

**HENDERSON COUNTY,  
TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2008**

**PREPARED BY:  
HENDERSON COUNTY AUDITOR'S OFFICE  
Ann Marie Lee, CPA – County Auditor**

**HENDERSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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**HENDERSON COUNTY, TEXAS**

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# **INTRODUCTORY SECTION**

# HENDERSON COUNTY, TEXAS

## DIRECTORY OF OFFICIALS

DECEMBER 31, 2008

Office	Name
County Judge	Judge David Holstein
Commissioner – Precinct 1	Joe Hall
Commissioner – Precinct 2	Wade McKinney
Commissioner – Precinct 3	Ronald Lawrence
Commissioner – Precinct 4	Jerry West
County Attorney	James Owen
County Auditor	Ann Marie Lee
County Clerk	Gwen Moffeit
County Tax Assessor/Collector	Milburn Chaney
County Treasurer	Karin Smith
Sheriff	Mark Jordan
District Clerk	Becky Hanks
District Attorney	Donna Bennett
Justice of the Peace – Precinct 1	Henry Ashford
Justice of the Peace – Precinct 2	Dale Blaylock
Justice of the Peace – Precinct 3	Sue Starnes
Justice of the Peace – Precinct 4	Sue Tarrant
Justice of the Peace – Precinct 5	Judy Newman
Justice of the Peace – Precinct 6	Milton Adams
Constable – Precinct 1	Daryl Graham
Constable – Precinct 2	Norman Terry
Constable – Precinct 3	David Grubbs
Constable – Precinct 4	Rick Stewart
Constable – Precinct 5	Brad Miers
Constable – Precinct 6	Mike Warren
Juvenile Probation	Bonny Turnage
Chief Community Supervision & Corrections Officer	Ty Choate
County Court-at-Law No. 1 Judge	Judge Matt Livingston
County Court-at-Law No. 2 Judge	Judge Nancy Adams Perryman
173rd District Judge	Judge Dan Moore
3rd District Judge	Judge Mark Calhoon
392nd District Judge	Judge Carter Tarrance

# **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

To the Honorable County Judge  
and Commissioners' Court  
Henderson County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson County, Texas as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Henderson County, Texas' 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 4, the County has not implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These financial statements recognize the cost of postemployment benefits, other than retirement benefits, on a pay-as-you-go basis. Accounting principles generally accepted in the United States of America require that annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded would increase the liabilities, reduce the net assets, and change the expenses of the governmental activities, the business-type activities, and each major proprietary fund. The effects on these financial statements, although not reasonably determinable, are presumed to be material.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major proprietary fund of Henderson County, Texas, as of December 31, 2008, 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 addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of Henderson County, Texas, as of December 31, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Road and Bridge Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2009, on our consideration of Henderson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is 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 Henderson County, Texas' basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Pattillo, Brown & Hill, L.L.P.

September 29, 2009

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Henderson County, we offer readers of Henderson County's financial statements this narrative overview and analysis of the financial activities of Henderson County for the fiscal year ended December 31, 2008. The MD&A should be read in conjunction with the County's basic financial statements.

### FINANCIAL HIGHLIGHTS

The assets of Henderson County exceeded its liabilities at the close of fiscal year 2008 by \$41,148,658 (*net assets*). Of this amount, \$10,704,110 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net assets decreased by \$3,635,940.
- As of December 31, 2008, Henderson County's governmental funds reported combined ending fund balances of \$9,793,202, a decrease of \$4,218,070 due to a drop in revenues and an increase in expenditures from an unexpected increase in the price of fuel along with the completion of the jail expansion.
- At the end of fiscal year 2008, unreserved fund balance for the General Fund was \$8,686,896, a decrease of 15.6% from the prior year. This decrease is primarily due to an increase in the price of fuel and the completion of the jail expansion.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net assets* presents information on all of Henderson 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 Henderson County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Henderson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Henderson County include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and interest on long-term debt. Henderson County business-type activities consist of a recreational arena and corresponding concessions.

**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. Henderson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Road and Bridge and Jail Expansion Funds, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Henderson County adopts an annual appropriated budget for its General Fund and Road and Bridge Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

*Proprietary Funds – Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an Enterprise Fund to account for the Fair Park operations.

*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 Henderson County's own programs.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 45 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Henderson County, assets exceeded liabilities by \$41,148,658 at the close of the most recent fiscal year.

Investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any debt used to acquire those assets that are still outstanding accounted for \$28,927,719 of the County’s net assets. The County uses these capital assets to provide services 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.

**HENDERSON COUNTY’S NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 30,309,537	\$ 32,032,902	\$ 42,299	\$ 111,715	\$ 30,351,836	\$ 32,144,617
Capital assets	<u>36,525,352</u>	<u>37,460,252</u>	<u>1,375,840</u>	<u>1,150,442</u>	<u>37,901,192</u>	<u>38,610,694</u>
Total assets	<u>66,834,889</u>	<u>69,493,154</u>	<u>1,418,139</u>	<u>1,262,157</u>	<u>68,253,028</u>	<u>70,755,311</u>
Long-term liabilities	8,294,967	9,431,278	105,826	111,485	8,400,793	9,542,763
Other liabilities	<u>18,423,821</u>	<u>16,387,663</u>	<u>279,756</u>	<u>40,287</u>	<u>18,703,577</u>	<u>16,427,950</u>
Total liabilities	<u>26,718,788</u>	<u>25,818,941</u>	<u>385,582</u>	<u>151,772</u>	<u>27,104,370</u>	<u>25,970,713</u>
Net assets:						
Invested in capital assets, net of related debt	27,690,318	27,678,137	1,237,401	1,014,334	28,927,719	28,692,471
Restricted	1,516,829	3,715,017	-	-	1,516,829	3,715,017
Unrestricted	<u>10,908,954</u>	<u>12,281,059</u>	<u>( 204,844)</u>	<u>96,051</u>	<u>10,704,110</u>	<u>12,377,110</u>
Total net assets	\$ <u>40,116,101</u>	\$ <u>43,674,213</u>	\$ <u>1,032,557</u>	\$ <u>1,110,385</u>	\$ <u>41,148,658</u>	\$ <u>44,784,598</u>

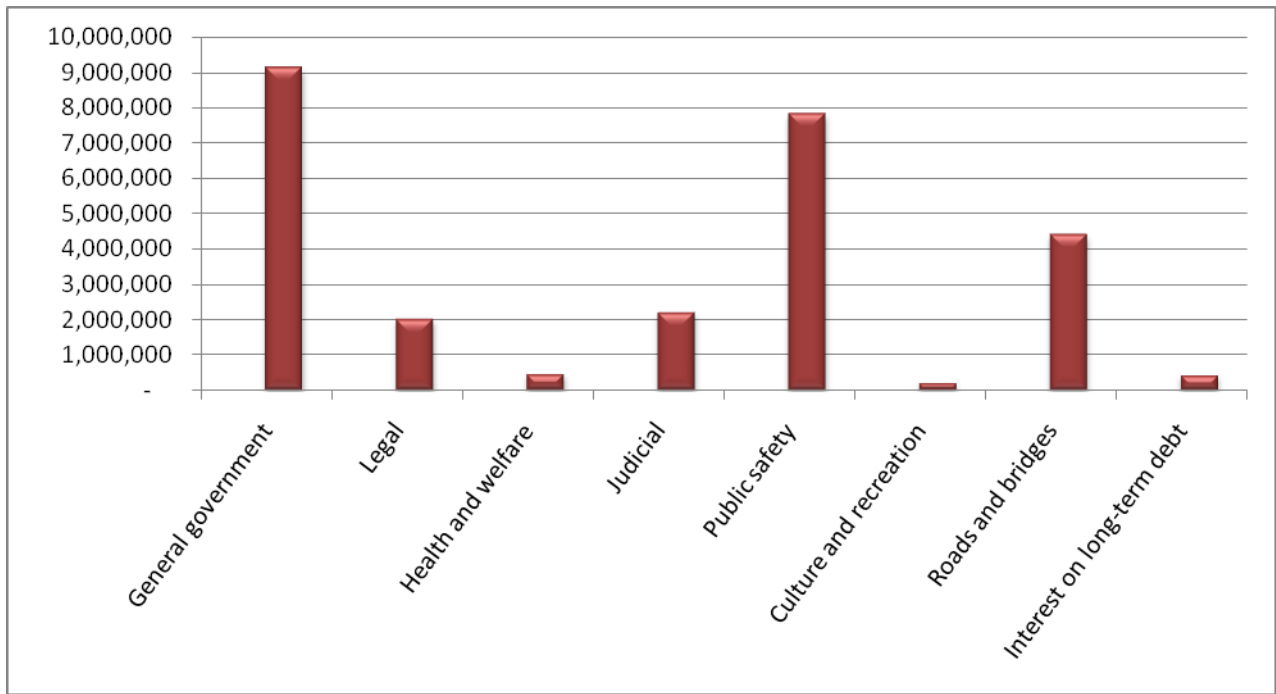
An additional portion of Henderson County’s net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the County’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Henderson County is able to report positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

**Governmental Activities.** Governmental activities increased Henderson County’s net assets by \$946,974.

## HENDERSON COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 5,963,351	\$ 5,824,087	\$ 245,468	\$ 289,523	\$ 6,208,819	\$ 6,113,610
Operating grants and contributions	1,197,632	718,357	61,879	57,927	1,259,511	776,284
Capital grants and contributions	249,332	305,747	-	-	249,332	305,747
General revenues:						
Property taxes	22,406,215	21,417,115	-	-	22,406,215	21,417,115
Other taxes	97,238	82,549	-	-	97,238	82,549
Investment earnings	609,548	1,308,064	1,170	22,916	610,718	1,330,980
Miscellaneous	43,424	266,084	-	-	43,424	266,084
Total revenues	<u>30,566,740</u>	<u>29,922,003</u>	<u>308,517</u>	<u>370,366</u>	<u>30,875,257</u>	<u>30,292,369</u>
Expenses:						
Governmental activities:						
General government	8,689,484	9,112,074	-	-	8,689,484	9,112,074
Legal	3,093,739	2,001,105	-	-	3,093,739	2,001,105
Health and welfare	323,315	462,955	-	-	323,315	462,955
Judicial	2,470,716	2,191,670	-	-	2,470,716	2,191,670
Public safety	8,652,384	7,820,811	-	-	8,652,384	7,820,811
Culture and recreation	416,054	197,674	-	-	416,054	197,674
Roads and bridges	5,609,206	4,404,061	-	-	5,609,206	4,404,061
Interest on long-term debt	353,856	423,552	-	-	353,856	423,552
Business-type activities:						
Fair Park	-	-	359,555	345,413	359,555	345,413
Fair Park Concessions	-	-	52,783	72,270	52,783	72,270
Total expenses	<u>29,608,754</u>	<u>26,613,902</u>	<u>412,338</u>	<u>417,683</u>	<u>30,021,092</u>	<u>27,031,585</u>
Decreases in net assets before transfers	957,986	3,308,101	( 103,821)	( 47,317)	854,165	3,260,784
Transfers	( 25,993)	( 23,617)	25,993	23,617	-	-
Gain on sale of asset	14,981	-	-	-	-	-
Change in net assets	946,974	3,284,484	( 77,828)	( 23,700)	869,146	3,260,784
Net assets, beginning	43,674,213	24,024,967	1,110,385	1,175,891	44,784,598	25,200,858
Prior period adjustment	( 4,505,086)	16,364,762	-	-	( 4,505,086)	16,364,762
Net assets, ending	<u>\$ 40,116,101</u>	<u>\$ 43,674,213</u>	<u>\$ 1,032,557</u>	<u>\$ 1,152,191</u>	<u>\$ 41,148,658</u>	<u>\$ 44,826,404</u>



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of fiscal year 2008, Henderson County's *governmental funds* reported combined ending fund balances of \$9,793,202. The decrease from 2007 is attributable to the completion of the jail expansion and an unexpected increase in fuel prices.

The General Fund is the chief operating fund of Henderson County. At the end of fiscal year 2008, the General Fund had an ending fund balance of \$8,686,896. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. All of this balance is unreserved and available for general funding.

During 2008, the Henderson County's General Fund fund balance decreased by \$1,471,498, or 14%. This decrease is primarily the result of the completion of the jail expansion and an unexpected increase in fuel prices.

The Road and Bridge Fund had an ending fund balance of \$517,629, a net decrease of \$576,979. The decrease in fund balance was mainly due to equipment purchases and the increase in fuel prices.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- Unanticipated expenditure appropriations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** Henderson County's investment in capital assets for its governmental activities as of December 31, 2008, was \$36,525,352 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furniture and equipment and infrastructure.

### HENDERSON COUNTY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,842,144	\$ 2,960,688	\$ 250,504	\$ 250,504	\$ 3,092,648	\$ 3,211,192
Construction in progress	11,305,644	7,553,530	-	-	11,305,644	7,553,530
Buildings and improvements	13,481,011	13,481,011	1,967,126	1,714,150	15,448,137	15,195,161
Furniture and equipment	9,479,202	9,283,046	122,054	68,839	9,601,256	9,351,885
Infrastructure	32,024,869	32,283,205	-	-	32,024,869	32,283,205
Less: accumulated depreciation	( 32,607,518)	( 28,101,228)	( 963,844)	( 883,051)	( 33,571,362)	( 28,984,279)
Total capital assets	\$ <u>36,525,352</u>	\$ <u>37,460,252</u>	\$ <u>1,375,840</u>	\$ <u>1,150,442</u>	\$ <u>37,901,192</u>	\$ <u>38,610,694</u>

Additional information on the County's capital assets can be found in the notes to financial statements.

**Long-term Debt.** At the end of fiscal year 2008, Henderson County had total debt outstanding of \$9,600,474 which includes \$8,714,824 in outstanding bonds. Certificates of Obligation in the amount of \$80,000, capital lease obligations in the amount of \$178,649, and accrued compensated absences of \$627,001 comprise the remaining balance.

Henderson County maintains an "AAA" rating from Standard & Poor's and an "A2" rating from Moody's for general obligation debt.

Additional information on the County's long-term debt can be found in the notes to financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

It is expected that property values will continue increase for 2009. Interest rates are expected to remain low. With the uncertain and shaky economy, fines and fees are also expected to be low.

Jail operations continue to be a source of increasing expenditures, especially in the area of inmate medical. The opening of the new jail expansion area will help to generate revenues with the housing of out of County inmates.

The County is committed to examining all possibilities in reducing expenditures with an emphasis on energy consumption and the increase in technological advances to streamline the organization.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Henderson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Auditor's Office  
100 E. Tyler, St Room 300  
Athens, TX 75751

**BASIC  
FINANCIAL STATEMENTS**

# HENDERSON COUNTY, TEXAS

## STATEMENT OF NET ASSETS DECEMBER 31, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 26,678,652	\$ 42,299	\$ 26,720,951
Receivables, net of allowance for uncollectible			
Taxes	2,038,084	-	2,038,084
Fines	1,408,640	-	1,408,640
Other	75,430	-	75,430
Due from other governments	72,810	-	72,810
Prepaid expenses	29,142	-	29,142
Inventories	6,779	-	6,779
Total current assets	30,309,537	42,299	30,351,836
Noncurrent assets:			
Capital assets:			
Land	2,842,144	250,504	3,092,648
Construction in progress	11,305,644	-	11,305,644
Buildings and improvements	13,481,011	1,967,126	15,448,137
Furniture and equipment	9,479,202	122,054	9,601,256
Infrastructure	32,024,869	-	32,024,869
Less: accumulated depreciation	( 32,607,518)	( 963,844)	( 33,571,362)
Total capital assets	36,525,352	1,375,840	37,901,192
Total noncurrent assets	36,525,352	1,375,840	37,901,192
Total assets	66,834,889	1,418,139	68,253,028
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	792,322	234,751	1,027,073
Accrued liabilities:	615,630	3,318	618,948
Due to other governments	206,320	-	206,320
Unearned revenue	15,307,588	9,074	15,316,662
Cash bond deposits	284,381	-	284,381
Accrued interest payable	50,512	-	50,512
General obligation bonds	962,500	-	962,500
Capital lease obligation	47,818	22,613	70,431
Certificates of obligation	-	10,000	10,000
Compensated absences	156,750	-	156,750
Total current liabilities	18,423,821	279,756	18,703,577
Noncurrent liabilities:			
General obligation bonds	7,752,324	-	7,752,324
Capital lease obligation	72,392	35,826	108,218
Certificates of obligation	-	70,000	70,000
Compensated absences	470,251	-	470,251
Total noncurrent liabilities	8,294,967	105,826	8,400,793
Total liabilities	26,718,788	385,582	27,104,370
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,690,318	1,237,401	28,927,719
Restricted for			
Roads and bridges	821,963	-	821,963
Debt service	466,552	-	466,552
Other purposes	228,314	-	228,314
Unrestricted	10,908,954	( 204,844)	10,704,110
Total net assets	\$ 40,116,101	\$ 1,032,557	\$ 41,148,658

**The accompanying notes are an integral part of these financial statements.**

# HENDERSON COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2008**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,689,484	\$ 1,776,522	\$ 454,917	\$ -
Legal	3,093,739	87,066	170,362	-
Health and welfare	323,315	-	89,880	249,332
Judicial	2,470,716	2,183,030	200,641	-
Public safety	8,652,384	329,888	174,832	-
Culture and recreation	416,054	17,652	107,000	-
Roads and bridges	5,609,206	1,569,193	-	-
Interest on long-term debt	353,856	-	-	-
Total governmental activities	<u>29,608,754</u>	<u>5,963,351</u>	<u>1,197,632</u>	<u>249,332</u>
Business-type activities:				
Fair Park	359,555	185,137	61,879	-
Fair Park concessions	52,783	60,331	-	-
Total business-type activities	<u>412,338</u>	<u>245,468</u>	<u>61,879</u>	<u>-</u>
Total	<u>\$ 30,021,092</u>	<u>\$ 6,208,819</u>	<u>\$ 1,259,511</u>	<u>\$ 249,332</u>

General revenues:

- Taxes:
  - Property
  - Alcoholic beverages
  - Investment earnings
  - Miscellaneous
- Gain on sale of asset
- Transfers
- Total general revenues and transfers
- Change in net assets
- Net assets, as previously stated
- Prior period adjustment
- Net assets, beginning, as restated
- Net assets, ending

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$( 6,458,045)	\$ -	\$( 6,458,045)
( 2,836,311)	-	( 2,836,311)
15,897	-	15,897
( 87,045)	-	( 87,045)
( 8,147,664)	-	( 8,147,664)
( 291,402)	-	( 291,402)
( 4,040,013)	-	( 4,040,013)
( 353,856)	-	( 353,856)
<u>( 22,198,439)</u>	<u>-</u>	<u>( 22,198,439)</u>
-	( 112,539)	( 112,539)
-	7,548	7,548
<u>-</u>	<u>( 104,991)</u>	<u>( 104,991)</u>
<u>( 22,303,430)</u>	<u>( 104,991)</u>	<u>( 22,408,421)</u>
22,406,215	-	22,406,215
97,238	-	97,238
609,548	1,170	610,718
43,424	-	43,424
14,981	-	14,981
( 25,993)	25,993	-
<u>23,145,413</u>	<u>27,163</u>	<u>23,172,576</u>
946,974	( 77,828)	869,146
43,674,213	1,110,385	44,784,598
( 4,505,086)	-	( 4,505,086)
<u>39,169,127</u>	<u>1,110,385</u>	<u>40,279,512</u>
<u>\$ 40,116,101</u>	<u>\$ 1,032,557</u>	<u>\$ 41,148,658</u>

# HENDERSON COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	General	Road and Bridge	Jail Expansion
<b>ASSETS</b>			
Cash and investments	\$ 22,428,426	\$ 2,762,074	\$ 199,523
Receivables, net of allowance for uncollectibles:			
Taxes	1,627,561	304,334	-
Fines	1,408,640	-	-
Other	75,430	-	-
Due from other funds	6,496	-	-
Due from other governments	72,810	-	-
Prepaid expenditures	29,142	-	-
Inventory	6,779	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ <u>25,655,284</u>	\$ <u>3,066,408</u>	\$ <u>199,523</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	503,027	81,066	199,523
Accrued liabilities	567,303	48,317	-
Due to other funds	-	1,136	-
Due to other governments	168,203	-	-
Deferred revenue	15,445,474	2,418,260	-
Cash bonds and deposits	284,381	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>16,968,388</u>	<u>2,548,779</u>	<u>199,523</u>
Fund balances:			
Unreserved, reported in:			
General fund	8,686,896	-	-
Special revenue funds	-	517,629	-
Debt service funds	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>8,686,896</u>	<u>517,629</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	\$ <u>25,655,284</u>	\$ <u>3,066,408</u>	\$ <u>199,523</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

**The accompanying notes are an integral part of these financial statements.**

Other Governmental Funds	Total Governmental Funds
\$ 1,288,629	\$ 26,678,652
106,189	2,038,084
-	1,408,640
-	75,430
-	6,496
-	72,810
-	29,142
-	6,779
<u>\$ 1,394,818</u>	<u>\$ 30,316,033</u>

8,706	792,322
10	615,630
5,360	6,496
38,117	206,320
753,948	18,617,682
-	284,381
<u>806,141</u>	<u>20,522,831</u>

-	8,686,896
228,314	745,943
<u>360,363</u>	<u>360,363</u>
<u>588,677</u>	<u>9,793,202</u>
<u>\$ 1,394,818</u>	

36,525,352
3,310,094
( 9,512,547)
<u>\$ 40,116,101</u>

**HENDERSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Road and Bridge	Jail Expansion
<b>REVENUES</b>			
Taxes	\$ 18,631,188	\$ 3,091,162	\$ -
Fees of office	2,217,622	981,605	-
Intergovernmental	988,138	52,344	-
Licenses and permits	7,956	535,244	-
Fines and forfeitures	1,241,732	-	-
Investment earnings	538,921	57,963	3,691
Miscellaneous	218,238	-	-
Total revenues	23,843,795	4,718,318	3,691
<b>EXPENDITURES</b>			
Current:			
General government	8,143,270	-	-
Public safety	8,443,784	-	-
Roads and bridges	-	4,853,508	-
Legal	2,259,423	-	-
Judicial	3,019,828	-	-
Health and welfare	74,168	-	-
Culture and recreation	337,020	-	-
Capital outlay	518,616	443,067	3,913,135
Debt service:			
Principal	45,267	-	-
Interest and other charges	7,964	-	-
Total expenditures	22,849,340	5,296,575	3,913,135
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	994,455	( 578,257)	( 3,909,444)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	11,763	16,131	-
Transfers in	578,885	34,146	2,669,214
Transfers out	( 2,832,122)	( 48,999)	-
Total other financing sources and uses	( 2,241,474)	1,278	2,669,214
<b>NET CHANGE IN FUND BALANCES</b>	( 1,247,019)	( 576,979)	( 1,240,230)
<b>FUND BALANCES, BEGINNING</b>	10,158,394	1,094,608	1,240,230
<b>PRIOR PERIOD ADJUSTMENT</b>	( 224,479)	-	-
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	9,933,915	1,094,608	1,240,230
<b>FUND BALANCES, ENDING</b>	\$ 8,686,896	\$ 517,629	\$ -

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,008,791	\$ 22,731,141
105,542	3,304,769
336,856	1,377,338
-	543,200
53,793	1,295,525
8,974	609,549
7,246	225,484
<u>1,521,202</u>	<u>30,087,006</u>
15,017	8,158,287
9,053	8,452,837
-	4,853,508
200,483	2,459,906
68,118	3,087,946
249,332	323,500
79,271	416,291
87,465	4,962,283
719,709	764,976
536,253	544,217
<u>1,964,701</u>	<u>34,023,751</u>
( 443,499)	( 3,936,745)
-	27,894
114,792	3,397,037
( 541,909)	( 3,423,030)
( 427,117)	1,901
( 870,616)	( 3,934,844)
<u>1,518,040</u>	<u>14,011,272</u>
( 58,747)	( 283,226)
<u>1,459,293</u>	<u>13,728,046</u>
\$ <u>588,677</u>	\$ <u>9,793,202</u>

## HENDERSON COUNTY, TEXAS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds:	\$( 3,934,844)
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 capital outlays exceeded depreciation in the current period.	3,126,335
Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	( 12,913)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	479,734
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	980,267
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	<u>308,395</u>
Change in net assets of governmental activities	<u>\$ 946,974</u>

**The accompanying notes are an integral part of these financial statements.**

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 18,500,727	\$ 18,500,727	\$ 18,533,950	\$ 33,223
Mixed beverage taxes	74,000	74,000	97,238	23,238
Fees of office:				
Sheriff	200,000	200,000	191,370	( 8,630)
County clerk	725,000	725,000	985,391	260,391
Tax assessor/collector	805,000	805,000	486,132	( 318,868)
District clerk	249,000	240,000	275,218	35,218
Justice of the peace	114,123	114,123	85,166	( 28,957)
District attorney	35,000	35,000	29,251	( 5,749)
Constables	49,000	49,000	53,270	4,270
Court costs	109,000	104,500	80,355	( 24,145)
Other	5,000	5,000	31,469	26,469
Total fees of office	2,291,123	2,277,623	2,217,622	( 60,001)
Intergovernmental	1,625,538	1,625,538	988,138	( 637,400)
Licenses and permits	10,000	10,000	7,956	( 2,044)
Fines and forfeitures	1,380,000	1,380,000	1,241,732	( 138,268)
Investment earnings	700,000	700,000	538,921	( 161,079)
Miscellaneous	283,333	282,857	218,238	( 64,619)
Total revenues	24,864,721	24,850,745	23,843,795	( 1,006,950)
<b>EXPENDITURES</b>				
General government:				
County judge	231,236	231,236	199,892	31,344
General county operations	3,290,446	3,036,459	2,724,760	311,699
Prisoners	1,162,908	872,472	565,286	307,186
Juvenile	175,000	215,000	123,735	91,265
General information systems	388,275	300,175	233,196	66,979
County records management	40,000	40,700	40,663	37
County clerk	682,977	680,303	620,972	59,331
	5,970,842	5,376,345	4,508,504	867,841

(continued)

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
General government: (Continued)				
County clerk records management	\$ 233,745	\$ 233,745	\$ 174,399	\$ 59,346
Elections administration	143,961	277,023	274,602	2,421
Veterans service	19,631	19,631	18,686	945
County auditor	576,812	574,516	511,920	62,596
Information technology	213,928	220,400	206,971	13,429
County treasurer	204,801	208,200	204,987	3,213
Tax assessor/collector	801,902	830,380	783,615	46,765
Public facilities	1,834,932	1,977,868	1,459,586	518,282
Total general government	10,000,554	9,718,108	8,143,270	1,574,838
Public safety:				
Constables general	10,000	5,701	145	5,556
Constable, precinct 1	56,601	56,601	51,744	4,857
Constable, precinct 2	52,734	55,714	54,337	1,377
Constable, precinct 3	52,284	54,408	53,494	914
Constable, precinct 4	51,768	53,286	52,192	1,094
Constable, precinct 5	52,834	53,769	52,961	808
Constable, precinct 6	53,863	54,324	52,927	1,397
Sheriff's office field operations	7,493,832	7,900,369	7,779,818	120,551
VINE grant	-	17,925	17,925	-
Emergency management	69,443	71,943	59,897	12,046
Fire marshal/environmental crimes	329,744	331,318	221,485	109,833
Department of public safety	58,716	62,692	46,859	15,833
Total public safety	8,281,819	8,718,050	8,443,784	274,266

(continued)

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### GENERAL FUND

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
Legal:				
County attorney prosecution	\$ 807,042	\$ 801,142	\$ 638,904	\$ 162,238
County attorney collections	238,724	240,498	234,321	6,177
Court enforcement division	129,604	128,523	120,423	8,100
District attorney	917,398	913,478	887,067	26,411
District attorney capital cases	233,536	587,891	378,708	209,183
Total legal	2,326,304	2,671,532	2,259,423	412,109
Judicial:				
County court-at-law 1	328,088	328,088	318,067	10,021
County court-at-law 2	310,723	312,545	310,136	2,409
District courts general	39,000	58,195	58,114	81
Indigent defense	47,412	48,564	37,568	10,996
3rd district court	123,328	124,078	105,442	18,636
173rd district court	192,363	187,972	178,782	9,190
392nd district court	194,608	197,180	194,119	3,061
Juvenile board	60,722	63,698	60,560	3,138
District clerk	532,703	524,926	503,611	21,315
District clerk records management	5,200	4,080	1,505	2,575
Justice of the peace, precinct 1	135,389	135,389	130,046	5,343
Justice of the peace, precinct 2	178,276	181,656	173,519	8,137
Justice of the peace, precinct 3	117,341	117,341	113,919	3,422
Justice of the peace, precinct 4	122,651	122,751	118,364	4,387
Justice of the peace, precinct 5	107,005	107,585	104,189	3,396
Justice of the peace, precinct 6	153,749	159,359	154,600	4,759
Arraignments	12,506	12,506	10,254	2,252
County funding of juvenile probation	-	-	445,863	( 445,863)
County funding of CSCD	-	-	1,170	( 1,170)
Total judicial	2,661,064	2,685,913	3,019,828	( 333,915)

(continued)

**HENDERSON COUNTY, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND  
(Continued)**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Health and welfare:				
Health care coordination	\$ 78,219	\$ 78,219	\$ 74,168	\$ 4,051
Total health and welfare	78,219	78,219	74,168	4,051
Culture and recreation:				
Public library	151,204	158,184	153,685	4,499
Public library east	17,587	17,587	12,365	5,222
County extension office	180,688	179,288	170,970	8,318
Total culture and recreation	349,479	355,059	337,020	18,039
Capital outlay	818,607	1,134,558	518,616	615,942
Debt service:				
Principal	-	-	45,267	( 45,267)
Interest and other charge	-	-	7,964	( 7,964)
Total expenditures	24,516,046	25,361,439	22,849,340	2,512,099
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>348,675</b>	<b>( 510,694)</b>	<b>994,455</b>	<b>1,505,149</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	11,763	11,763
Transfers in	917,677	917,677	578,885	( 338,792)
Transfers out	-	-	( 2,832,122)	( 2,832,122)
Total other financing sources (uses)	917,677	917,677	( 2,241,474)	( 3,159,151)
<b>NET CHANGE IN FUND BALANCES</b>	1,266,352	406,983	( 1,247,019)	( 1,654,002)
<b>FUND BALANCES, BEGINNING</b>	10,158,394	10,158,394	10,158,394	-
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	( 224,479)	( 224,479)
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	10,158,394	10,158,394	9,933,915	( 224,479)
<b>FUND BALANCES, ENDING</b>	\$ 11,424,746	\$ 10,565,377	\$ 8,686,896	\$( 1,878,481)

**The accompanying notes are an integral part of these financial statements.**

## HENDERSON COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

#### ROAD AND BRIDGE

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,058,126	\$ 3,058,126	\$ 3,091,162	\$ 33,036
Fees of office	882,000	882,000	981,605	99,605
Licenses and permits	550,000	550,000	535,244	( 14,756)
Intergovernmental	52,000	52,000	52,344	344
Investment earnings	<u>50,000</u>	<u>50,000</u>	<u>57,963</u>	<u>7,963</u>
Total revenues	<u>4,592,126</u>	<u>4,592,126</u>	<u>4,718,318</u>	<u>126,192</u>
<b>EXPENDITURES</b>				
Waste management	214,600	240,210	236,658	3,552
Road and bridge general	36,913	36,913	22,242	14,671
Road and bridge precinct #1	1,138,403	1,061,315	1,042,830	18,485
Road and bridge precinct #2	1,177,403	1,198,812	1,165,833	32,979
Road and bridge precinct #3	1,138,404	1,207,138	1,199,921	7,217
Road and bridge precinct #4	1,098,404	1,151,892	1,148,543	3,349
Precinct #1 lateral road	13,000	27,535	14,934	12,601
Precinct #2 lateral road	13,000	13,000	-	13,000
Precinct #3 lateral road	13,000	50,200	22,547	27,653
Precinct #4 lateral road	13,000	13,000	-	13,000
Capital outlay	<u>161,000</u>	<u>369,823</u>	<u>443,067</u>	<u>( 73,244)</u>
Total expenditures	<u>5,017,127</u>	<u>5,369,838</u>	<u>5,296,575</u>	<u>73,263</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>( 425,001)</u>	<u>( 777,712)</u>	<u>( 578,257)</u>	<u>199,455</u>
<b>OTHER FINANCING USES</b>				
Sale of capital assets	-	-	16,131	16,131
Transfers in	-	-	34,146	34,146
Transfers out	<u>-</u>	<u>-</u>	<u>( 48,999)</u>	<u>( 48,999)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>( 425,001)</u>	<u>( 777,712)</u>	<u>( 576,979)</u>	<u>200,733</u>
<b>FUND BALANCES, BEGINNING</b>				
	<u>1,094,608</u>	<u>1,094,608</u>	<u>1,094,608</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>				
	<u>\$ 669,607</u>	<u>\$ 316,896</u>	<u>\$ 517,629</u>	<u>\$ 200,733</u>

**The accompanying notes are an integral part of these financial statements.**

# HENDERSON COUNTY, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

DECEMBER 31, 2008

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 33,758	\$ 8,541	\$ 42,299
Total current assets	<u>33,758</u>	<u>8,541</u>	<u>42,299</u>
Non-current assets:			
Capital assets:			
Land	250,504	-	250,504
Buildings and improvements	1,967,126	-	1,967,126
Furniture and equipment	122,054	-	122,054
Less: accumulated depreciation	( 963,844)	-	( 963,844)
Total non-current assets	<u>1,375,840</u>	<u>-</u>	<u>1,375,840</u>
Total assets	<u>1,409,598</u>	<u>8,541</u>	<u>1,418,139</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	234,571	180	234,751
Accrued liabilities	3,318	-	3,318
Deferred revenue	9,074	-	9,074
Capital lease obligation	22,613	-	22,613
Certificates of obligation	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total current liabilities	<u>279,576</u>	<u>180</u>	<u>279,756</u>
Non-current liabilities:			
Capital lease obligation	35,826	-	35,826
Certificates of obligation	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total non-current liabilities	<u>105,826</u>	<u>-</u>	<u>105,826</u>
Total liabilities	<u>385,402</u>	<u>180</u>	<u>385,582</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,237,401	-	1,237,401
Unrestricted	( 213,205)	<u>8,361</u>	( 204,844)
Total net assets	<u>\$ 1,024,196</u>	<u>\$ 8,361</u>	<u>\$ 1,032,557</u>

The accompanying notes are an integral part of these financial statements.

**HENDERSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Total
<b>OPERATING REVENUES</b>			
Rentals	\$ 135,371	\$ -	\$ 135,371
Concessions	-	60,331	60,331
Contributions	61,879	-	61,879
Other	49,766	-	49,766
Total operating revenues	<u>247,016</u>	<u>60,331</u>	<u>307,347</u>
<b>OPERATING EXPENSES</b>			
Personnel	140,482	11,865	152,347
Supplies and materials	40,155	40,918	81,073
Repairs and maintenance	19,140	-	19,140
Public support	2,620	-	2,620
Utilities	57,903	-	57,903
Professional services	2,145	-	2,145
Depreciation	80,793	-	80,793
Other	5,806	-	5,806
Total operating expenses	<u>349,044</u>	<u>52,783</u>	<u>401,827</u>
<b>OPERATING INCOME (LOSS)</b>	<u>( 102,028)</u>	<u>7,548</u>	<u>( 94,480)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	917	253	1,170
Interest expense	<u>( 10,511)</u>	<u>-</u>	<u>( 10,511)</u>
Total non-operating revenues (expenses)	<u>( 9,594)</u>	<u>253</u>	<u>( 9,341)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>( 111,622)</u>	<u>7,801</u>	<u>( 103,821)</u>
Transfers in	25,993	-	25,993
<b>CHANGE IN NET ASSETS</b>	<u>( 85,629)</u>	<u>7,801</u>	<u>( 77,828)</u>
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>1,109,825</u>	<u>560</u>	<u>1,110,385</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 1,024,196</u>	<u>\$ 8,361</u>	<u>\$ 1,032,557</u>

The accompanying notes are an integral part of these financial statements.

**HENDERSON COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Enterprise Funds		
	Fair Park	Fair Park Concessions	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 256,090	\$ 60,331	\$ 316,421
Cash paid to suppliers for goods and services	( 139,827)	( 12,117)	( 151,944)
Cash paid to employees for services	( 135,122)	( 41,078)	( 176,200)
Net cash provided (used) by operating activities	( 18,859)	7,136	( 11,723)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash paid to other funds	( 219)	-	( 219)
Transfers from other funds	25,993	-	25,993
Net cash provided by noncapital financing activities	25,774	-	25,774
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	( 76,676)	-	( 76,676)
Proceeds from capital lease	33,310	-	33,310
Interest and fiscal charges on long-term debt	( 10,511)	-	( 10,511)
Principal payments on long-term debt	( 30,979)	-	( 30,979)
Net cash used by capital and related financing activities	( 84,856)	-	( 84,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment on investments	917	253	1,170
Net cash provided by investing activities	917	253	1,170
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 77,024)	7,389	( 69,635)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	110,782	1,152	111,934
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 33,758	\$ 8,541	\$ 42,299
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$( 102,028)	\$ 7,548	\$( 94,480)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	80,793	-	80,793
Increase (decrease) in liabilities:			
Accounts payable	( 7,353)	( 160)	( 7,513)
Accrued liabilities	655	( 252)	403
Deferred revenue	9,074	-	9,074
Net cash provided (used) by operating activities	\$( 18,859)	\$ 7,136	\$( 11,723)

**The accompanying notes are an integral part of these financial statements.**

**HENDERSON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2008**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>3,280,416</u>
Total assets	\$ <u>3,280,416</u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	\$ <u>3,280,416</u>
Total liabilities	\$ <u>3,280,416</u>

**The accompanying notes are an integral part of these financial statements.**

# HENDERSON COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Henderson County, Texas (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### **Financial Reporting Entity**

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Henderson County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly. As of December 31, 2008, the County does not report any component units.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate 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 fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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*. Revenues are recognized as soon as it is both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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 County reports 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 for in another fund.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The **Road and Bridge Fund** is used to account for the operation, repair and maintenance of roads and bridges within the County.

The **Jail Expansion Fund** is used to provide a long range solution to overcrowding and future growth needs according to the County strategic building plan and needs assessment study.

The County reports the following major enterprise funds:

The **Fair Park Fund** is used to account for the activities of the Henderson County Fairgrounds.

The **Fair Park Concessions Fund** is used to account for the concessions activities of the Henderson County Fairgrounds.

Additionally, the County reports the following fund type:

**Agency Funds** account for assets held by the County in a trustee capacity or as an agent for individuals or other governments. They are custodial in nature and do not include measurement of results of operations.

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-type 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. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County 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 nonoperating revenues and expenses.

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

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Liabilities and Net Assets or Equity

#### **Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County invests its resources in bank certificates of deposit. These investments are recorded at cost, which approximates fair value. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations with the State.

#### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. 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.

#### **Inventories and Prepaid Items**

All inventories are valued at cost using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as physical assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Property improvements are capitalized if valued over \$10,000 with an estimated useful life in excess of 10 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

(continued)

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## D. Assets, Liabilities and Net Assets or Equity (Continued)

### Capital Assets (Continued)

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.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Infrastructure	50 - 100

### Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### Long-term Obligations

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

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

### Fund Equity

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

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities and Net Assets or Equity** (Continued)

**Net Assets**

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

**Estimates**

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

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(9,512,547) difference are as follows:

General obligation bonds	\$( 8,309,475)
Accreted interest on premium compound interest bonds	( 405,349)
Accrued interest payable	( 50,512)
Compensated absences	( 627,001)
Capital leases	( <u>120,210</u> )
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$( <u>9,512,547</u> )

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,126,335 difference are as follows:

Capital outlay	\$ 4,644,780
Depreciation expense	( 1,518,445)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 3,126,335</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$479,734 difference are as follows:

Property taxes	\$( 227,688)
Court fines	<u>707,422</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 479,734</u>

Another element of that reconciliation states that, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$308,395 difference are as follows:

Compensated absences	\$ 333,325
Accrued interest	8,256
Accreted interest	( 33,186)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 308,395</u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

The Commissioners' Court approves a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. For each budgeted fund, budgetary control is maintained at the departmental classification level. This is the level at which expenditures may not legally exceed funds. Any expenditures which alter the total budgeted amounts must be approved by the Commissioners' Court and the budget appropriately amended. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the NRCS Water Development Special Revenue Fund and the Capital Projects Funds. All annual appropriations lapse at fiscal year-end.

#### Deficit Fund Equity

The following fund had a deficit fund balance as of December 31, 2008:

Courthouse and Jail Interest and Sinking Fund	\$( 53,923)
--	-------------

The County plans to fund the deficits with future revenues or transfer funds from the General Fund.

### 4. DETAILED NOTES ON ALL FUNDS

#### Deposits

##### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2008, all of the County's deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

#### Receivables

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Receivables**

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

	<u>Governmental Funds</u>			
	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,713,222	\$ 320,352	\$ 111,778	\$ 2,145,352
Fines	14,086,405	-	-	14,086,405
Other	<u>75,430</u>	<u>-</u>	<u>-</u>	<u>75,430</u>
Gross receivables	15,875,057	320,352	111,778	16,307,187
Less: allowance for uncollectibles	<u>( 12,763,426)</u>	<u>( 16,018)</u>	<u>( 5,589)</u>	<u>( 12,785,033)</u>
Net total receivables	<u>\$ 3,111,631</u>	<u>\$ 304,334</u>	<u>\$ 106,189</u>	<u>\$ 3,522,154</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
General fund:		
Delinquent property taxes	\$ 1,516,290	\$ -
Unearned property taxes	-	12,410,304
Fines	1,408,640	-
Other	-	110,240
Road and bridge:		
Delinquent property taxes	285,340	-
Unearned property taxes	-	2,132,920
Nonmajor governmental funds:		
Delinquent property taxes	99,824	-
Unearned property taxes	<u>-</u>	<u>654,124</u>
Total governmental activities	<u>\$ 3,310,094</u>	<u>\$ 15,307,588</u>
Business-type activities:		
Unearned property taxes	<u>-</u>	<u>9,074</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 9,074</u>

**(continued)**

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,960,688	\$ 17,500	\$ -	\$( 136,044)	\$ 2,842,144
Construction in progress	<u>7,553,530</u>	<u>3,913,135</u>	<u>-</u>	<u>( 161,021)</u>	<u>11,305,644</u>
Total capital assets not being depreciated	<u>10,514,218</u>	<u>3,930,635</u>	<u>-</u>	<u>( 297,065)</u>	<u>14,147,788</u>
Capital assets, being depreciated:					
Buildings and improvements	13,481,011	-	-	-	13,481,011
Furniture and fixtures	9,283,046	714,145	( 513,542)	( 4,447)	9,479,202
Infrastructure	<u>32,283,205</u>	<u>-</u>	<u>-</u>	<u>( 258,336)</u>	<u>32,024,869</u>
Total capital assets being depreciated	<u>55,047,262</u>	<u>714,145</u>	<u>( 513,542)</u>	<u>( 262,783)</u>	<u>54,985,082</u>
Less accumulated depreciation:					
Buildings and improvements	( 8,261,125)	( 449,404)	-	( 8,056)	( 8,718,585)
Furniture and fixtures	( 7,047,031)	( 556,673)	500,629	( 261,740)	( 7,364,815)
Infrastructure	<u>( 12,793,072)</u>	<u>( 512,368)</u>	<u>-</u>	<u>( 3,218,678)</u>	<u>( 16,524,118)</u>
Total accumulated depreciation	<u>( 28,101,228)</u>	<u>( 1,518,445)</u>	<u>500,629</u>	<u>( 3,488,474)</u>	<u>( 32,607,518)</u>
Total capital assets, being depreciated, net	<u>26,946,034</u>	<u>( 804,300)</u>	<u>( 12,913)</u>	<u>( 3,751,257)</u>	<u>22,377,564</u>
Governmental activities capital assets, net	<u>\$ 37,460,252</u>	<u>\$ 3,126,335</u>	<u>\$( 12,913)</u>	<u>\$( 4,048,322)</u>	<u>\$ 36,525,352</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 250,504	\$ -	\$ -	\$ 250,504
Total capital assets not being depreciated	<u>250,504</u>	<u>-</u>	<u>-</u>	<u>250,504</u>
Capital assets, being depreciated:				
Buildings	1,526,950	229,515	-	1,756,465
Improvements	187,200	23,461	-	210,661
Furniture and fixtures	<u>68,839</u>	<u>53,215</u>	<u>-</u>	<u>122,054</u>
Total capital assets being depreciated	<u>1,782,989</u>	<u>306,191</u>	<u>-</u>	<u>2,089,180</u>
Less accumulated depreciation:				
Buildings	( 764,692)	( 50,898)	-	( 815,590)
Improvements	( 65,405)	( 19,019)	-	( 84,424)
Furniture and fixtures	<u>( 52,954)</u>	<u>( 10,876)</u>	<u>-</u>	<u>( 63,830)</u>
Total accumulated depreciation	<u>( 883,051)</u>	<u>( 80,793)</u>	<u>-</u>	<u>( 963,844)</u>
Total capital assets, being depreciated, net	<u>899,938</u>	<u>225,398</u>	<u>-</u>	<u>1,125,336</u>
Business-type activities capital assets, net	<u>\$ 1,150,442</u>	<u>\$ 225,398</u>	<u>\$ -</u>	<u>\$ 1,375,840</u>

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

Governmental activities:	
General government	\$ 535,848
Legal	7,553
Judicial	12,213
Public safety	204,366
Road and bridge	<u>758,465</u>
Total depreciation expense - governmental activities	<u>\$ 1,518,445</u>
Business-type activities:	
Fair Park	<u>\$ 80,793</u>
Total depreciation expense - business-type activities	<u>\$ 80,793</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2008, is as follows:

**Interfund Receivables and Payables:**

	<u>Interfund Receivables</u>
	<u>General</u>
Interfund payables:	
Road and bridge	\$ 1,137
Nonmajor governmental	<u>5,359</u>
 Total	 <u>\$ 6,496</u>

**Interfund Transfers:**

	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Road and Bridge</u>	<u>Jail Expansion</u>	<u>Nonmajor Governmental</u>	<u>Fair Park</u>	
Transfers Out:						
General	\$ -	\$ 34,146	\$ 2,669,214	\$ 102,769	\$ 25,993	\$ 2,832,122
Road and bridge	48,999	-	-	-	-	48,999
Nonmajor governmental	<u>529,886</u>	<u>-</u>	<u>-</u>	<u>12,023</u>	<u>-</u>	<u>541,909</u>
 Total Transfers Out	 <u>\$ 578,885</u>	 <u>\$ 34,146</u>	 <u>\$ 2,669,214</u>	 <u>\$ 114,792</u>	 <u>\$ 25,993</u>	 <u>\$ 3,423,030</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Capital Leases**

The County has entered into a lease agreement as lessee for financing and acquisition of an LED message sign for the Henderson County Fairpark. The County is also the lessee in a lease agreement for financing and acquisition of Net Data accounting software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Leases** (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2009	\$ 53,231	\$ 26,433	\$ 79,664
2010	53,231	23,250	76,481
2011	22,181	7,336	29,517
2012	-	7,335	7,335
Total	128,643	64,354	192,997
Less amount representing interest	<u>8,433</u>	<u>5,915</u>	<u>14,348</u>
Present value of minimum lease payments	<u>\$ 120,210</u>	<u>\$ 58,439</u>	<u>\$ 178,649</u>

**Long-term Debt**

The County issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future tax revenue or liens on property and equipment. Debt obligations that are intended to be repaid from Fair Park revenue have been recorded as business-type activities. All other long-term obligations of the County are considered to be governmental type activities.

**Bonds Payable and Certificates of Obligation**

A summary of the terms of general obligation bonds and certificates of obligation outstanding and their corresponding allocations to the governmental and business-type activities at December 31, 2008, follows:

<u>Series and Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>General Obligation Bonds</u></b>				
1993 Right-of-Way Refunding Bonds	2010	2.80% - 6.10%	\$ 452,324	\$ -
2003 Permanent Improvement Bonds	2009	2.45%	217,500	-
2006 General Obligations	2016	3.625%-4.0%	8,045,000	-
<b><u>Certificates of Obligation</u></b>				
2000 Certificates of Obligation	2015	5.95%	-	<u>80,000</u>
Total Bonds and Certificates of Obligation			<u>\$ 8,714,824</u>	<u>\$ 80,000</u>

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Long-term Debt (Continued)

Annual debt service requirements for bonds and certificates of obligation are as follows:

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 962,500	\$ 296,287	\$ 10,000	\$ 4,463
2010	990,000	270,070	10,000	3,868
2011	1,025,000	236,789	10,000	3,273
2012	1,070,000	197,508	10,000	2,678
2013	1,110,000	177,445	10,000	2,083
2014-2017	<u>3,585,000</u>	<u>354,013</u>	<u>30,000</u>	<u>1,785</u>
Total	\$ <u>8,742,500</u>	\$ <u>1,532,112</u>	\$ <u>80,000</u>	\$ <u>18,150</u>

##### **Premium Compound Interest Bonds**

A portion of the bonds sold in the Series 1993 refunding bond issue was premium compound interest bonds. The interest on these obligations will be paid upon maturity in the fiscal years ending December 31, 2009 through 2010.

##### **Federal Arbitrage**

General obligation bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

##### **Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
<b>Governmental activities</b>						
General obligation bonds	\$ 9,616,638	\$ 33,186	\$ 935,000	\$ -	\$ 8,714,824	\$ 962,500
Capital leases	165,477	-	45,267	-	120,210	47,818
Compensated absences	<u>786,788</u>	<u>338,435</u>	<u>671,760</u>	<u>173,538</u>	<u>627,001</u>	<u>156,750</u>
Governmental activities long-term liabilities	\$ <u>10,568,903</u>	\$ <u>371,621</u>	\$ <u>1,652,027</u>	\$ <u>173,538</u>	\$ <u>9,462,035</u>	\$ <u>1,167,068</u>
<b>Business-type activities</b>						
Certificates of obligation	\$ 90,000	\$ -	\$ 10,000	\$ -	\$ 80,000	\$ 10,000
Capital leases	<u>46,108</u>	<u>33,310</u>	<u>20,979</u>	<u>-</u>	<u>58,439</u>	<u>22,613</u>
Business-type activities long-term liabilities	\$ <u>136,108</u>	\$ <u>33,310</u>	\$ <u>30,979</u>	\$ <u>-</u>	\$ <u>138,439</u>	\$ <u>32,613</u>

(continued)

#### **4. DETAILED NOTES ON ALL FUNDS (Continued)**

##### **Long-term Debt** (Continued)

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

##### **Other Information**

###### **Risk Management**

Henderson County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers' compensation. The County carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. The amounts of settlements have not exceeded insurance coverage for the past three fiscal years.

###### **Health Care Coverage**

During the year ended December 31, 2008, employees of the County were covered by a health insurance plan (the "Plan"). The County contributed 100% of the premium for each employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a Health Maintenance Organization. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the County and the licensed insurer is renewable, and terms of coverage and contribution costs are included in the contractual provisions.

###### **Postemployment Benefits Other than Pension Benefits (OPEB)**

Currently, health insurance benefits are provided to eligible retirees of the County in accordance with the policies and procedures approved by Commissioners' Court. Health insurance premiums for eligible retirees are paid for by the County for a maximum of three years.

Eligible retired employees are regular fulltime employees who retire under the employees' established retirement program (Texas County and District Retirement System) on or after January 1, 1991. Retired employee's eligibility shall cease upon the occurrence of the following events, whichever occurs first: 1) the last day of the contract month in which a retiree becomes eligible for Medicare by reason of obtaining age 65; 2) the last day of the contract month in which a retiree becomes eligible for disability under the United States Social Security Act; or 3) the last day of the contract month in which the County has contributed premiums for a three-year period.

As of December 31, 2008, the County had 21 retirees that were eligible for the OPEB plan and the cost per retiree to the County was \$613 per month. Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, premiums paid by the County were \$113,363.

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### **Postemployment Benefits Other than Pension Benefits (OPEB)** (Continued)

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which is effective for the County for the year ending December 31, 2008. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement requires systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The County has not obtained the required actuarial evaluation of the benefits it provides to retirees and, therefore, has not implemented this standard for the year ended December 31, 2008.

##### **Litigation**

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. The outcome of these lawsuits is not presently determinable, but according to the County's attorneys, a judgment, if any, would have an immaterial impact on the County as a whole.

##### **Commitments and Contingencies**

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

##### **Pension Plans**

###### **Defined Benefit Plan – Texas County and District Retirement System (TCDRS)**

###### **Plan Description**

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

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### **Pension Plans** (Continued)

##### **Defined Benefit Plan – Texas County and District Retirement System (TCDRS)** (Continued)

##### **Plan Description** (Continued)

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

##### **Funding Policy**

Henderson County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 10.79% for the months of the accounting year in 2007, and 10.33% for the months of the accounting year in 2008.

The deposit rate payable by the employee members of the plan for calendar year 2008 is the rate of 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

##### **Annual Pension Cost**

For Henderson County's accounting year ended December 31, 2008, the annual pension cost for the TCDRS plan for its employees was \$1,382,846 and the actual contributions were \$1,382,846.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2005 and December 31, 2006, the basis for determining the contribution rates for calendar years 2007 and 2008. The December 31, 2007, actuarial valuation is the most recent valuation.

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Annual Pension Cost (Continued)

Actuarial Valuation Date	12/31/05	12/31/06	12/31/07
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	20	15	15
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Actuarial Assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(1) includes inflation at the stated rate

##### Trend Information

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 1,130,748	100%	\$ -
12/31/07	1,310,941	100%	-
12/31/08	1,382,846	100%	-

##### Schedule of Funding Progress

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2005	\$ 23,092,175	\$ 26,738,338	\$ 3,646,163	86.36%	\$ 9,944,736	36.66%
2006	25,770,223	28,582,664	2,812,441	90.16%	11,064,049	25.42%
2007	28,723,054	31,912,098	3,189,044	90.01%	12,149,585	26.25%

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

##### Prior Period Adjustment

In prior years, the County had recognized property tax revenue that should have been deferred. The effect of this adjustment was a decrease of \$283,226 to beginning fund balance and beginning net assets.

In the government-wide financial statements, an adjustment was made to properly state capital assets. In prior years, the County understated depreciation expense and capitalized assets that cost less than the County's approved capitalization threshold. This adjustment decreased beginning net assets by \$4,048,322. Additionally, in prior years, the liability accrued for compensated absences was understated. An adjustment was made to properly reflect this, which decreased beginning net assets by \$173,538.

# **COMBINING STATEMENTS**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

***CWM Library*** – This fund is used for the operation of the Clint W. Murchison Memorial Library.

***Hot Check***– The ***Hot Check Fund*** is funded by fees from hot check collections. The Hot Check Department is a division of the County Attorney's office and is a computerized operation for the prosecution and collection of hot checks. This department assists merchants by preparing witness statements, collection and return of restitution to merchants, and filing criminal cases against check writers. Revenue derived from these collections is utilized for the benefit of the County Attorney's office.

***Jury*** – This fund is funded by General Fund transfers and includes expenses for part-time bailiffs, juror compensation and all jury expenditures, including the Grand Jury. This budget accommodates three District Courts, two County Courts-at-Law, County Court and six Justice of the Peace Courts. Summons are generated in the civil section of the Sheriff Department, and juror activity is monitored by the respective clerk of the court. Justices of the Peace conduct their own jury trials. All juror payments are made by the County Treasurer's office.

***Law Enforcement – District Attorney*** – This fund constitutes funds from the seizure of property and money, which may be used by the District Attorney for law enforcement purposes. The fund is also a clearing account for seizures held pending disposition. The District Attorney may dispense funds according to court orders and prorata shares determined by interlocal agreements with other law enforcement agencies.

***Law Enforcement – Sheriff*** – This fund represents funding from seizures awarded to the Sheriff Department through an interlocal agreement with the District Attorney. The fund may be used by the Sheriff for law enforcement purposes.

***Historical Commission*** – This fund is commissioned for the preservation of County history through the publication of books, maintenance of historical files and assistance in the operation of the Henderson County Historical Museum.

***County Attorney State Allotment*** – The County Attorney's office receives a state supplement provided by House Bill 801 for County Attorney salary and other uses of the office. The amount is appropriated from the State General Fund to enhance prosecution.

***Law Library*** – This fund is used for the operation of the fees collected at the District Clerk and County Clerk for the Law Library fees collected.

***NRCS Water Development*** – This fund represents funding from the Office of Rural Community Affairs for purposes of rural water system upgrades.

***Federal Seizures Sheriff*** – This fund constitutes funds from the forfeiture of property and money, which may be used at the Sheriff's Department.

***Voting Access*** – This fund represents funding from the U. S. Elections Assistance Commission for the purpose of updating election equipment.

***Stowes Building*** – This fund is a reserve established to ready the building for offices.

### **DEBT SERVICE FUND**

***C.H.&J. Interest and Sinking*** – The ***Courthouse and Jail Fund*** was established to accumulate resources and pay principal and interest on the courthouse and jail bonds.

***R.O.W. Interest and Sinking*** – The ***Right-of-Way Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the 1993 Right-of-Way Refunding Bonds.

***Jail Expansion Interest and Sinking*** – The ***Jail Expansion Interest and Sinking Fund*** was established to accumulate resources and pay principal and interest on the jail expansion bonds.

**HENDERSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2008**

	Special Revenue		
	CWM Library	Hot Check	Jury
<b>ASSETS</b>			
Cash and investments	\$ 13,827	\$ 19,825	\$ 14,381
Taxes receivable, net of allowance for uncollectibles	-	-	-
Total assets	\$ 13,827	\$ 19,825	\$ 14,381
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 329	\$ 540	\$ 1,196
Accrued liabilities	-	-	10
Due to other funds	-	-	5,360
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	329	540	6,566
Fund balances:			
Unreserved, reported in:			
Special revenue funds	13,498	19,285	7,815
Debt service funds	-	-	-
Total fund balances	13,498	19,285	7,815
Total liabilities and fund balances	\$ 13,827	\$ 19,825	\$ 14,381

Special Revenue

Law Enforcement District Attorney	Law Enforcement Sheriff	Historical Commission	County Attorney State Allotment	Law Library	NRCS Water Development	Federal Seizures Sheriff
\$ 53,617	\$ 13,130	\$ 10,739	\$ 68,485	\$ 63,129	\$ -	\$ 23,374
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 53,617</u>	<u>\$ 13,130</u>	<u>\$ 10,739</u>	<u>\$ 68,485</u>	<u>\$ 63,129</u>	<u>\$ -</u>	<u>\$ 23,374</u>
\$ -	\$ 1,038	\$ 2,436	\$ -	\$ 3,167	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
38,117	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>38,117</u>	<u>1,038</u>	<u>2,436</u>	<u>-</u>	<u>3,167</u>	<u>-</u>	<u>-</u>
15,500	12,092	8,303	68,485	59,962	-	23,374
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>15,500</u>	<u>12,092</u>	<u>8,303</u>	<u>68,485</u>	<u>59,962</u>	<u>-</u>	<u>23,374</u>
<u>\$ 53,617</u>	<u>\$ 13,130</u>	<u>\$ 10,739</u>	<u>\$ 68,485</u>	<u>\$ 63,129</u>	<u>\$ -</u>	<u>\$ 23,374</u>

(continued)

**HENDERSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**DECEMBER 31, 2008**

	Special Revenue	
	Voting Access	Stowes Building
<b>ASSETS</b>		
Cash and investments	\$ -	\$ -
Taxes receivable, net of allowance for uncollectibles	-	-
Total assets	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	-
Due to other funds	-	-
Due to other governments	-	-
Deferred revenue	-	-
Total liabilities	-	-
Fund balances:		
Unreserved, reported in:		
Special revenue funds	-	-
Debt service funds	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ -	\$ -

Debt Service			
<u>CH&amp;J Interest and Sinking</u>	<u>Right-of-Way Interest and Sinking</u>	<u>Jail Expansion Interest and Sinking</u>	<u>Total Governmental Funds</u>
\$ 42,671	\$ 234,783	\$ 730,668	\$ 1,288,629
<u>28,039</u>	<u>40,875</u>	<u>37,275</u>	<u>106,189</u>
<u>\$ 70,710</u>	<u>\$ 275,658</u>	<u>\$ 767,943</u>	<u>\$ 1,394,818</u>
\$ -	\$ -	\$ -	\$ 8,706
-	-	-	10
-	-	-	5,360
-	-	-	38,117
<u>124,633</u>	<u>149,972</u>	<u>479,343</u>	<u>753,948</u>
<u>124,633</u>	<u>149,972</u>	<u>479,343</u>	<u>806,141</u>
-	-	-	228,314
<u>( 53,923)</u>	<u>125,686</u>	<u>288,600</u>	<u>360,363</u>
<u>( 53,923)</u>	<u>125,686</u>	<u>288,600</u>	<u>588,677</u>
<u>\$ 70,710</u>	<u>\$ 275,658</u>	<u>\$ 767,943</u>	<u>\$ 1,394,818</u>

**HENDERSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue		
	CWM Library	Hot Check	Jury
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Fees of office	16,438	50,510	-
Intergovernmental	-	-	25,024
Fines and forfeitures	-	-	-
Investment earnings	339	-	465
Miscellaneous	<u>7,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>23,777</u>	<u>50,510</u>	<u>25,489</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	15,017
Legal	-	89,480	-
Health and welfare	-	-	-
Judicial	-	-	68,118
Public safety	-	-	-
Culture and recreation	29,100	-	-
Capital outlay	400	77,916	-
Debt service:			
Principal	-	-	-
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>29,500</u>	<u>167,396</u>	<u>83,135</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 5,723)</u>	<u>( 116,886)</u>	<u>( 57,646)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	27	-	60,070
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>27</u>	<u>-</u>	<u>60,070</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 5,696)</u>	<u>( 116,886)</u>	<u>2,424</u>
<b>FUND BALANCES, BEGINNING</b>	<u>19,194</u>	<u>136,171</u>	<u>5,391</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>19,194</u>	<u>136,171</u>	<u>5,391</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 13,498</u>	<u>\$ 19,285</u>	<u>\$ 7,815</u>

Special Revenue

Law Enforcement District Attorney	Law Enforcement Sheriff	Historical Commission	County Attorney State Allotment	Law Library	NRCS Water Development	Federal Seizures Sheriff
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	968	-	37,626	-	-
-	-	-	62,500	-	249,332	-
7,305	18,347	-	-	-	-	28,141
102	484	-	-	-	-	652
-	-	246	-	-	-	-
<u>7,407</u>	<u>18,831</u>	<u>1,214</u>	<u>62,500</u>	<u>37,626</u>	<u>249,332</u>	<u>28,793</u>
-	-	-	-	-	-	-
14,105	-	-	96,898	-	-	-
-	-	-	-	-	249,332	-
-	-	-	-	-	-	-
-	5,783	-	-	-	-	3,270
-	-	14,587	-	35,584	-	-
2,505	1,003	3,492	-	-	-	2,149
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>16,610</u>	<u>6,786</u>	<u>18,079</u>	<u>96,898</u>	<u>35,584</u>	<u>249,332</u>	<u>5,419</u>
( 9,203)	12,045	( 16,865)	( 34,398)	2,042	-	23,374
7,774	4,249	35,187	-	-	-	-
( 4,298)	( 8,656)	-	-	( 18,709)	( 277)	-
<u>3,476</u>	<u>( 4,407)</u>	<u>35,187</u>	<u>-</u>	<u>( 18,709)</u>	<u>( 277)</u>	<u>-</u>
( 5,727)	7,638	18,322	( 34,398)	( 16,667)	( 277)	23,374
<u>21,227</u>	<u>4,454</u>	<u>( 10,019)</u>	<u>102,883</u>	<u>76,629</u>	<u>59,024</u>	<u>-</u>
-	-	-	-	-	( 58,747)	-
<u>21,227</u>	<u>4,454</u>	<u>( 10,019)</u>	<u>102,883</u>	<u>76,629</u>	<u>277</u>	<u>-</u>
<u>\$ 15,500</u>	<u>\$ 12,092</u>	<u>\$ 8,303</u>	<u>\$ 68,485</u>	<u>\$ 59,962</u>	<u>\$ -</u>	<u>\$ 23,374</u>

(continued)

**HENDERSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue	
	Voting Access	Stowes Building
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Fees of office	-	-
Intergovernmental	-	-
Fines and forfeitures	-	-
Investment earnings	-	-
Miscellaneous	-	-
Total revenues	-	-
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Legal	-	-
Health and welfare	-	-
Judicial	-	-
Public safety	-	-
Culture and recreation	-	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Total expenditures	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	7,485
Transfers out	( 500,232)	-
Total other financing sources and uses	( 500,232)	7,485
<b>NET CHANGE IN FUND BALANCES</b>	( 500,232)	7,485
<b>FUND BALANCES, BEGINNING</b>	500,232	( 7,485)
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	500,232	( 7,485)
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -

Debt Service			
CH&J Interest and Sinking	Right-of-Way Interest and Sinking	Jail Expansion Interest and Sinking	Total Governmental Funds
\$ 308,772	\$ 284,852	\$ 415,167	\$ 1,008,791
-	-	-	105,542
-	-	-	336,856
-	-	-	53,793
3,376	1,957	1,599	8,974
-	-	-	7,246
<u>312,148</u>	<u>286,809</u>	<u>416,766</u>	<u>1,521,202</u>
-	-	-	15,017
-	-	-	200,483
-	-	-	249,332
-	-	-	68,118
-	-	-	9,053
-	-	-	79,271
-	-	-	87,465
435,000	29,709	255,000	719,709
13,270	215,291	307,692	536,253
<u>448,270</u>	<u>245,000</u>	<u>562,692</u>	<u>1,964,701</u>
( 136,122)	41,809	( 145,926)	( 443,499)
-	-	-	114,792
( 3,445)	( 1,726)	( 4,566)	( 541,909)
( 3,445)	( 1,726)	( 4,566)	( 427,117)
( 139,567)	40,083	( 150,492)	( 870,616)
85,644	85,603	439,092	1,518,040
-	-	-	( 58,747)
85,644	85,603	439,092	1,459,293
<u>\$( 53,923)</u>	<u>\$ 125,686</u>	<u>\$ 288,600</u>	<u>\$ 588,677</u>

## AGENCY FUNDS

***Property Tax Fund*** – This fund is maintained by the Tax Collector for property taxes collected.

***Auto 6.25% Fund*** – This fund is maintained by the Tax Collector to account for sales tax on new vehicles due to the State.

***Auto Fund*** – The ***Auto Fund*** is maintained by the Tax Collector to account for collections from auto registrations. Disbursements are made to the State from this fund.

***Auto Vehicle Inventory Tax Fund*** – This fund holds estimated payments in trust by auto dealers for taxes on inventory. Taxes are based on sales and are applied against the balance owed according to the assessment later in the year.

***Seven Points Substation Fund*** – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

***Chandler Substation Fund*** – A tax account for automobile registrations maintained by the Tax Collector at a substation location.

***Juvenile Probation Fund*** – The County maintains the cash for the Henderson County Juvenile Probation Department.

***County Clerk Trust Fund*** – Maintained by the County Clerk, this fund accounts for trust money held in non-interest bearing accounts, for civil cases before the County Court or County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

***County Clerk Interest Bearing Trust Fund*** – The County Clerk maintains this fund to account for money held for civil cases before the County Court and County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

***District Clerk Trust Fund*** – This trust fund maintained by the District Clerk accounts for cash and investments held pending disposition of civil cases before the District Courts.

***District Clerk Fee Fund*** – The District Clerk maintains the Fee Fund to account for fines and fees charged by the office. The account may hold a small amount of funds for restitution or bond payments.

***District Clerk Trust Investment Fund*** – This trust fund maintained by the District Clerk accounts for certificates of deposit held pending disposition of civil cases before the District Courts.

***County Attorney Hot Check Fund*** – The *Hot Check Fund* maintained by the County Attorney accounts for fees for bad check collections. The funds may be used for purposes benefiting the County Attorney's office.

***Inmate Trust Fund*** – Maintained by the Sheriff, the fund holds inmate funds in trust during incarceration.

***Sheriff Commissary Fund*** – The *Sheriff Commissary Fund* is used for commissary purchases. Purchases of supplies by inmates provide funding for the commissary.

***District Attorney Escrow Fund*** – The District Attorney accounts for restitution payable to victims and temporarily holds fees collected on felony hot checks.

## HENDERSON COUNTY, TEXAS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>PROPERTY TAX FUND</u></b>				
Assets				
Cash and investments	\$ 545,328	\$ 68,264,471	\$ 68,689,664	\$ 120,135
Total assets	<u>\$ 545,328</u>	<u>\$ 68,264,471</u>	<u>\$ 68,689,664</u>	<u>\$ 120,135</u>
Liabilities				
Due to other agencies and individuals	\$ 545,328	\$ 68,264,471	\$ 68,689,664	\$ 120,135
Total liabilities	<u>\$ 545,328</u>	<u>\$ 68,264,471</u>	<u>\$ 68,689,664</u>	<u>\$ 120,135</u>
<b><u>AUTO 6.25% FUND</u></b>				
Assets				
Cash and investments	\$ 189,632	\$ 4,821,890	\$ 4,765,187	\$ 246,335
Total assets	<u>\$ 189,632</u>	<u>\$ 4,821,890</u>	<u>\$ 4,765,187</u>	<u>\$ 246,335</u>
Liabilities				
Due to other agencies and individuals	\$ 189,632	\$ 4,821,890	\$ 4,765,187	\$ 246,335
Total liabilities	<u>\$ 189,632</u>	<u>\$ 4,821,890</u>	<u>\$ 4,765,187</u>	<u>\$ 246,335</u>
<b><u>AUTO FUND</u></b>				
Assets				
Cash and investments	\$ 365,055	\$ 9,111,266	\$ 9,080,948	\$ 395,373
Total assets	<u>\$ 365,055</u>	<u>\$ 9,111,266</u>	<u>\$ 9,080,948</u>	<u>\$ 395,373</u>
Liabilities				
Due to other agencies and individuals	\$ 365,055	\$ 9,111,266	\$ 9,080,948	\$ 395,373
Total liabilities	<u>\$ 365,055</u>	<u>\$ 9,111,266</u>	<u>\$ 9,080,948</u>	<u>\$ 395,373</u>

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - ALL AGENCY FUNDS**

(Continued)

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>AUTO VEHICLE INVENTORY TAX FUND</u></b>				
Assets				
Cash and investments	\$ 206,007	\$ 193,039	\$ 204,720	\$ 194,326
Total assets	\$ 206,007	\$ 193,039	\$ 204,720	\$ 194,326
Liabilities				
Due to other agencies and individuals	\$ 206,007	\$ 193,039	\$ 204,720	\$ 194,326
Total liabilities	\$ 206,007	\$ 193,039	\$ 204,720	\$ 194,326
<b><u>SEVEN POINTS SUBSTATION FUND</u></b>				
Assets				
Cash and investments	\$ 1,863	\$ 2,138,337	\$ 2,131,683	\$ 8,517
Total assets	\$ 1,863	\$ 2,138,337	\$ 2,131,683	\$ 8,517
Liabilities				
Due to other agencies and individuals	\$ 1,863	\$ 2,138,337	\$ 2,131,683	\$ 8,517
Total liabilities	\$ 1,863	\$ 2,138,337	\$ 2,131,683	\$ 8,517
<b><u>CHANDLER SUBSTATION FUND</u></b>				
Assets				
Cash and investments	\$ 3,152	\$ 896,075	\$ 892,921	\$ 6,306
Total assets	\$ 3,152	\$ 896,075	\$ 892,921	\$ 6,306
Liabilities				
Due to other agencies and individuals	\$ 3,152	\$ 896,075	\$ 892,921	\$ 6,306
Total liabilities	\$ 3,152	\$ 896,075	\$ 892,921	\$ 6,306

(continued)

## HENDERSON COUNTY, TEXAS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>JUVENILE PROBATION FUND</u></b>				
Assets				
Cash and investments	\$ 1,758	\$ 964,792	\$ 668,510	\$ 298,040
Total assets	<u>\$ 1,758</u>	<u>\$ 964,792</u>	<u>\$ 668,510</u>	<u>\$ 298,040</u>
Liabilities				
Due to other agencies and individuals	\$ 1,758	\$ 964,792	\$ 668,510	\$ 298,040
Total liabilities	<u>\$ 1,758</u>	<u>\$ 964,792</u>	<u>\$ 668,510</u>	<u>\$ 298,040</u>
<b><u>COUNTY CLERK TRUST FUND</u></b>				
Assets				
Cash and investments	\$ 143,542	\$ 698,988	\$ 493,563	\$ 348,967
Total assets	<u>\$ 143,542</u>	<u>\$ 698,988</u>	<u>\$ 493,563</u>	<u>\$ 348,967</u>
Liabilities				
Due to other agencies and individuals	\$ 143,542	\$ 698,988	\$ 493,563	\$ 348,967
Total liabilities	<u>\$ 143,542</u>	<u>\$ 698,988</u>	<u>\$ 493,563</u>	<u>\$ 348,967</u>
<b><u>COUNTY CLERK INTEREST BEARING TRUST FUND</u></b>				
Assets				
Cash and investments	\$ 320,179	\$ 179,922	\$ 277,669	\$ 222,432
Total assets	<u>\$ 320,179</u>	<u>\$ 179,922</u>	<u>\$ 277,669</u>	<u>\$ 222,432</u>
Liabilities				
Due to other agencies and individuals	\$ 320,179	\$ 179,922	\$ 277,669	\$ 222,432
Total liabilities	<u>\$ 320,179</u>	<u>\$ 179,922</u>	<u>\$ 277,669</u>	<u>\$ 222,432</u>

(continued)

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - ALL AGENCY FUNDS**

**(Continued)**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>DISTRICT CLERK TRUST FUND</u></b>				
Assets				
Cash and investments	\$ 168,318	\$ 256,330	\$ 268,094	\$ 156,554
Total assets	<u>\$ 168,318</u>	<u>\$ 256,330</u>	<u>\$ 268,094</u>	<u>\$ 156,554</u>
Liabilities				
Due to other agencies and individuals	\$ 168,318	\$ 256,330	\$ 268,094	\$ 156,554
Total liabilities	<u>\$ 168,318</u>	<u>\$ 256,330</u>	<u>\$ 268,094</u>	<u>\$ 156,554</u>
<b><u>DISTRICT CLERK FEE FUND</u></b>				
Assets				
Cash and investments	\$ 1,351,805	\$ 1,751,257	\$ 2,433,863	\$ 669,199
Total assets	<u>\$ 1,351,805</u>	<u>\$ 1,751,257</u>	<u>\$ 2,433,863</u>	<u>\$ 669,199</u>
Liabilities				
Due to other agencies and individuals	\$ 1,351,805	\$ 1,751,257	\$ 2,433,863	\$ 669,199
Total liabilities	<u>\$ 1,351,805</u>	<u>\$ 1,751,257</u>	<u>\$ 2,433,863</u>	<u>\$ 669,199</u>
<b><u>DISTRICT CLERK TRUST INVESTMENT FUND</u></b>				
Assets				
Cash and investments	\$ 835,821	\$ 78,074	\$ 412,587	\$ 501,308
Total assets	<u>\$ 835,821</u>	<u>\$ 78,074</u>	<u>\$ 412,587</u>	<u>\$ 501,308</u>
Liabilities				
Due to other agencies and individuals	\$ 835,821	\$ 78,074	\$ 412,587	\$ 501,308
Total liabilities	<u>\$ 835,821</u>	<u>\$ 78,074</u>	<u>\$ 412,587</u>	<u>\$ 501,308</u>

**(continued)**

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - ALL AGENCY FUNDS**

**(Continued)**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>COUNTY ATTORNEY HOT CHECK FUND</u></b>				
Assets				
Cash and investments	\$ 51,848	\$ 303,196	\$ 295,621	\$ 59,423
Total assets	<u>\$ 51,848</u>	<u>\$ 303,196</u>	<u>\$ 295,621</u>	<u>\$ 59,423</u>
Liabilities				
Due to other agencies and individuals	\$ 51,848	\$ 303,196	\$ 295,621	\$ 59,423
Total liabilities	<u>\$ 51,848</u>	<u>\$ 303,196</u>	<u>\$ 295,621</u>	<u>\$ 59,423</u>
<b><u>INMATE TRUST FUND</u></b>				
Assets				
Cash and investments	\$ 31,141	\$ 794,744	\$ 803,267	\$ 22,618
Total assets	<u>\$ 31,141</u>	<u>\$ 794,744</u>	<u>\$ 803,267</u>	<u>\$ 22,618</u>
Liabilities				
Due to other agencies and individuals	\$ 31,141	\$ 794,744	\$ 803,267	\$ 22,618
Total liabilities	<u>\$ 31,141</u>	<u>\$ 794,744</u>	<u>\$ 803,267</u>	<u>\$ 22,618</u>
<b><u>SHERIFF COMMISSARY FUND</u></b>				
Assets				
Cash and investments	\$ 23,658	\$ 134,782	\$ 134,288	\$ 24,152
Total assets	<u>\$ 23,658</u>	<u>\$ 134,782</u>	<u>\$ 134,288</u>	<u>\$ 24,152</u>
Liabilities				
Due to other agencies and individuals	\$ 23,658	\$ 134,782	\$ 134,288	\$ 24,152
Total liabilities	<u>\$ 23,658</u>	<u>\$ 134,782</u>	<u>\$ 134,288</u>	<u>\$ 24,152</u>

**(continued)**

**HENDERSON COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND  
LIABILITIES - ALL AGENCY FUNDS**

**(Continued)**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>DISTRICT ATTORNEY ESCROW FUND</u></b>				
Assets				
Cash and investments	\$ <u>29,971</u>	\$ <u>66,120</u>	\$ <u>89,360</u>	\$ <u>6,731</u>
Total assets	\$ <u>29,971</u>	\$ <u>66,120</u>	\$ <u>89,360</u>	\$ <u>6,731</u>
Liabilities				
Due to other agencies and individuals	\$ <u>29,971</u>	\$ <u>66,120</u>	\$ <u>89,360</u>	\$ <u>6,731</u>
Total liabilities	\$ <u>29,971</u>	\$ <u>66,120</u>	\$ <u>89,360</u>	\$ <u>6,731</u>
<b><u>ALL AGENCY FUNDS</u></b>				
Assets				
Cash and investments	\$ <u>4,269,078</u>	\$ <u>90,653,283</u>	\$ <u>91,641,945</u>	\$ <u>3,280,416</u>
Total assets	\$ <u>4,269,078</u>	\$ <u>90,653,283</u>	\$ <u>91,641,945</u>	\$ <u>3,280,416</u>
Liabilities				
Due to other agencies and individuals	\$ <u>4,269,078</u>	\$ <u>90,653,283</u>	\$ <u>91,641,945</u>	\$ <u>3,280,416</u>
Total liabilities	\$ <u>4,269,078</u>	\$ <u>90,653,283</u>	\$ <u>91,641,945</u>	\$ <u>3,280,416</u>