800	\$ -	\$ -	\$ -	\$ 94,908	165,408
24,000	-	-	-	-	-	291,033	546,951
-	-	-	-	-	-	-	3,874
-	-	-	-	-	-	-	6,000
-	-	-	-	-	-	-	12,020
-	-	1	-	227	1,104	1,540	19,739
24,000	55,000	27,801	-	227	1,104	387,481	753,992
-	-	-	-	-	-	-	78,625
24,000	55,000	14,500	-	-	-	109,500	109,500
-	-	-	-	-	-	-	326,697
-	-	13,300	-	-	-	292,029	292,029
24,000	55,000	27,800	-	-	-	401,528	806,851
-	-	1	-	227	1,104	(14,048)	(52,860)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(25,314)	-	-	(20,012)	2,488
-	-	-	-	-	-	-	(36,941)
-	-	-	-	-	-	-	-
-	-	-	(25,314)	-	-	(20,012)	(34,453)
-	-	1	(25,314)	228	1,104	(34,060)	(87,314)
-	-	-	25,335	(6,750)	46,702	117,519	335,238
-	-	-	-	-	-	70	36,612
\$ -	\$ -	\$ 1	\$ 21	\$ (6,522)	\$ 47,806	\$ 83,459	\$ 284,538

COMBINING FIDUCIARY FUNDS

DIMMIT COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2009

	County Clerk	District Clerk	Tax Assessor/C ollector	County Attorney	Commissary
<u>ASSETS</u>					
Cash and Investments	\$ 71,447	\$ 479,890	\$ 156,468	\$ 11,101	\$ 37,813
Due From Other Funds	-	-	-	-	-
Total Assets	\$ 71,447	\$ 479,890	\$ 156,468	\$ 11,101	\$ 37,813
 <u>LIABILITIES</u>					
Due to Other Funds	\$ 50,000	\$ -	\$ 71,640	\$ -	\$ -
Due to Others	21,447	479,890	84,828	11,101	37,813
Total Liabilities	\$ 71,447	\$ 479,890	\$ 156,468	\$ 11,101	\$ 37,813

Forfeiture Account	Payroll Fund	Total
\$ 11,542	\$ 67,420	\$ 835,681
-	22,728	22,728
<u>\$ 11,542</u>	<u>\$ 90,148</u>	<u>\$ 858,409</u>
\$ -	\$ -	\$ 121,640
11,542	90,148	736,769
<u>\$ 11,542</u>	<u>\$ 90,148</u>	<u>\$ 858,409</u>

DIMMIT COUNTY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Beginning Balance	Additions	Deletions	Ending Balance
County Clerk				
Assets				
Cash	\$ 49,061	\$ 295,094	\$ 272,708	\$ 71,447
Liabilities				
Due to others	\$ 49,061	\$ 295,094	\$ 272,708	\$ 71,447
District Clerk				
Assets				
Cash	\$ 157,775	\$ 453,045	\$ 130,930	\$ 479,890
Liabilities				
Due to others	\$ 157,775	\$ 453,045	\$ 130,930	\$ 479,890
Tax Assessor/Collector				
Assets				
Cash	\$ 165,041	\$ 9,712,551	\$ 9,721,124	\$ 156,468
Liabilities				
Due to others	\$ 165,041	\$ 9,712,551	\$ 9,721,124	\$ 156,468
County Attorney				
Assets				
Cash	\$ 10,851	\$ 18,514	\$ 18,264	\$ 11,101
Liabilities				
Due to others	\$ 10,851	\$ 18,514	\$ 18,264	\$ 11,101
Sheriff Commissary Account				
Assets				
Cash	\$ 29,614	\$ 55,841	\$ 47,642	\$ 37,813
Liabilities				
Due to others	\$ 29,614	\$ 55,841	\$ 47,642	\$ 37,813
Sheriff Forfeiture Account				
Assets				
Cash	\$ 60,713	\$ 38,246	\$ 87,417	\$ 11,542
Liabilities				
Due to others	\$ 60,713	\$ 38,246	\$ 87,417	\$ 11,542
Payroll Fund				
Assets				
Cash	\$ 37,010	\$ 3,161,129	\$ 3,130,719	\$ 67,420
Due From Other Funds	101,728	101,728	180,728	22,728
	\$ 138,738	\$ 3,262,857	\$ 3,311,447	\$ 90,148
Liabilities				
Due to others	\$ 138,738	\$ 3,262,857	\$ 3,311,447	\$ 90,148

SINGLE AUDIT INFORMATION



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**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**

Honorable County Judge and
Members of Commissioners Court
Dimmit County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dimmit County, Texas, as of and for the year ended September 30, 2009, which collectively comprise Dimmit County, Texas's basic financial statements and have issued our report thereon dated June 23, 2010. 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 Dimmit County, Texas'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 Dimmit County, Texas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dimmit County, Texas's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Dimmit County, Texas's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Dimmit County, Texas's financial statements that is more than inconsequential will not be prevented or detected by Dimmit County, Texas's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding Nos. 2009-3, 2009-4, and 2009-5 to be a significant deficiency in internal control over financial reporting.

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 Dimmit County, Texas's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dimmit County, Texas'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2009-1, 2009-2, and 2009-6.

We noted certain matters that we reported to management of Dimmit County, Texas, in a separate letter dated June 23, 2010.

Dimmit County, Texas's responses to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Dimmit County, Texas's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink that reads "Bill C. Rocha, CPA". The signature is written in a cursive, flowing style.

Bill C. Rocha
Certified Public Accountant
June 23, 2010



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

Honorable County Judge and
Members of Commissioners Court
Dimmit County, Texas

Compliance

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

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

As described in Findings Nos. 2009-3, 2009-4, and 2009-5 in the accompanying schedule of findings and questioned costs, Dimmit County, Texas did not comply with requirements regarding travel, posting of expenditures, and posting of interest income that are applicable to its Linebacker Grant. Compliance with such requirements is necessary, in our opinion, for Dimmit County, Texas, to comply with the requirements applicable to that program

In our opinion, except for the noncompliance described in the preceding paragraph, Dimmit County, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

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

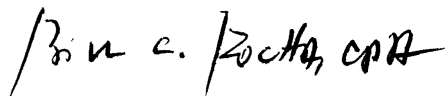
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding Nos. 2009-3, 2009-4, and 2009-5 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Dimmit County, Texas's responses to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit Dimmit County, Texas's responses and, accordingly, we express no opinion on it.

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



Bill C. Rocha
Certified Public Accountant
June 23, 2010

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

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through State of Texas' Office of Rural and Community Affairs (ORCA):			
Texas Community Development Program	14.228	727277	\$ 278,729
<u>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			<u>278,729</u>
 U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Texas Border Sheriff's Coalition			
Border Star	97.067	LBSP-08-0003	256,197
Operation Linebacker	97.067	LBSP-08-0003	70,500
<u>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</u>			<u>326,697</u>
 <u>TOTAL FEDERAL FINANCIAL ASSISTANCE</u>			<u><u>\$ 605,426</u></u>

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

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dimmit County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**DIMMIT COUNTY, TEXAS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2009**

Section I – Summary of Auditor's Results

I. Summary of Audit Results

Financial Statements

a. Type of report issued on financial statements	Unqualified
b. Internal control over financial reporting:	
Material weakness identified	None Found
Significant deficiency identified not considered to be a material weakness	Yes
c. Noncompliance material finding to the financial statements:	None Found

Compliance and Other Matters

d. Internal control over compliance and other matters:	
Material weakness identified	None Found
Significant deficiency identified not considered to be a material weakness	Yes
e. Type of Report Issued on Compliance for Major Programs	Unqualified
f. Findings and Questioned Costs for Federal Awards as Defined in Section 510(a), OMB Circular A-133	Yes
g. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000
h. Auditee Qualified as Low Risk	No
i. Major Federal Programs	
Texas Community Development Program	CFDA 14.228
Border Star	CFDA 97.067
Operation Linebacker	CFDA 97.067

DIMMIT COUNTY, TEXAS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2009

II. Findings Related to Financial Statements Required to be Reported in Accordance with GAGAS:

Finding No: 2009-1

Finding Type: Internal control over billings – Utility department

Condition: Original documentation is not maintained in the utility department to verify billings to customers. Revenue is recorded from cash receipt collections. The utility department did not utilize software available to track billings to customers. A manual spreadsheet was utilized each month, but the information was not kept available for audit. Each month, the spreadsheet was updated for the current month, and the previous month's data was not kept. Because of the lack of sufficient documentation, we were unable to satisfy ourselves that billings were correct.

Criteria: Supporting documentation for amounts billed should be maintained for monitoring and audit purposes.

Effect: The lack of documentation prevents adequate monitoring of billing and collections.

Recommendation: We recommend that utility department personnel maintain all source documentation for audit and monitoring purposes and utilize software provided for billings and collections.

Finding No: 2009-2

Finding Type: Internal control over source documents – Tax Assessor Auto Department

Condition: A report is available from the State of Texas to show what license plate tags were issued. However, there is no documentation kept that provides evidence that voided license plate tags were not actually issued to customers.

Criteria: Supporting documentation for license plate tags issued should be maintained for monitoring and audit purposes.

Effect: The lack of documentation prevents adequate monitoring of billing and collections for license tags issued.

Recommendation: We recommend that the Tax Assessor Auto Department maintain source documentation for audit purposes.

DIMMIT COUNTY, TEXAS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2009

Finding No: 2009-3

Finding Type: Internal control over Travel

Condition: Travel advances are issued to employees, and employees are required to provide hotel receipts, and other documentation upon their return from the trip that provides evidence of actual expenditures. Currently, there are no written procedure that delineates which department is to ensure that travel advances are reconciled to actual expenditure receipts.

Criteria: Travel advances should be reconciled within a timely period as specified by Dimmit County policy to ensure that travel costs are accurately recorded in the general ledger.

Effect: There are travel advances that have not been reconciled. Accordingly, Dimmit County does not have accurate expenditures for travel and there is a potential for county employees to owe money to the county for travel advances which is not being collected timely.

Recommendation: We recommend that Dimmit County establish a written policy over reconciliation of travel advances that includes the head of the department that will maintain control over travel advances.

Finding No: 2009-4

Finding Type: Internal control over posting of expenditures

Condition: Expenditures made on behalf of Dimmit County by the Sheriff's Coalition were not recorded in the general ledger.

Criteria: All revenues and expenditures need to be reflected in the general ledger of Dimmit County.

Effect: There were vehicles purchased for the Sheriff's department under the Linebacker Grant in the total amount of \$ 70,500 that were not recorded by Dimmit County.

Recommendation: We recommend that the Sheriff's department and the county auditor's office maintain closer communication to ensure that all revenues and expenditures are recorded.

Finding No: 2009-5

Finding Type: Internal control over posting of interest income

Condition: Interest earned on certificates of deposits that were reinvested was not recorded in the general ledger.

Criteria: All revenues and expenditures should be reflected in the general ledger of Dimmit County; Certificates of Deposit should be reconciled to the general ledger on a monthly basis so that interest revenues are timely recorded.

Effect: There was approximately \$ 13,587 of interest income not recorded in the general ledger.

Recommendation: We recommend that Dimmit County establish procedures to review all certificates of deposit to ensure that all interest is recorded and that Certificates of Deposits are reconciled to the general ledger on a monthly basis.

**DIMMIT COUNTY, TEXAS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2009**

Finding No: 2009-6

Finding Type: Internal control over inmate commissary accounts

Condition: Accurate records are not available that show the amount of money available to each individual inmate for commissary spending.

Criteria: The sheriff's department has a fiduciary responsibility to maintain accurate records concerning money owed to individuals that is maintained in the inmate commissary account.

Effect: The sheriff's department did not maintain a subsidiary ledger of amounts due to inmates that is reconciled to amounts maintained in the inmate commissary account.

Recommendation: We recommend that the sheriff's department maintain a subsidiary ledger of amounts due to inmates that is reconciled to amounts maintained in the inmate commissary account and file the report monthly with the county auditor's office.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Refer to findings 2009-3, 2009-4 and 2009-5.

**DIMMIT COUNTY, TEXAS
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2009**

<u>Finding Number</u>	<u>Corrective Action</u>
2009-1	The utility department began utilizing software during the subsequent fiscal year.
2009-2	The Tax Assessor Auto Department will begin maintaining source documentation.
2009-3	The county will establish written policies delineating responsibility for reconciliation of travel advances and implement the controls immediately.
2009-4	The County Auditor and the Sheriff's department will work to maintain closer communication over all expenditures.
2009-5	Procedures will be established to ensure that all interest is recorded and that Certificates of Deposit are reconciled to the general ledger on a monthly basis.
2009-6	The sheriff's department will work to maintain a subsidiary ledger of amounts due to inmates that is reconciled to amounts maintained in the inmate commissary account and file the report monthly with the county auditor's office.

**DIMMIT COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

There were no findings in last year's audit.