

GAINES COUNTY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

COUNTY OF GAINES – STATE OF TEXAS
COUNTY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Tom N. Keyes..... County Judge
Danny Yocom..... Commissioner, Precinct 1
Craig Belt Commissioner, Precinct 2
Blair Tharp Commissioner, Precinct 3
Charlie Lopez Commissioner, Precinct 4
Virginia Stewart.....District Clerk
Vickie PhillipsCounty Clerk
Susan Shaw..... Tax Assessor-Collector
Joe Nagy, JrCounty Attorney
Vicenta Munguia County Treasurer
Rick Dollahan..... County Auditor
Jon Key..... Sheriff
Orlando Rodriquez Constable, Precinct 1
Tammy Clark..... Justice of the Peace, Precinct 1
B. W. Baucum Justice of the Peace, Precinct 2

GAINES COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1	11
Statement of Activities	B-1	12
Governmental Fund Financial Statements:		
Balance Sheet	C-1	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	C-2	14
Statement of Receipts, Disbursements and Changes in Fund Balance	C-3	15
Reconciliation of the Governmental Funds Statement of Receipts, Disbursements and Changes in Fund Balances to the Statement of Activities	C-4	16
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	E-1	17
Notes to the Financial Statements		18
Required Supplemental Information:		
Budgetary Comparisons:		
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – General Fund	F-1	36
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Road and Bridge Fund	F-2	37
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Precinct #1	F-3	38
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Precinct #2 -	F-4	39
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Precinct #3	F-5	40
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Precinct #4	F-6	41
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Farm to Market Funds	F-7	42
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Capital Project Fund	F-8	43

NEWBERRY LEONARD HORTON & BAIRRINGTON
CERTIFIED PUBLIC ACCOUNTANTS

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

ROBERT S WILTON
(1912-2006)
R. D. NEWBERRY
SCOTT L LEONARD
KARLA K HORTON
KIM BAIRRINGTON

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL: cpas@lamesacpas.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



Independent Auditors' Report

August 13, 2010

Honorable Tom Keyes and the Commissioners' Court
County of Gaines
Post Office Box 847
Seminole, Texas 79360

Dear Judge Keyes and Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Gaines, Seminole, Texas, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County of Gaines' management. Our responsibility is to express an opinion 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. 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 opinion.

As discussed in Note I, A, the County of Gaines prepares its financial statements on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis - of the governmental activities, each major fund and the aggregate remaining fund information of the County of Gaines as of September 30, 2009, and the respective changes in financial position - cash basis - thereof for the year ended in conformity with the basis of accounting described in Note I, A.

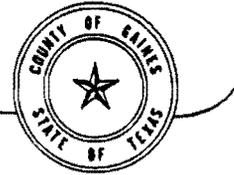
Honorable Tom Keyes and the Commissioners' Court
August 13, 2010

The management's discussion and analysis and budgetary comparison information are 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 supplementary information. However, we did not audit the information and express no opinion on it.



Newberry Leonard Horton & Bairrington

COUNTY OF GAINES



RICK DOLLAHAN, County Auditor

P. O. Box 847

Seminole, Texas 79360

August 13, 2010

Honorable Carter T. Schildknecht, District Judge, 106th Judicial District

Honorable Commissioners Court:

Tom N. Keyes County Judge

Danny Yocom Commissioner, PCT 1

Blair Tharp Commissioner, PCT 3

Craig Belt

Charlie Lopez

Commissioner, PCT 2

Commissioner, PCT 4

In accordance with Chapter 114.025(c) VTCA, I submit herewith my report of the financial position of Gaines County, Texas together with the results of the operations for the fiscal year ended September 30, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, the management of Gaines County, Texas, discusses and analyzes the County's financial performance for the fiscal year ended September 30, 2009. Please read it in conjunction with the independent auditors' report on page 1 and the County's basic financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, Gaines County's assets exceeded its liabilities by \$28,856,175. Of this amount, \$15,271,369 was unrestricted net assets.
- The County's net assets increased \$6,634,222 or 29.85% as a result of this year's operation.
- During the year, the County had expenses of \$16,031,330 which were \$6,634,222 less than the \$22,665,552 generated in tax and other revenues for governmental programs. This compares to last year when revenues exceeded expenses by \$4,045,686.
- The General Fund ended the year with a fund balance of \$5,803,161 as compared to last year's fund balance of \$4,243,915.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Gaines County's basic financial statements. Gaines County's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 11 and 12). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The Road to Excellence is Built with Vision

Fund financial statements (starting on page 13) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the County were sold to departments within the County or to external consumers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other County funds or those outside of the County. They show what assets these funds have and who they belong to.

The notes to the financial statements (starting on page 18) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REPORTING THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities. The Statement of Net Assets includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies as opposed to the modified accrual basis used in the prior reporting model.

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g. uncollected taxes). The County's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the Texas State Library and Archives Commission to improve the County's libraries, fees for services such as commissions received for property tax collection, and revenues provided by the taxpayers and other general revenues. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net assets and changes in them. The County's net assets (the difference between assets and liabilities) provide one measure of the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Assets and the Statement of Activities, the County reports governmental activities:

Governmental activities – Most of the basic services are reported here, including general administration, law enforcement, judicial, road and bridge maintenance, cemetery, parks, airport and library services. Property taxes, courts and services revenue and vehicle registration fees finance most of these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 13 and provide detailed information about the most significant fund, not the County as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Each category uses a different accounting approach.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds 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. These funds use the cash basis of accounting (a method that measures the receipt and disbursement of cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the County's general operations and the basic services it provides.

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

Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 17. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Assets. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the County's governmental activities.

Net assets of the County's governmental activities increased from \$22,221,953 to \$28,856,175. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, were \$15,271,369 at September 30, 2009.

Table I
Gaines County, Texas
NET ASSETS

	Governmental Activities 2009	Governmental Activities 2008
Assets:		
Current and Other Assets	15,474,557	8,381,620
Capital Assets	13,584,806	13,930,743
Total Assets	29,059,363	22,312,363
Liabilities:		
Accounts Payable	96,476	-
Noncurrent Liabilities		
Due in More Than One Year	106,712	90,410
Total Liabilities	203,188	90,410
Net Assets:		
Invested in Capital Assets, Net of Related Debt	13,584,806	13,930,743
Unrestricted Net Assets	15,271,369	8,291,210
Total Net Assets	28,856,175	22,221,953

Table II
Gaines County, Texas
CHANGES IN NET ASSETS

	Governmental Activities 2009	Governmental Activities 2008
Revenues:		
Program Revenues:		
Charges for Services	1,722,247	1,782,075
Operating Grants and Contributions	452,004	274,974
General Revenues:		
Taxes		
Property taxes, Levied for General Purposes	20,092,444	15,525,614
Miscellaneous Revenue	2,844	5,235
Investment Earnings	104,841	340,397
Special Item - Gain on Disposal of Assets	291,172	144,854
Insurance Recovery		11,770
Total General Revenue and Special Items	22,665,552	18,084,919

Table II (Continued)
Gaines County, Texas
CHANGES IN NET ASSETS

	Governmental 2009	Activities	Governmental Activities 2008
Expenses:			
General Government		1,168,751	909,870
Judicial		1,482,631	1,389,429
Elections		29,936	19,698
Financial Administration		487,329	397,299
Tax Administration		475,399	391,746
Facilities Management		1,208,683	1,047,658
Law Enforcement		1,769,697	1,888,532
Fire Protection		132,732	109,381
Corrections		1,278,896	703,357
Civil Defense		63,569	18,830
Road and Bridge		5,161,013	4,865,442
Sanitation		22,520	22,519
Airport		79,742	107,694
Loop Water System		296,945	27,680
Health		513,470	454,123
Human Services		62,506	54,266
Golf Course		673,267	677,897
Parks		311,809	295,293
Museums		108,335	72,081
County Extension Service		165,537	139,210
Libraries		323,902	279,352
Senior Citizens		214,661	167,876
Total Expenses		16,031,330	14,039,233
Change in Net Assets		6,634,222	4,045,686
Net Assets at Beginning of Year		22,221,953	18,176,267
Net Assets at End of Year		28,856,175	22,221,953

Key factors related to the County's financial performance over the last year include the following:

1. Mineral and related taxable values increased, local property taxable values were up and the combination of these two increases were significant.
2. Overall, the County had a 23.3% increase in valuations from the previous year's figures.
3. Property tax revenues were up 28.6% over the past year.
4. There are several new positions, departments and departmental budgets. These include some growth in the Sheriff's department budget, a new Emergency Management Coordinator, IT Director and Court Coordinator. In addition, there are expenses associated with relocating the Treasurer's Office to a larger office suite in the courthouse.

The cost of all governmental activities this year was \$16,031,330 an increase of approximately 14%. However, as shown in the Statement of Activities on page 12, the amount that our taxpayers ultimately financed for these activities was \$13,857,079 because some of the costs were paid with charges for services of \$1,722,247 a slight decrease from the year before and operating grants and contributions of \$452,004 a 64% increase.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as reported on the balance sheet on page 13) reported a combined fund balance of \$15,214,625 which is \$7,051,736 more than last year's total of \$8,162,889. Included in this year's total change in fund balance is an increase of \$1,559,246 in the County's General Fund.

For fiscal year 2009, actual expenditures on a budgetary basis for the General Fund were \$9,379,544 compared to the original budget expenditures of \$12,515,639. Actual revenue on a budgetary basis was \$13,598,609 compared to the original budget of \$13,321,335. Reasons for the actual numbers varying from the budget follow:

- There were pre-planned transfers out of \$2,681,843.
- All categories of revenues were up from the prior year budget by approximately 24%.
- Property tax was higher than budgeted, but the Court only budgets 97% of the levy.
- Interest earnings received were lower than budgeted, a reflection of the slowing economy.
- Total disbursements were substantially less than budgeted as the Capital Projects and Reserve Lines were minimally used with the express idea of transferring left over amounts to a Capital Projects Fund to set aside money to pay cash for future Courthouse renovation projects.
- General government including fuel, utility and road repair costs were less than budgeted amounts.
- Judicial expenses were less than budgeted
- Law enforcement and corrections expenses were more than originally budgeted. Prisoner housing, prisoner medical care, and capital costs for fleet replacements vehicles were the driving factors in this.

Over the course of the year, the County's Commissioners' Court revised the County budget several times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The primary amendments include:

- Moving contingency/reserve budgeted amounts to amend other lines to allow:
 - Increasing several line items in a variety of departments to purchase or replace various items
 - Funding other unanticipated expenses
 - Upgrading or replacing office computers and hardware as they wore out
 - Purchasing furniture and equipment

Exhibit F-1 provides a comparison of these changes as they relate to the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2009, the County had \$13,584,806 invested in a broad range of capital assets, including land, buildings and equipment.

The County's fiscal year 2009 capital outlays called for expenditures of \$1,195,298. This includes the following:

- 7 Sheriff vehicles, several replacement vehicles and equipment in the precincts, golf course equipment and signage, election equipment, and a tanker for the fire department

More detailed information about the County's capital assets is presented in Note IV, Item E to the financial statements.

Debt – At year end, the County had \$106,442 obligated for compensated absences.

More detailed information about the County's long-term liabilities is presented in Note IV, Item F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County Judge and Commissioners' Court members considered many factors when setting the fiscal year 2010 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral and related taxable values decreased significantly for fiscal year 2010, but local property tax values increased slightly. This effectively shifted a portion of the burden of the tax levy from minerals to private property owners. Overall, there was an approximate 18% decrease in valuations from last year's figures.
2. I spoke to you last year about a dramatic change in the way the Court funded their expenditure budget. As can be seen from these financial statements, the Court is finally developing true undesignated reserves, while still keeping the tax rate low and funding all of the necessary things that take place each day. I would encourage the Court to not deviate from the "zero based budgeting concept" ensuring that they have sufficient revenues to fully fund the expenditure budget that they want to adopt or cut the expenditure budget to match the projected revenues.
3. The need for true reserves was especially apparent in fiscal year 2010. If the old process was still in place, exhausting prior year reserves to balance the proposed budget, the Court would have been faced with catastrophic decisions in fiscal year 2010. Fortunately, in spite of the huge decrease in valuations the court was able to react by cutting their budget in such a fashion that they were able to adopt the budget without eliminating any services or personnel.

While I would not advise this on a budgetary basis, it was a prudent response to the large increases on non mineral properties and a direct response to the citizens concerns that the Court take bold action to keep the tax rate as low as possible. The Court also decided to fully fund a capital projects line in the General Fund to allow necessary capital upgrades to County facilities. In the end, the Court adopted a tax rate of \$0.395000, some 3.2 cents below the certified effective tax rate for fiscal year 2010.

4. The intent of setting aside capital projects money is to allow the costly process of modernizing the courthouse and other County facilities without incurring costly debt. A facility study is underway and will last well into FY2010. In addition, the Court was proceeding with a plan to build a new jail at some point in the future to address deficiencies in the existing structure. An architect was engaged, land was purchased and a bond election held. The bond election failed on May 9, 2009. At this point, that issue is dormant.
5. Elected official/employee base pay remained the same but the Court did allow longevity increases for the employees. There were no changes to the retirement system or other employee benefits.
6. Most of the other special revenue funds are projecting no major changes.
7. The oil and agriculture industries in our area have had successful years but continue to be very unpredictable. These two industries remain the largest parts of our local business activity, and the uncertainty that goes along with them makes it a challenge to accurately predict long-term economic and population numbers for Gaines County. Possibilities that will help strengthen and expand existing business and industry remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil and agriculture to help create stability and diversification for our local economy.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, investors and creditors with a general overview of the Gaines County's finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report or requests for additional financial information, contact County Auditor, Gaines County, Texas, PO Box 847, Seminole, Texas 79360.

ACKNOWLEDGMENTS

For their assistance and cooperation already and during the upcoming year, I thank the District Judge, County Judge, Commissioners' Court, Treasurer's Office and other elected officials, department heads, foremen and employees in the various departments. The interest and involvement of the Commissioners' Court in planning and conducting the financial operations of the County is appreciated.

I would especially like to thank my First Assistant, Esmeralda Felan and the rest of my staff for their hard work, knowledge and willingness to help the great folks serving Gaines County. Please let me remind you that the County Auditor's Office is here to help, and I look forward to the opportunity of working with each of you.

Respectfully submitted,

Rick Dollahan

Gaines County Auditor

GAINES COUNTY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 15,214,625
Receivables (net of allowance for uncollectibles)	241,208
Internal Balances	18,724
Capital Assets:	
Land	107,598
Infrastructure, net	8,070,200
Buildings, net	877,743
Machinery and Equipment, net	4,439,712
Construction in Progress	89,553
Total Assets	29,059,363
LIABILITIES	
Accounts Payable	96,476
Noncurrent Liabilities	
Due in More Than One Year	106,712
Total Liabilities	203,188
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	13,584,806
Unrestricted Net Assets	15,271,369
Total Net Assets	\$ 28,856,175

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

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

EXHIBIT B-1
Net
(Disbursements)
Receipts and
Changes in Net
Assets

	Program Cash Receipts			Primary Gov. Governmental Activities
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 1,168,751	\$ 1,438	\$ 481	\$ (1,166,832)
Judicial	1,482,631	513,815	139,067	(829,749)
Elections	29,936	3,712	-	(26,224)
Financial Administration	487,329	1,595	-	(485,734)
Tax Administration	475,399	77,362	-	(398,037)
Facilities Management	1,208,683	3,516	1,880	(1,203,287)
Law Enforcement	1,769,697	32,202	1,100	(1,736,395)
Fire Protection	132,732	-	-	(132,732)
Corrections	1,278,896	131,009	-	(1,147,887)
Civil Defense	63,569	-	-	(63,569)
Road and Bridge	5,161,013	596,042	-	(4,564,971)
Sanitation	22,520	-	-	(22,520)
Airport	79,742	6,378	-	(73,364)
Loop Water System	296,945	-	296,945	-
Health	513,470	21,920	-	(491,550)
Human Services	62,506	516	-	(61,990)
Golf Course	673,267	285,071	-	(388,196)
Parks	311,809	31,104	-	(280,705)
Museums	108,335	676	-	(107,659)
County Extension	165,537	-	4,500	(161,037)
Libraries	323,902	15,891	8,031	(299,980)
Senior Citizens	214,661	-	-	(214,661)
TOTAL PRIMARY GOVERNMENT:	\$ 16,031,330	\$ 1,722,247	\$ 452,004	(13,857,079)

General Receipts:

Taxes:	
Property Taxes, Levied for General Purposes	20,092,444
Miscellaneous Revenue	2,844
Investment Earnings	104,841
Special Item - Gain on Disposal of Assets	291,172
Total General Revenues and Special Items	20,491,301
Change in Net Assets	6,634,222
Net Assets--Beginning	22,221,953
Net Assets--Ending	\$ 28,856,175

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

GAINES COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General Fund	Road & Bridge Fund	Precinct #1
CASH ASSETS			
Cash and Cash Equivalents	\$ 5,803,161	\$ 65,632	\$ 1,738,844
Total Cash Assets	<u>\$ 5,803,161</u>	<u>\$ 65,632</u>	<u>\$ 1,738,844</u>
Cash Basis Fund Balances:			
Unreserved Designated For:			
Capital Projects	-	-	-
Unreserved and Undesignated:			
Reported in the General Fund	5,803,161	-	-
Reported in the Special Revenue Fund	-	65,632	1,738,844
Total Cash Basis Fund Balances	<u>\$ 5,803,161</u>	<u>\$ 65,632</u>	<u>\$ 1,738,844</u>

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

Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
\$ 1,395,934	\$ 1,465,817	\$ 2,016,364	\$ -	\$ 2,362,106	\$ 366,767	\$ 15,214,625
<u>\$ 1,395,934</u>	<u>\$ 1,465,817</u>	<u>\$ 2,016,364</u>	<u>\$ -</u>	<u>\$ 2,362,106</u>	<u>\$ 366,767</u>	<u>\$ 15,214,625</u>
-	-	-	-	2,362,106	-	2,362,106
-	-	-	-	-	-	5,803,161
1,395,934	1,465,817	2,016,364	-	-	366,767	7,049,358
<u>1,395,934</u>	<u>1,465,817</u>	<u>2,016,364</u>	<u>\$ -</u>	<u>2,362,106</u>	<u>366,767</u>	<u>15,214,625</u>

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

Total Fund Balances - Governmental Funds	\$	15,214,625
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$36,411,071 and the accumulated depreciation was \$22,480,328. In addition, long-term liabilities, including compensation payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		13,840,333
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.		1,182,021
The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(1,296,007)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt. The net effect of these reclassifications and recognitions is to decrease net assets.		(84,797)
Net Assets of Governmental Activities	\$	28,856,175

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

GAINES COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Road & Bridge Fund	Precinct #1
RECEIPTS:			
Taxes:			
Property Taxes	\$ 12,745,884	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-
Charges for Services	502,394	433,725	-
Fines	202,888	113,468	-
Investment Earnings	66,105	-	-
Rents and Royalties	-	-	-
Contributions & Donations from Private Sources	-	-	-
Other Revenue	81,338	-	-
Total Receipts	13,598,609	547,193	-
DISBURSEMENTS:			
Current:			
General Government	936,974	-	-
Judicial	1,365,310	-	-
Elections	29,637	-	-
Financial Administration	469,598	-	-
Tax Administration	471,851	-	-
Facilities Management	1,218,221	-	-
Public Safety:			
Law Enforcement	1,827,182	-	-
Fire Protection	127,381	-	-
Corrections	1,244,064	-	-
Civil Defense	56,673	-	-
Road and Bridge	1,700	53,531	1,230,030
Sanitation	22,520	-	-
Airport	-	-	-
Loop Water System	-	-	-
Health	470,026	-	-
Human Services	61,770	-	-
Culture and Recreation:			
Golf Course	-	-	-
Parks	245,536	-	-
Museums	105,212	-	-
County Extension	221,019	-	-
Libraries	297,008	-	-
Senior Citizens	207,862	-	-
Total Disbursements	9,379,544	53,531	1,230,030
Excess (Deficiency) of Receipts Over (Under) Disbursements	4,219,065	493,662	(1,230,030)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	2,810	-	-
Transfers In	19,214	-	2,077,173
Transfers Out (Use)	(2,681,843)	(493,662)	(1,000)
Total Other Financing Sources (Uses)	(2,659,819)	(493,662)	2,076,173
Net Change in Cash Basis Fund Balance	1,559,246	-	846,143
Cash Basis Fund Balance - October 1	4,243,915	65,632	892,701
 Cash Basis Fund Balance - September 30 (Ending)	 \$ 5,803,161	 \$ 65,632	 \$ 1,738,844

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

Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 7,328,478	\$ -	\$ -	\$ 20,074,362
-	-	-	-	-	137,469	137,469
-	-	-	-	-	33,407	969,526
-	-	-	-	-	12,724	329,080
-	-	-	38,483	-	253	104,841
-	-	-	-	-	1,286	1,286
-	-	-	-	-	314,535	314,535
-	-	-	36,624	-	289,469	407,431
-	-	-	7,403,585	-	789,143	22,338,530
-	-	-	-	-	193,086	1,130,060
-	-	-	-	-	98,388	1,463,698
-	-	-	-	-	299	29,936
-	-	-	-	-	-	469,598
-	-	-	-	-	-	471,851
-	-	-	-	-	83,401	1,301,622
-	-	-	-	-	6,419	1,833,601
-	-	-	-	-	-	127,381
-	-	-	-	-	-	1,244,064
-	-	-	-	-	-	56,673
1,220,197	1,175,800	1,049,538	-	-	-	4,730,796
-	-	-	-	-	-	22,520
-	-	-	-	-	95,466	95,466
-	-	-	-	-	296,945	296,945
-	-	-	-	-	43,444	513,470
-	-	-	-	-	-	61,770
-	-	-	-	-	746,687	746,687
-	-	-	-	-	-	245,536
-	-	-	-	-	1,628	106,840
-	-	-	-	-	699	221,718
-	-	-	-	-	19,106	316,114
-	-	-	-	-	-	207,862
1,220,197	1,175,800	1,049,538	-	-	1,585,568	15,694,208
(1,220,197)	(1,175,800)	(1,049,538)	7,403,585	-	(796,425)	6,644,322
5,010	33,865	2,242	1,381	362,106	-	407,414
1,991,149	1,889,336	1,946,024	-	2,000,000	840,369	10,763,265
(6,055)	(1,861)	(1,000)	(7,404,966)	-	(172,878)	(10,763,265)
1,990,104	1,921,340	1,947,266	(7,403,585)	2,362,106	667,491	407,414
769,907	745,540	897,728	-	2,362,106	(128,934)	7,051,736
626,027	720,277	1,118,636	-	-	495,701	8,162,889
\$ 1,395,934	\$ 1,465,817	\$ 2,016,364	\$ -	\$ 2,362,106	\$ 366,767	\$ 15,214,625

GAINES COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Total Net Change in Fund Balances - Governmental Funds	\$	7,051,736
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase net assets.		1,182,021
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(1,296,007)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt. The net effect of these reclassifications and recognitions is to decrease net assets.		(303,528)
Change in Net Assets of Governmental Activities	\$	6,634,222

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

GAINES COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 16,560	\$ 776,895
Total Assets	<u>16,560</u>	<u>\$ 776,895</u>
LIABILITIES		
Intergovernmental Payable	-	\$ 259,187
Due to Other Funds	-	18,724
Due to Others	-	498,984
Total Liabilities	<u>-</u>	<u>\$ 776,895</u>
NET ASSETS		
Restricted for Cemetary Use	<u>16,560</u>	
Total Net Assets	<u>\$ 16,560</u>	

The accompanying notes are an integral part of this statement.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gaines County, Texas (the "County"), was created in 1905 by the Texas Legislature. The County operates under the authority of the Commissioners' Court and provides the following services: Law Enforcement, Judicial, Health, Safety, Welfare, Culture, Road & Bridge Maintenance and General Administrative Services.

A. REPORTING ENTITY

The Commissioners' Court (the "Court") consists of four County Commissioners and the County Judge who are elected by the public. The Court has the primary accountability for fiscal matters. The County maintains its financial records and funds on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis differs from accounting principles generally accepted in the United States of America in the treatment of revenue recognition, expense accrual, reflection of fixed assets and infrastructure and debt recognition. The government wide statements have been modified to present financial activity in conformity with generally accepted accounting principles.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information in all of Gaines County, Texas with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes. *Proprietary activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the County such as vehicle registrations. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If a revenue is not program revenue, it is general revenue used to support all of the County's functions. Taxes are always general revenues.

Interfund activities between Governmental Funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Grants and similar items are recognized as revenue when collected and all eligibility requirements imposed by the provider have been met.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with the proprietary fund's ongoing operation. Any other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as medical services and administration.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the cash basis of accounting. With this measurement focus, cash assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in cash assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The cash basis of accounting recognizes revenues in the accounting period in which they become available, and it recognizes expenditures in the accounting period in which the fund liability is paid. The County considers all revenues available when they are collected.

The proprietary fund and fiduciary funds are also accounted for on cash basis. With this measurement focus, cash assets and liabilities associated with the operation of these funds are included in the Statement of Net Assets. These fund equities are restricted.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

The General Fund – The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. This fund is operated and maintained separately by the Commissioners' Court decision. There are not any outside requirements for the self-imposed separation, and the funds can be used for general County operations.

Other Major Governmental Funds – The Road & Bridge Fund is designated to receive the road and bridge taxes. A portion of these monies is expended in the fund, but the bulk (99%) is transferred to the four precinct funds. All of the precincts' funds have been presented as major funds to obtain a more meaningful presentation. The Farm to Market Fund and Capital Projects Fund are also major special revenue funds.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. FUND ACCOUNTING - CONTINUED

Additionally, the County reports the following fund type(s):

Other Governmental Funds:

Special Revenue Funds – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor. Most of the County's special revenue funds are not from grants but simply have restrictions on their use.

Fiduciary Funds:

Private Purpose Trust Funds – The County accounts for funds that both the principal and the income must be used for purposes that benefit parties other than the County. The Private Purpose Trust Fund is the Memorial Cemetery Fund.

Agency Funds – The County accounts for resources held for others in a custodial capacity in agency funds. The County's agency funds are the County Attorney's funds, Sheriff's funds, Justice of the Peace's funds, County Clerk's funds, Tax Assessor Collector's funds, District Clerk's funds, Golf Course fund, State Fee fund, Appellate Judicial fund, County Wide Equalization fund, Employee Flexible Spending fund, Employee Insurance fund and the Probation funds.

E. OTHER ACCOUNTING POLICIES

Cash Equivalents - The County considers investments to be cash equivalents if they are in bank money market accounts, certificates of deposits maturing within 90 days and money market investment pools.

Consumable Materials and Supplies – Disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Inventories of such items, therefore, are not included in the balance sheet.

Due From (To) Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, D for additional discussion of interfund receivables, payables and transfers.

Compensated Absences – The County has a leave policy providing vacation time, compensatory and holiday time, sick time and surgery/maternity time. The sick time and surgery/maternity time can be carried over and are allowed to accumulate to a maximum of 240 hours each. Upon termination, the County does not pay for unused vacation time, sick time or surgery/maternity time. The liabilities for these items have been estimated as of September 30, 2009 to be \$91,668 for vacation accrual, \$237,697 for sick time and \$439,402 for surgery time. Each of these expenses is recorded as an expenditure only when paid.

September 30, 2009, the County's obligation for compensatory and holiday time was \$106,712. This obligation has been reflected in the Government-Wide Financial Statements. This was an increase of \$16,132 from the prior year.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. OTHER ACCOUNTING POLICIES - CONTINUED

Capital Assets - Capital assets, which include infrastructure, land, buildings, furniture and equipment, are reported in the applicable governmental activities columns in the Government-Wide Financial Statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure, buildings, furniture and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	40
Buildings	40-50
Building Improvements	15-25
Vehicles	5-10
Other Equipment	5-10

Net Assets and Fund Balance –

Government-Wide Financial Statements:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt.

Governmental Fund Financial Statements:

In the fund financial statement, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

Reserved Fund Balance – The portion of fund balance, which is not available for appropriation or which has been legally segregated for a specific purpose. The County does not have a reserved fund balance.

Unreserved Fund Balance – This balance is composed of designated and undesignated portions. \$2,362,106 of the unreserved fund balance has been designated for capital projects. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting of future operations.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. OTHER ACCOUNTING POLICIES - CONTINUED

Management's Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net assets for governmental activities as reported in the Government-Wide Statement of Net Assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 214,433		\$ 214,433	
Infrastructure	13,988,864	(5,568,942)	8,419,922	
Buildings and Improvements	9,813,634	(8,852,407)	961,227	
Furniture and Equipment	12,276,953	(8,058,979)	4,217,974	
Construction in Process	117,187		117,187	
Change in Net Assets				\$ 13,930,743
Long-Term Liabilities Beginning of the Year			<u>Payable Beginning of the Year</u>	
Compensation Payable			\$ 90,410	
Change in Net Assets				90,410
Net Adjustment to Net Assets				<u>\$ 13,840,333</u>

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
CONTINUED**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND STATEMENTS AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITY**

Exhibits C-2 and C-4 provide the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the Net Assets for Governmental Activities as reported in the Statement of Activity. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Net Assets</u>	<u>Adjustments to Changes in Net Assets</u>
<u>Current Year Capital Outlay</u>			
Buildings and Improvements	20,000		
Furniture and Equipment	1,073,946		
Construction in process	88,075		
Total Capital Outlay	<u>\$ 1,182,021</u>	\$ 1,182,021	\$ 1,182,021
 <u>Debt Principal Payments</u>			
Compensated Absences	\$ -		
Total Principal Payments	<u>\$ -</u>	-	-
Total Adjustment to Net Assets		<u>\$ 1,182,021</u>	<u>\$ 1,182,021</u>

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
CONTINUED**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND STATEMENTS AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITY**

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the cash basis of accounting to the accrual basis. This adjustment is the result of several items. The details for this element are as follows:

<u>Adjustments to Revenue and</u>	<u>Amount</u>	<u>Adjustments to Net Assets</u>	<u>Adjustments to Changes in Net Assets</u>
<u>Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 71,394	\$ -	\$ (71,394)
Uncollected Taxes (assumed collectible) from Current Year Levy	53,797	53,797	53,797
Uncollected Taxes (assumed collectible) from Prior Year Levy	22,242	22,242	
Increase in Estimate of Collectible Taxes from Prior Year Levy	35,679		35,679
Accounts Receivable (assumed collectible) Beginning of Year	147,401	147,401	
Accounts Receivable (assumed collectible) Increase from Prior Year	17,768	17,768	17,768
Accounts Receivable Due from Agency Funds Beginning of Year	13,373	13,373	
Accounts Receivable Due from Agency Funds Increase from Prior Year	5,351	5,351	5,351
Accrual of Current Salaries Payable	96,476	(96,476)	(96,476)
Increase in Compensation Payable	16,302	(16,302)	(16,302)
Value of Assets Traded	13,277	13,277	13,277
Basis of Assets Disposed	245,228	(245,228)	(245,228)
Total		<u>\$ (84,797)</u>	<u>\$ (303,528)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Commissioners' Court adopts an "appropriated budget" for the General Fund and all other funds. The adopted and final amended budgeted revenues and expenditures for the General Fund are presented in Exhibit F-1.

The following procedures are used in establishing the budgetary data reflected in the general purpose financial statements:

1. In July, the County Judge, with the assistance of the County Auditor, prepares a budget for the succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.

**GAINES COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDED SEPTEMBER 30, 2009**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

A. BUDGETARY DATA - CONTINUED

2. The budget is filed with the County Clerk and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
3. Prior to October 1, the budget is legally enacted through passage of a resolution by the Commissioners' Court. Once a budget is approved, it can only be amended at the department and fund level by approval of a majority of the members of the Commissioners' Court. The law requires that such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. The County had several routine budget amendments during the year, the largest was to move General Fund reserves into a Capital Projects Fund for future courthouse repair projects. The remaining amendments were mainly to purchase capital items, pay for increased prisoner medical expenses, fund several landscaping project at the golf course, purchase election equipment, absorb higher fuel costs, insurance increases and road materials.
4. Each budget is controlled at the revenue and expenditure function level in accordance with Texas statutory guidance. The County Auditor audits and approves legal expenditures. The Commissioners' Court audits and settles claims against the County but can spend money only in accordance with the adopted budget. The Treasurer disburses money after ordered by the Court if the expenditure is in accordance with Texas statutes. All budget appropriations lapse at year end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of revenues with the resulting reduction of fund balance:

Sheriff Forfeiture Fund	3,128
Memorial Cemetery Fund	2
Courthouse Security Fund	10,737
Court Reporter Services Fund	6,107
Golf Course Fund	11,575
Unclaimed Property Fund	178
Seminole Museum Fund	1,127
Lions Club Grant Fund	11
Appellate Judicial Fund	75
Election Fund	46,049
Fire Truck Fund	131,251
Seagraves Playground Fund	59
Sheriff Commissary Fund	164
Memorial Library Fund	230

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS - CONTINUED

The following funds had planned deficit spending as reflected by budgeted expenditures in excess of expected revenue:

General Fund	\$ 444,688
Sheriff Forfeiture Fund	3,265
Crime Victims Fund	6
Courthouse Security Fund	14,820
911 Addressing Fund	228
Court Reporter Service Fund	6,189
Golf Course Fund	9,631
Record Archive (County Clerk) Fund	10,339
Unclaimed Property Fund	265
Seminole Museum Fund	1,617
Lions Club Grant Fund	2
Justice Court Technology Fund	663
Appellate Judicial Fund	190
Election Fund	46,060
Fire Truck Fund	132,247
Sheriff Commissary Fund	161

IV. OTHER NOTES ON FUNDS AND ACCOUNTS

A. DEPOSITS AND INVESTMENTS

County Policies and Legal and Contractual Provisions Governing Deposits

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

The County's depository during the year was Commercial State Bank. The District's largest balance of \$6,372,732 occurred in October 2008, and the value of collateral pledged and FDIC insurance was \$6,665,767.

At September 30, 2009, the carrying amount of the County's deposits (cash, certificates of deposits and interest-bearing savings accounts) was \$2,879,880, and the bank balance was \$3,771,379. The County's cash deposits as of September 30, 2009 were fully covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

A. DEPOSITS AND INVESTMENTS - CONTINUED

A summary of the County's cash and cash equivalents and investments at September 30, 2009 are shown below:

	Checking and Savings Accounts	Certificate of Deposit	Investment Pools	Total
General	\$ 2,073,150		\$ 3,730,011	\$ 5,803,161
Road & Bridge			65,632	65,632
Precinct #1			1,738,844	1,738,844
Precinct #2			1,395,934	1,395,934
Precinct #3			1,465,817	1,465,817
Precinct #4			2,016,364	2,016,364
Capital Projects			2,362,106	2,362,106
Other Governmental Funds	29,835		336,932	366,767
Total Governmental Funds	\$ 2,102,985	\$ -	\$ 13,111,640	\$ 15,214,625
Proprietary Fund				-
Fiduciary Fund		16,560		16,560
Agency Funds	776,895			776,895
Total	\$ 2,879,880	\$ 16,560	\$ 13,111,640	\$ 16,008,080

Legal and Contractual Provisions Governing Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

A. DEPOSITS AND INVESTMENTS - CONTINUED

The County's investments at September 30, 2009, are shown below:

Investment Type	Fair Value	Yield	Days until Maturity
Certificate of Deposit-			
Commercial State Bank	\$ 16,560	1.49%	58
Tex Pool Investment Pool	5,821,685	0.28%	On Demand
DWS Government Cash Institutional Shares	7,289,955	0.15%	On Demand
Total	<u>\$ 13,128,200</u>		

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless there is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is a pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Policies Governing Deposits and Investments

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The County invests in certificates of deposit and securities with short-term maturity dates to limit the interest rate risk.

Custodial Credit Risk for Deposits (cash, savings accounts and certificates of deposit) - This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is that all deposits must be insured by FDIC or secured by another manner provided by law.

Custodial Credit Risks for Investments – To limit the risk that an issuer or other counter-party to an investment will not fulfill its obligations, the County limits investments to certificates of deposit and public funds investment pools.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act). In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; (3) maintain market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The public fund investment pool invests only in securities issued or backed by the U.S. Government or its agencies. An investment in these securities is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. At September 30, 2009, the County had approximately \$5,821,685 uninsured with the Tex Pool Investment Pool and \$7,289,955 uninsured with the DWS Government Cash Institutional Shares.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

B. PROPERTY TAXES

In accordance with State law, the Gaines County Central Appraisal District makes all appraisals for tax purposes. Assessed values are based upon 100 percent of market value and reviewed every three years. Taxpayers have the right to challenge the assessed value.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are not considered available in the funds until the County collects them. Delinquent property taxes and the related revenue are reflected in the Government-Wide Financial Statements.

The tax rate for the fiscal year ended September 30, 2009, (2008 tax levy) was \$.219924 per \$100 assessed value for County General Fund operations and \$.126802 for Farm-Market Lateral Road maintenance and operations for a total rate of \$.346726. The County is subject to tax rate rollback if the total amount of the property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceded year by 8 percent.

Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Uncollectible personal property can be periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

C. OTHER ACCOUNTS RECEIVABLE

All County accounts receivable are reflected on the government-wide financial statements. These accounts consist of the following:

Delinquent taxes	\$	203,334
District Clerk fines		426,590
County Clerk fines		121,906
Justices of Peace fines		369,107
		1,120,937
Allowance for doubtful collections		(879,729)
Net receivables	\$	241,208

The County Wide Equalization Fund contains delinquent taxes totaling \$107,817. Since this fund is an agency fund, it is not included in the government-wide financial statements. The Fiduciary Net Asset reflected on Exhibit E-1 is presented on the cash basis and also does not reflect these receivables.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2009 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
Agency Fund	\$ 18,724	\$ -
Total General Fund	<u>18,724</u>	<u>-</u>
Agency Fund		18,724
Total	<u>\$ 18,724</u>	<u>\$ 18,724</u>

The interfund transfers reflected on the Statements of Revenues and Expenditures were for routine purposes except for a specific transfer of \$2,000,000 from the General Fund to the Capital Projects Fund. Transfers from the Road and Bridge and the Farm to Market funds were to the corresponding precinct funds for precinct operations. Transfers from the General Fund were for operations of the Special Revenue Funds for indigent health care, airport operations, cemetery maintenance, golf course operations, election expenses, fire protection and law publications. Transfers from the precinct funds to the General Fund were for coyote control.

E. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land	\$ 214,433		(106,835)	107,598
Infrastructure	13,988,864			13,988,864
Buildings and Improvements	9,813,634	20,000		9,833,634
Furniture and Equipment	12,276,953	1,087,223	(220,445)	13,143,731
Construction in Process	117,187	88,075	(115,709)	89,553
Totals at Historic Cost	<u>\$ 36,411,071</u>	<u>\$ 1,195,298</u>	<u>\$ (220,445)</u>	<u>\$ 37,163,380</u>
Less Accumulated Depreciation for:				
Infrastructure	(5,568,942)	(349,722)		(5,918,664)
Buildings and Improvements	(8,852,407)	(103,484)		(8,955,891)
Furniture and Equipment	(8,058,979)	(842,801)	197,761	(8,704,019)
Total Accumulated Depreciation	<u>(22,480,328)</u>	<u>(1,296,007)</u>	<u>197,761</u>	<u>(23,578,574)</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,930,743</u>	<u>\$ (100,709)</u>	<u>\$ (22,684)</u>	<u>\$ 13,584,806</u>

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

E. CAPITAL ASSET ACTIVITY – CONTINUED

The carried over Construction in Process related to an anticipated new jail project. In May 2009, the funding bond issue failed and that capitalized cost has been abandoned. The remaining additions capitalized in 2009 relate to the courthouse remodeling project. Subsequent to September 30, 2009 commitments in the amount of \$1,000,000 have been issued toward this courthouse project.

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 9,451
Justice System	4,436
Financial Administration	12,474
Facilities management	5,177
Law Enforcement	109,235
Fire Protection	5,351
Corrections	22,375
Civil Defense	6,124
Roads and Bridges	983,066
Airport	9,176
Golf Course	39,030
Parks and Recreation	71,896
County Extension Service	8,964
Libraries	4,200
Senior Citizens	5,052
Total Depreciation Expense	<u>\$ 1,296,007</u>

F. LONG-TERM LIABILITIES

Long-term activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 90,410	\$ 16,302		\$ 106,712	\$
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 90,410</u>	<u>\$ 16,302</u>	<u>\$ -</u>	<u>\$ 106,712</u>	<u>\$ -</u>

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

G. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for several copiers, a postage machine and indigent software provide for minimum future rental payments as of September 30, 2009, as follows:

Years Ending September 30,		
2010	\$	62,937
2011		57,585
2012		20,538
2013		13,428
2014		7,119
Total Minimum Rentals	\$	<u>161,607</u>

H. HEALTH CARE COVERAGE

During the current fiscal year, the employees of Gaines County were covered by a health insurance plan. The coverage is purchased through Blue Cross Blue Shield. The County's cost per employee per month was \$493. The employees, at their option, authorized payroll withholdings to pay contributions for dependents.

I. CAFETERIA PLAN

The County entered into a Pre-Tax Premium Plan that qualifies as a "cafeteria plan." The insurance premiums that qualify for the plan are medical, life and accidental death and dismemberment. The individuals who are eligible to participate are all employees who are covered or who are eligible to be covered under the County's group health plan.

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

J. EMPLOYEE RETIREMENT BENEFITS

The County provides two separate retirement benefit plans. One plan is the defined benefit plan that is provided through the Texas County and District Retirement System. The County also offers a deferred compensation plan to its employees.

Texas County and District Retirement System Plan

Plan Description. Gaines County, Texas provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the stateside agent multiple-employer public employee retirement system consisting of 559 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, P.O. Box 2034, Austin, Texas 78768-0234.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy. The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.85% for the year ending September 30, 2009. The deposit rate payable by the employee members is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost. The annual pension cost for the TCDRS plan for its employees was \$649,394, and the actual contributions were \$649,394 for the employer's accounting year ending September 30, 2009.

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

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

J. EMPLOYEE RETIREMENT BENEFITS - CONTINUED

	Actuarial Valuation Information		
Actuarial valuation date	12/31/06	12/31/07	12/31/08
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	15	15
Asset valuation method	long -term appreciation with adjustment	SAF: 10-yr Smooth value ESF: Fund Value	SAF: 10-yr Smooth value ESF: Fund Value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases ¹	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0	0	0
¹ Includes inflation at the stated rate			

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

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2007	453,632	100%	0.00
September 30, 2008	474,712	100%	0.00
September 30, 2009	649,394	100%	0.00

**Schedule of Funding Progress for the Retirement Plan
for the Employees of Gaines County**

<u>Actuarial Value of Assets</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll¹ (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/06	11,147,700	12,894,600	1,746,900	86.45%	4,581,618	38.13%
12/31/07	11,943,600	14,333,526	2,389,925	83.33%	4,790,211	49.89%
12/31/08	11,677,355	14,949,873	3,272,518	78.11%	5,400,602	60.60%

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

**GAINES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2009**

IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED

J. EMPLOYEE RETIREMENT BENEFITS - CONTINUED

Deferred Compensation Plan - The County offers a deferred compensation plan for employees who elect to participate. In a plan set up under Section 457 of the Internal Revenue Code, participants may defer up to \$16,500 per year. Withdrawals are permitted because of death, emergency as defined by the Internal Revenue Service, termination of employment or retirement. The County does not contribute to the plan, and all assets in the plan belong to the employees.

K. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2009, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. JOINT VENTURE ARRANGEMENTS

The County is involved in joint ventures with the City of Seminole, Northeast Gaines County Emergency Service District and South Plains Public Health District. These shared costs are for fire protection, landfill operations, emergency medical service and public health services. Many of these agreements result in the County paying approximately half of the budget, but significant accumulations of financial resources or deficits are not generated from these joint ventures.

GAINES COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-1

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Notes)	Final Budget Positive or (Negative)
RECEIPTS:				
Taxes:				
Property Taxes	\$ 12,576,185	\$ 12,576,184	\$ 12,745,884	\$ 169,700
Charges for Services	392,150	392,150	502,394	110,244
Fines	178,180	178,180	202,888	24,708
Investment Earnings	130,000	130,000	66,105	(63,895)
Other Revenue	44,820	44,820	81,338	36,518
Total Receipts	13,321,335	13,321,334	13,598,609	277,275
DISBURSEMENTS:				
Current:				
General Government	3,946,624	1,632,352	936,974	695,378
Judicial	1,544,554	1,557,121	1,365,310	191,811
Elections	29,460	32,040	29,637	2,403
Financial Administration	478,050	482,205	469,598	12,607
Tax Administration	485,797	486,074	471,851	14,223
Facilities Management	1,246,244	1,392,636	1,218,221	174,415
Public Safety:				
Law Enforcement	1,694,750	1,958,957	1,827,182	131,775
Fire Protection	127,381	127,381	127,381	-
Corrections	1,185,241	1,280,211	1,244,064	36,147
Civil Defense	88,566	99,816	56,673	43,143
Road and Bridge	1,700	1,700	1,700	-
Sanitation	22,519	22,520	22,520	-
Health	471,306	472,872	470,026	2,846
Human Services	63,880	65,280	61,770	3,510
Culture and Recreation:				
Parks	280,917	309,135	245,536	63,599
Museums	105,770	112,890	105,212	7,678
County Extension	227,266	299,125	221,019	78,106
Libraries	317,531	323,087	297,008	26,079
Senior Citizens	198,083	222,261	207,862	14,399
Total Disbursements	12,515,639	10,877,663	9,379,544	1,498,119
Excess (Deficiency) of Receipts Over (Under) Disbursements	805,696	2,443,671	4,219,065	1,775,394
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	2,810	2,810
Transfers In	-	-	19,214	19,214
Transfers Out (Use)	(805,696)	(2,888,359)	(2,681,843)	206,516
Total Other Financing Sources (Uses)	(805,696)	(2,888,359)	(2,659,819)	228,540
Net Change in Cash Balance	-	(444,688)	1,559,246	2,003,934
Cash Basis Fund Balance - October 1	4,243,915	4,243,915	4,243,915	-
Cash Basis Fund Balance - September 30 (Ending)	\$ 4,243,915	\$ 3,799,227	\$ 5,803,161	\$ 2,003,934

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD & BRIDGE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-2

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
RECEIPTS:				
Charges for Services	\$ 407,741	\$ 409,441	\$ 433,725	\$ 24,284
Fines	84,216	84,216	113,468	29,252
Investment Earnings	5	5	-	(5)
Total Receipts	491,962	493,662	547,193	53,531
DISBURSEMENTS:				
Current:				
Road and Bridge	65,632	65,632	53,531	12,101
Total Disbursements	65,632	65,632	53,531	12,101
Excess (Deficiency) of Receipts Over (Under) Disbursements	426,330	428,030	493,662	65,632
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	(426,330)	(493,662)	(493,662)	-
Total Other Financing Sources (Uses)	(426,330)	(493,662)	(493,662)	-
Change in Cash Fund Balance	-	(65,632)	-	65,632
Cash Fund Balance - October 1	65,632	65,632	65,632	-
Cash Fund Balance - September 30	\$ 65,632	\$ -	\$ 65,632	\$ 65,632

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PRECINCT #1
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-3

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
DISBURSEMENTS:				
Current:				
Road and Bridge	\$ 2,024,074	\$ 2,024,074	\$ 1,230,030	\$ 794,044
Total Disbursements	2,024,074	2,024,074	1,230,030	794,044
Excess (Deficiency) of Receipts Over (Under) Disbursements	(2,024,074)	(2,024,074)	(1,230,030)	794,044
OTHER FINANCING SOURCES (USES):				
Transfers In	2,024,074	2,024,074	2,077,173	53,099
Transfers Out (Use)	-	-	(1,000)	(1,000)
Total Other Financing Sources (Uses)	2,024,074	2,024,074	2,076,173	52,099
Change in Cash Fund Balance	-	-	846,143	846,143
Cash Fund Balance - October 1	892,701	892,701	892,701	-
Cash Fund Balance - September 30	\$ 892,701	\$ 892,701	\$ 1,738,844	\$ 846,143

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PRECINCT #2
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-4

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
DISBURSEMENTS:				
Current:				
Road and Bridge	\$ 1,940,249	\$ 1,940,249	\$ 1,220,197	\$ 720,052
Total Disbursements	1,940,249	1,940,249	1,220,197	720,052
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,940,249)	(1,940,249)	(1,220,197)	720,052
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	5,010	5,010
Transfers In	1,940,249	1,940,249	1,991,149	50,900
Transfers Out (Use)	-	-	(6,055)	(6,055)
Total Other Financing Sources (Uses)	1,940,249	1,940,249	1,990,104	49,855
Change in Cash Fund Balance	-	-	769,907	769,907
Cash Fund Balance - October 1	626,027	626,027	626,027	-
				-
Cash Fund Balance - September 30	\$ 626,027	\$ 626,027	\$ 1,395,934	\$ 769,907

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PRECINCT #3
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-5

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
DISBURSEMENTS:				
Current:				
Road and Bridge	\$ 1,841,039	\$ 1,841,038	\$ 1,175,800	\$ 665,238
Total Disbursements	1,841,039	1,841,038	1,175,800	665,238
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,841,039)	(1,841,038)	(1,175,800)	665,238
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	33,865	33,865
Transfers In	1,841,039	1,841,038	1,889,336	48,298
Transfers Out (Use)	-	-	(1,861)	(1,861)
Total Other Financing Sources (Uses)	1,841,039	1,841,038	1,921,340	80,302
Change in Cash Fund Balance	-	-	745,540	745,540
Cash Fund Balance - October 1	720,277	720,277	720,277	-
				-
Cash Fund Balance - September 30	\$ 720,277	\$ 720,277	\$ 1,465,817	\$ 745,540

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PRECINCT #4
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-6

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
DISBURSEMENTS:				
Current:				
Road and Bridge	\$ 1,891,352	\$ 1,891,352	\$ 1,049,538	\$ 841,814
Total Disbursements	1,891,352	1,891,352	1,049,538	841,814
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,891,352)	(1,891,352)	(1,049,538)	841,814
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	2,242	2,242
Transfers In	1,891,352	1,891,352	1,946,024	54,672
Transfers Out (Use)	-	-	(1,000)	(1,000)
Total Other Financing Sources (Uses)	1,891,352	1,891,352	1,947,266	55,914
Change in Cash Fund Balance	-	-	897,728	897,728
Cash Fund Balance - October 1	1,118,636	1,118,636	1,118,636	-
				-
Cash Fund Balance - September 30	\$ 1,118,636	\$ 1,118,636	\$ 2,016,364	\$ 897,728

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FARM TO MARKET FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-7

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
RECEIPTS:				
Taxes:				
Property Taxes	\$ 7,211,601	\$ 7,211,600	\$ 7,328,478	\$ 116,878
Investment Earnings	22,000	22,000	38,483	16,483
Other Revenue	36,784	36,784	36,624	(160)
Total Receipts	<u>7,270,385</u>	<u>7,270,384</u>	<u>7,403,585</u>	<u>133,201</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	1,381	1,381
Transfers Out (Use)	(7,270,385)	(7,270,384)	(7,404,966)	(134,582)
Total Other Financing Sources (Uses)	<u>(7,270,385)</u>	<u>(7,270,384)</u>	<u>(7,403,585)</u>	<u>(133,201)</u>
Change in Cash Fund Balance	-	-	-	-
Cash Fund Balance - October 1	-	-	-	-
Cash Fund Balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GAINES COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT F-8

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budget Basis (See Note)	Final Budget Positive or (Negative)
DISBURSEMENTS:				
Current:				
General Government	\$ -	\$ 8	\$ -	\$ 8
Total Disbursements	-	8	-	8
Excess (Deficiency) of Receipts Over (Under) Disbursements	-	(8)	-	8
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	362,106	362,106	-
Transfers In	-	2,000,000	2,000,000	-
Total Other Financing Sources (Uses)	-	2,362,106	2,362,106	-
Change in Cash Fund Balance	-	2,362,098	2,362,106	8
Cash Fund Balance - October 1	-	-	-	-
Cash Fund Balance - September 30	\$ -	\$ 2,362,098	\$ 2,362,106	\$ 8