

Hopkins County, Texas
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
For the year ended September 30, 2012

Hopkins County, Texas
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 Year ended September 30, 2012

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**Standard Report on Financial Statements Issued in Accordance with
Government Auditing Standards or in a Single Audit**

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
County Commissioners
Hopkins County, Texas
Sulphur Springs, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins County (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins County as of September 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the general 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 February 1, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual non-major fund financial statements and the federal program project schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and the federal program project schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Arnold Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

February 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Hopkins, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2012. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

FINANCIAL HIGHLIGHTS

The County's total combined net assets were \$19.9 million at September 30, 2012, \$11.6 million of the net assets is invested in capital assets, net of related debt. During the year, the County's expenses were \$633 thousand less than the \$15.4 million generated in taxes, charges for services and other revenues from governmental activities. Revenue decreased \$405 thousand. Grants and contributions revenue was down \$867 thousand. The County had received a SECO grant the previous year for \$825 thousand.

The total cost of all the County's activities was down by \$457 thousand, or 3% compared to the prior year.

The general fund balance is \$2.2 million at September 30, 2012 which is an increase of \$830 thousand. Costs exclusive of debt service and capital outlay decreased in total \$241 thousand. Revenue increased \$187 thousand in the general fund.

Approximately 97% of the taxes levied for 2011-12 were collected by September 30, 2012.

The County paid approximately \$699 debt principal this year. \$356 thousand of new debt was obtained to acquire vehicles and equipment.

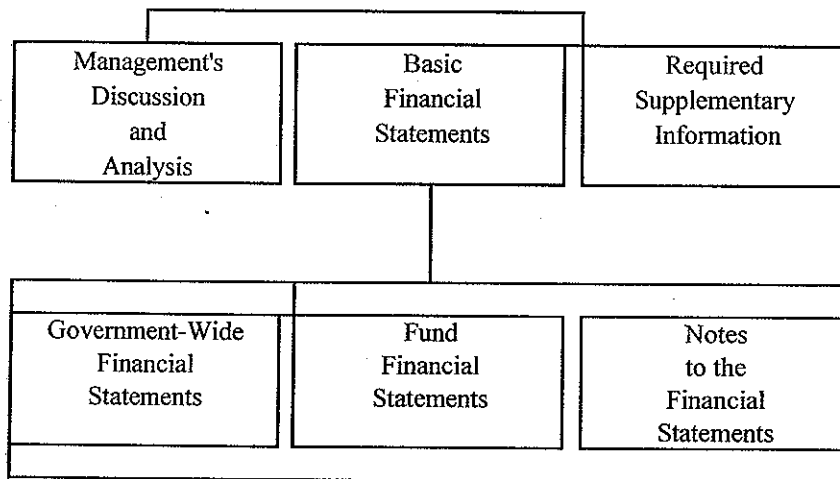
The county acquired \$519 thousand of new fixed assets this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains District Court Clerk funds for pending cases.

Figure A-1. Required Components of the County's Annual Financial Report



Summary ↔ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire County's government (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self insurance	Instances in which the County is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net assets	*Balance sheet	*Statement of net assets	*Statement of fiduciary net assets
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net assets *Statement of cash flows	*Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The County has no proprietary funds.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net assets* and how they have changed. Net assets-the difference between the County's assets and liabilities-is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public safety, highways, streets and bridges, judicial and general administration. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioner's Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has two kinds of funds:

- *Governmental funds*-Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Fiduciary funds*-The County is the trustee, of *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net assets. The County's combined net assets were approximately \$19.9 million at September 30, 2012.

Table A-1
The County's Net Assets
(in thousands of dollars)

	Governmental Activities	
	2012	2011
Current and other assets	11,057	9,371
Capital and non-current assets	17,578	18,783
TOTAL ASSETS	28,635	28,154
Long-term liabilities	6,364	6,681
Other liabilities	2,347	2,182
TOTAL LIABILITIES	8,711	8,863
Invested in capital assets net of related debt	11,557	12,419
Restricted	1,320	952
Unrestricted	7,047	5,920
TOTAL NET ASSETS	19,924	19,291

Net assets invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$7 million of unrestricted net assets represents resources available to fund the programs of the County for the next fiscal year.

The \$1.3 million is restricted as follows:

Restricted for debt service	39
Restricted for capital projects	242
Restricted for special revenue funds	1,039
	<u>1,320</u>

Net assets of the County increased from \$19.3 million to \$19.9 million. The County's revenues exceeded expenditures by \$1.2 million. The County paid principal on debt of \$699 thousand. New debt of \$356 thousand was obtained. \$519 thousand of capital assets were acquired. \$1.7 million of depreciation was recorded. Deferred revenue of \$355 thousand from additional receivables from fees of office is recognized as revenue on the government wide statements.

Changes in net assets.

The County's total revenues were \$15.4 million. 56% of this came from property taxes, 13% came from other taxes, and 24% came from charges for services.

The total cost of all programs was \$14.8 million. Approximately 33% of this was for public safety and 29% was for public transportation.

Net assets increased by \$633 thousand from a net income.

Table A-2
The County's Changes in Net Assets
(in thousands of dollars)

	Governmental Activities	
	2012	2011
Revenues		
<u>Program Revenues</u>		
Charges for Services	3,680	3,287
Operating Grants and Contributions	489	545
Capital Grants and Contributions	347	1,158
<u>General Revenues</u>		
Property Taxes	8,603	8,627
Other taxes	2,019	1,588
Investment earnings	75	64
Other	230	579
Total Revenues	<u>15,443</u>	<u>15,848</u>
Expenses		
General government	1,459	1,265
Judicial	1,118	1,335
Legal	474	597
Financial administration	823	869
Public safety	4,816	4,839
Public transportation	4,250	4,427
Public facilities	1,234	1,387
Health and welfare	40	74
Intergovernmental	239	17
County extension	77	97
Elections	55	36
Miscellaneous	7	-
Debt service-interest on long-term debt	217	242
Fees on refunding debt	1	82
Total Expenses	<u>14,810</u>	<u>15,267</u>
Transfers in (out)	-	-
Increase/Decrease in Net Assets	633	581
Beginning Net Assets	19,291	18,710
Ending Net Assets	<u>19,924</u>	<u>19,291</u>

Table A-3 presents the cost of each of the County's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$14.8 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$8.6 million.
- Some of the cost was paid by those who directly benefited from the programs (\$3.7 million), or by grants and contributions (\$836 thousand).

Table A-3
Net Cost of Selected County Functions
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
General Government	1,459	1,265	710	698
Public Safety	4,816	4,839	4,410	4,334
Judicial	1,118	1,335	(234)	26
Public transportation	4,250	4,427	3,378	3,410

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$3.6 million at September 30, 2012. This balance is composed of the following in thousands

General	2,263
Special revenue	1,038
Debt service	39
Capital projects	242
	<u>3,582</u>

Net income for the general fund was \$831 thousand. General fund revenues were \$9.5 million, or \$187 thousand more than the prior year. Fees of office revenue was up \$175 thousand. Expenditures were down \$247 thousand. Special revenue fund balances increased \$379 thousand. The debt service fund balances decreased \$20 thousand. The capital projects fund balances decreased \$9 thousand.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Actual expenditures were less than the final budget by 3.6% or \$312 thousand. Actual revenues were \$525 thousand more than budgeted. \$6 thousand was budgeted as a decrease to fund balance. Actually, the fund balance increased \$830 thousand from the excess of revenues over expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
County's Capital Assets
(in thousands of dollars)

	Governmental Activities	
	2012	2011
Land	1,607	1,607
Buildings and improvements	17,590	17,389
Machinery and equipment	8,873	8,722
Roads and bridges	17,542	17,542
Construction in progress	-	-
Totals at historical cost	<u>45,612</u>	<u>45,260</u>
Total accumulated depreciation	<u>(28,034)</u>	<u>(26,477)</u>
Net capital assets	<u>17,578</u>	<u>18,783</u>

\$519 thousand of new fixed assets were added.

Long-Term Debt

Table A-5
County's Long-Term Debt
(in thousands of dollars)

	2012	2011
Bonds payable	1,860	2,075
Certificates of obligation	3,135	3,280
Notes payable	112	224
Leases payable	914	785
Compensated absences payable	343	317
	<u>6,364</u>	<u>6,681</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hopkins County economy remains stable with an optimistic atmosphere. Hopkins County's unemployment rate is currently 5.3%, which is below the state (6%) and national level (7.6%). Sales tax collections for Hopkins County increased as projected for FY 2012 by 8.66% with this trend continuing, based upon the City of Sulphur Springs beer and wine sales beginning January 1, 2013.

The appraised value used for the 2013 budget increased by \$43,766,897 or 2.81% from 2012.

The tax rate established for 2012 is \$.560575, which is the same rate as 2011, but .018% above the 2011 effective rate.

At the time the 2013 budget was prepared, the local economy was showing optimistic signs of growth. The city of Sulphur Springs will soon complete the downtown square and re-bricking the streets around the square which is adding and increased tourism presence. Several of the downtown buildings have been updated and new businesses and restaurants are establishing. The hotel occupancy rates are consistently improving, which will also be aided by the newly completed remodel of the convention center.

The Hopkins County Commissioners are beginning to revitalize the 950 miles of county roads using a chip seal method instead road oil. By doing this, the cost of resurfacing has decreased by about half, although the initial cost of equipment for this type of application will be approximately \$350,000; the equipment will be shared by the precincts.

The fiscal year unreserved fund balance in the general fund is projected to increase \$60,000 and the road & bridge maintenance fund increase \$8,300. A capital projects fund has been established with the anticipation of building jail/justice center in the next 5 years; the transfer to this fund for 2013 is budgeted at \$80,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Hopkins 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 the County Auditor's Office, 118 Church, Sulphur Springs, TX 75482.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

HOPKINS COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,328,704
Receivables (net of allowance for uncollectibles)	7,128,273
Due from Others	338,317
Prepaid Items	261,524
Capital Assets:	
Land	1,606,996
Infrastructure, net	4,406,536
Buildings, net	9,355,216
Machinery and Equipment, net	2,209,512
Total Assets	28,635,078
LIABILITIES	
Accounts Payable	606,635
Deferred Revenues	1,740,943
Noncurrent Liabilities	
Due Within One Year	719,461
Due in More Than One Year	5,644,423
Total Liabilities	8,711,462
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	11,557,006
Restricted for:	
Restricted for Special Revenue Funds	1,038,036
Restricted for Debt Service	39,327
Restricted for Capital Projects	241,983
Unrestricted Net Assets	7,047,264
Total Net Assets	\$ 19,923,616

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

HOPKINS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ 1,459,232	\$ 747,046	\$ 1,500
Judicial	1,118,456	1,115,642	236,691
Legal	474,408	118,073	22,941
Financial Administration	822,962	173,290	-
Public safety	4,816,287	199,232	111,210
Public transportation	4,249,660	751,214	114,788
Public facilities	1,233,885	549,102	-
Health and welfare	39,798	25,350	-
Intergovernmental	239,028	-	1,371
County extension	77,050	-	-
Elections	54,625	1,210	-
Miscellaneous	6,732	-	-
Debt service-interest	217,091	-	-
Fees	1,000	-	-
TOTAL PRIMARY GOVERNMENT:	<u>\$ 14,810,214</u>	<u>\$ 3,680,159</u>	<u>\$ 488,501</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales taxes and other tax

Insurance Proceeds

Miscellaneous Revenue

Investment Earnings

Gain on Sale of Assets

Total General Revenues and Transfers

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

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

Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (710,686)
-	233,877
-	(333,394)
-	(649,672)
95,155	(4,410,690)
5,500	(3,378,158)
219,318	(465,465)
-	(14,448)
26,950	(210,707)
-	(77,050)
-	(53,415)
-	(6,732)
-	(217,091)
-	(1,000)
<u>\$ 346,923</u>	<u>(10,294,631)</u>

8,038,703
564,276
2,019,346
45,613
166,326
75,460
17,875

10,927,599

632,968

19,290,648

\$ 19,923,616

GOVERNMENTAL FUND FINANCIAL STATEMENTS

HOPKINS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

EXHIBIT C-1

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,039,343	\$ 619,241	\$ 670,120	\$ 3,328,704
Receivables (Net)	6,541,883	169,151	417,239	7,128,273
Due from Other Funds	-	2,016	-	2,016
Due from Other Governments	313,503	24,814	-	338,317
Prepaid Items	185,806	35,714	40,004	261,524
Total Assets	\$ 9,080,535	\$ 850,936	\$ 1,127,363	\$ 11,058,834
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 338,736	\$ 151,618	\$ 116,281	\$ 606,635
Due to Other Funds	-	-	2,016	2,016
Deferred Revenues	6,478,851	144,972	244,066	6,867,889
Total Liabilities	6,817,587	296,590	362,363	7,476,540
Fund Balances:				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	241,983	241,983
Retirement of Long-Term Debt	-	-	39,327	39,327
Reported in Special Revenue Funds	-	554,346	483,690	1,038,036
Unassigned Fund Balance	2,262,948	-	-	2,262,948
Total Fund Balances	2,262,948	554,346	765,000	3,582,294
Total Liabilities and Fund Balances	\$ 9,080,535	\$ 850,936	\$ 1,127,363	\$ 11,058,834

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

HOPKINS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

Total Fund Balances - Governmental Funds	\$	3,582,294
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 \$18,783,681 and the accumulated depreciation was \$6,364,344. In addition, long-term liabilities, including bonds 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 (decrease) net assets.		12,419,417
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 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		1,205,701
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(1,711,803)
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, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		4,428,007
Net Assets of Governmental Activities	\$	<u>19,923,616</u>

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

HOPKINS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 7,270,859	\$ 2,197,148	\$ 1,365,249	\$ 10,833,256
Intergovernmental Revenue and Grants	276,672	89,900	468,709	835,281
Fees of Office	1,128,941	746,494	438,648	2,314,083
Fines and Forfeitures	574,015	-	160,592	734,607
Investment Earnings	52,171	11,762	11,527	75,460
Other Revenue	194,784	54,524	16,066	265,374
Total Revenues	9,497,442	3,099,828	2,460,791	15,058,061
EXPENDITURES:				
Current:				
General government	1,314,511	-	124,334	1,438,845
Judicial	1,102,095	-	11,337	1,113,432
Legal	193,393	-	264,900	458,293
Financial Administration	768,640	-	-	768,640
Public safety	4,354,755	-	207,162	4,561,917
Public transportation	-	3,267,037	64,493	3,331,530
Public facilities	213,180	-	582,412	795,592
Health and welfare	18,600	-	-	18,600
Intergovernmental	-	-	239,028	239,028
County extension	67,940	-	-	67,940
Elections	54,625	-	-	54,625
Miscellaneous	-	-	6,732	6,732
Debt Service:				
Principal	116,019	111,237	472,143	699,399
Interest	16,149	13,031	187,911	217,091
Fees	-	-	1,000	1,000
Capital Outlay:				
Capital Outlay	138,938	174,850	205,210	518,998
Total Expenditures	8,358,845	3,566,155	2,366,662	14,291,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,138,597	(466,327)	94,129	766,399
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	81,849	74,500	199,860	356,209
Transfers In	7,601	499,943	571,820	1,079,364
Insurance Proceeds	11,906	15,055	18,652	45,613
Sale of Assets	47	19,896	10,728	30,671
Transfers Out (Use)	(409,485)	(5,500)	(664,379)	(1,079,364)
Total Other Financing Sources (Uses)	(308,082)	603,894	136,681	432,493
Net Change in Fund Balances	830,515	137,567	230,810	1,198,892
Fund Balance - October 1 (Beginning)	1,432,433	416,779	534,190	2,383,402
Fund Balance - September 30 (Ending)	\$ 2,262,948	\$ 554,346	\$ 765,000	\$ 3,582,294

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

HOPKINS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	1,198,892
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 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		1,205,701
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.		(1,711,803)
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, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(59,822)
Change in Net Assets of Governmental Activities	\$	632,968

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

HOPKINS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-5

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,044,710	\$ 7,044,710	\$ 7,270,859	\$ 226,149
Intergovernmental Revenue and Grants	229,423	257,706	276,672	18,966
Fees of Office	887,250	887,250	1,128,941	241,691
Fines and Forfeitures	525,000	525,000	574,015	49,015
Investment Earnings	40,000	40,000	52,171	12,171
Other Revenue	214,326	217,727	194,784	(22,943)
Total Revenues	8,940,709	8,972,393	9,497,442	525,049
EXPENDITURES:				
Current:				
General government	1,335,638	1,353,921	1,314,511	39,410
Judicial	1,208,443	1,208,443	1,102,095	106,348
Legal	194,668	194,668	193,393	1,275
Financial Administration	786,093	781,658	768,640	13,018
Public safety	4,327,098	4,426,017	4,354,755	71,262
Public facilities	241,924	281,924	213,180	68,744
Health and welfare	18,600	18,600	18,600	-
County extension	68,300	68,300	67,940	360
Elections	63,250	63,250	54,625	8,625
Debt Service:				
Principal	116,020	116,020	116,019	1
Interest	17,933	17,930	16,149	1,781
Capital Outlay:				
Capital Outlay	40,000	140,222	138,938	1,284
Total Expenditures	8,417,967	8,670,953	8,358,845	312,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	522,742	301,440	1,138,597	837,157
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	-	81,849	81,849	-
Transfers In	-	7,601	7,601	-
Insurance Proceeds	-	12,250	11,906	(344)
Sale of Assets	-	47	47	-
Transfers Out (Use)	(489,240)	(409,485)	(409,485)	-
Total Other Financing Sources (Uses)	(489,240)	(307,738)	(308,082)	(344)
Net Change in Fund Balances	33,502	(6,298)	830,515	836,813
Fund Balance - October 1 (Beginning)	1,432,433	1,432,433	1,432,433	-
Fund Balance - September 30 (Ending)	\$ 1,465,935	\$ 1,426,135	\$ 2,262,948	\$ 836,813

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

FIDUCIARY FUND FINANCIAL STATEMENT

HOPKINS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012

EXHIBIT D-1

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,555,858
Total Assets	<u>\$ 1,555,858</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 33,659
Due to Others	1,522,199
Total Liabilities	<u>\$ 1,555,858</u>

The accompanying notes are an integral part of this statement.

Hopkins County, Texas
NOTES TO THE FINANCIAL STATEMENTS
At September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hopkins County, Texas is a county government operating under the applicable laws and regulations of the State of Texas. It is governed by a five member Commissioner's Court elected by registered voters of the County. The County prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Commissioner's Court is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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 on all of Hopkins County with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support. The County has no business-type activities.

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. Examples include fees of offices. 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 a program revenue, it is a 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 froms 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 froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental 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.

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

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 a 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 as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

1. **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.
2. **Special Revenue Fund** -- One special revenue fund is considered a major fund. See the definition of these funds below. The Road and Bridge Fund is considered a major fund.

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

Governmental Funds:

1. **Special Revenue Funds** -- The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.
2. **Debt Service Funds** -- The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Project Funds** -- The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

1. **Agency Funds** -- The County accounts for resources held for others in a custodial capacity in agency funds. The County's Agency Funds contains the funds of the various fee collecting offices.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.
2. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County 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 if purchased or constructed. 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, machinery and equipment of the County and the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Building Improvements	30
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5-7
Machinery	7

3. Some cash and investments are restricted for future debt payments and for purchase of right of way.
4. 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.
5. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. Investments are recorded at fair market value.

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, including bonds payable, 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 at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	1,606,996	-	1,606,996	
Buildings & Improvements	17,389,743	7,713,748	9,675,995	
Machinery & Equipment	8,721,827	6,249,489	2,472,338	
Road & Bridges	<u>17,541,826</u>	<u>12,513,394</u>	<u>5,028,432</u>	
Change in Net Assets	<u>45,260,392</u>	<u>26,476,631</u>	<u>18,783,761</u>	<u>18,783,761</u>
			<u>Payable at the Beginning of the Year</u>	
<u>Long-term Liabilities at the Beginning of the year</u>			<u>785,055</u>	
Leases payable			5,355,000	
Certificates of obligation payable and bonds payable			<u>224,289</u>	
Notes payable				
Change in Net Assets				<u>6,364,344</u>
Net Adjustment to Net Assets				<u><u>12,419,417</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. 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 Changes in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Current year Capital Outlay</u>			
Building & improvement	199,860		
Machinery & equipment	319,138		
Total Capital Outlay	<u>518,998</u>	<u>518,998</u>	<u>518,998</u>
Book value of assets sold or traded	<u>(12,696)</u>	<u>(12,696)</u>	<u>(12,696)</u>
<u>Debt Principal Payments</u>			
Bonds payable	215,000		
Certificate of obligation	145,000		
Note principal	112,142		
Leases payable	<u>227,257</u>		
Total Principal Payments	<u>699,399</u>	<u>699,399</u>	<u>699,399</u>
Total Adjustment to Net Assets		<u><u>1,205,701</u></u>	<u><u>1,205,701</u></u>

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

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	242,775	(242,775)	-
Uncollected taxes (assumed collectible) from Current Year Levy	259,199	259,199	259,199
Effect of prior year tax entries	49,463	(49,463)	-
Effect of prior year deferred revenue from fines	4,513,075	-	4,513,075
Increase to deferred revenue from fines during current year	354,672	354,672	354,672
<u>Reclassify Proceeds of Bonds, Loans & Capital Leases</u>			
Proceeds from leases	356,309	(356,309)	(356,309)
<u>Compensated absences</u>			
Balance at beginning of year	317,484	-	(317,484)
Additions to balance	<u>25,146</u>	<u>(25,146)</u>	<u>(25,146)</u>
Total		<u><u>(59,822)</u></u>	<u><u>4,428,007</u></u>

On the adjustments above related to deferred revenue from fines, fine revenues are deferred on the funds, however, the net change in the deferred fines for the year is recognized as revenue in the Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the county judge's office has a separate budget from the county sheriff's office; although, various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The county auditor and the county judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The final budget, when approved by the commissioner's court, is filed for public inspection with the county clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in its final form by commissioner's court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the budget were made throughout the year.

The County does not record encumbrances as part of its accounting records.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Additional contractual provisions governing deposits and investments for the County are as follows:

Policies Governing Deposits and Investments

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

1. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is that 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 bank places approved pledged securities for safekeeping in an amount sufficient to protect the County's 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 bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits of the County are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the County.

At September 30, 2012, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,411,825 and the bank balance was \$4,470,633. The County's cash deposits at September 30, 2012 and during the year ended September 30, 2012 were entirely covered by FDIC insurance or by securities pledged.

A. DEPOSITS AND INVESTMENTS (continued)

In addition, the following is disclosed regarding coverage of combined balances as of September 30, 2012:

- a. Depository: Alliance Bank
 - b. Securities pledged equals \$8,593,632 at September 30, 2012.
 - c. The combined balances of cash, savings, and time deposits amounted to \$4,470,633 at September 30, 2012.
 - d. Total amount of FDIC coverage at September 30, 2012 was \$456,374.
2. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Positions in external investment pools are not subject to custodial credit risk. The County has no investments exposed to custodial credit risk at the end of the period.
 3. Interest- rate Risk – Interest-rate risk occurs when potential purchasers of debt securities do not agree to pay face value for these securities if interest rates rise. The County does not purchase investments where the face value is not guaranteed.
 4. Concentration Risk – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The County is not exposed to any amounts of concentration risk.
 5. Other Credit Risk Exposure – The County has investments in external investment pools. The ratings of the pools are disclosed below.

The County's investments at September 30, 2012, are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average CreditQuality/ Ratings</u>	<u>Weighted Avg. Days to Maturity</u>
Texpool	666	AAAm	34
MBIA	673	N/A	1

B. PROPERTY TAXES

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 considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND TRANSFERS

Transfers between funds were as follows:

Transfers to General Fund:

From Nonmajor Governmental Funds 7,601

Transfers to Major Special Revenue Fund:

From Nonmajor Governmental Funds 499,943

Total Transferred to Major Special Revenue Fund 499,943

Transfers to Nonmajor Governmental Funds from:

General Fund 409,485

Other Nonmajor Governmental Funds 156,835

Major Special Revenue Fund 5,500

Total Transferred to Nonmajor Governmental Funds 571,820

Due to's/from's between funds were as follows:

Due to Major Special Revenue Funds from

Other Nonmajor Governmental Funds 2,016

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2012, were as follows:

	<u>Property Taxes</u>	<u>Fees of Office</u>	<u>Intergovern- mental</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General Fund	463,631	13,458,722	313,503	-	14,235,856
Major Special Revenue Fund	191,543	13,858	24,814	-	230,215
Nonmajor Governmental Funds	100,916	417,600	125,175	2,016	645,707
Total - Governmental Activities	<u>756,090</u>	<u>13,890,180</u>	<u>463,492</u>	<u>2,016</u>	<u>15,111,778</u>
Amounts not scheduled for collection during the subsequent year	<u>132,816</u>	<u>7,512,372</u>	<u>-</u>	<u>-</u>	<u>7,645,188</u>

Payables at September 30, 2012, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:				
General Fund	208,483	122,079	8,174	338,736
Major Special Revenue Fund	120,076	31,542	-	151,618
Nonmajor Governmental Funds	106,800	9,481	-	116,281
Total - Governmental Activities	<u>435,359</u>	<u>163,102</u>	<u>8,174</u>	<u>606,635</u>
Amounts not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2012, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
County:				
Land	1,606,996	-	-	1,606,996
Buildings and Improvements	17,389,743	199,860	-	17,589,603
Construction in progress	-	-	-	-
Machinery and Equipment	8,721,827	319,138	(167,301)	8,873,664
Roads and Bridges	17,541,826	-	-	17,541,826
Totals at Historic Cost	<u>45,260,392</u>	<u>518,998</u>	<u>(167,301)</u>	<u>45,612,089</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,713,748)	(520,639)	-	(8,234,387)
Machinery and Equipment	(6,249,489)	(569,268)	154,605	(6,664,152)
Roads and Bridges	(12,513,394)	(621,896)	-	(13,135,290)
Total Accumulated Depreciation	<u>(26,476,631)</u>	<u>(1,711,803)</u>	<u>154,605</u>	<u>(28,033,829)</u>
Governmental Activities Capital Assets, Net	<u>18,783,761</u>	<u>(1,192,805)</u>	<u>(12,696)</u>	<u>17,578,260</u>

Depreciation expense was charged to governmental functions as follows:

General Government	12,005
Judicial	5,024
Legal	16,115
Financial administration	54,322
Public safety	245,988
Public transportation	909,748
Public facilities	438,293
Extension services	9,110
Health and welfare	21,198
	<u>1,711,803</u>

G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2012.

	<u>Interest Rate</u>	<u>Payable at 10/1/2011</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2012</u>	<u>Due within one year</u>
Certificates of Obligation:					
Annex Building	3.65%-5.125%	3,280,000	(145,000)	3,135,000	150,000
General Obligation:					
Refunding Bonds, Series 2010	.6%-4.25%	2,075,000	(215,000)	1,860,000	215,000
Notes Payable:					
Series 2006 Tax	4.15%	224,289	(112,142)	112,147	112,147
Leases Payable:					
Ag Extension Office	4.75%	152,716	(18,524)	134,192	19,456
8 Ford F-150's	3.99%	27,204	(27,204)	-	-
Caterpillar 140H Motor Grader	4.25%	144,453	(25,858)	118,595	26,979
2009 Peir Fire Truck	4.03%	51,877	(16,122)	35,755	16,788
Rex Mixer	3.60%	5,966	(5,966)	-	-
2011 Ford F450 Truck	3.98%	16,094	(16,094)	-	-
2008 New Holland Backhoe	3.92%	48,000	(22,550)	25,450	23,454
6 Ford F-150's	2.99%	120,984	(37,693)	83,291	41,024
Varioius Equipment-Pct #1 & #2	2.95%	217,761	(40,769)	176,992	42,313
AS 400	2.15%	-	81,849	65,372	20,165
			(16,477)		
Peterbilt Truck-Pct #1	1.99%	-	25,050	25,050	25,050
Dump Truck-Pct #1	2.10%	-	49,500	49,500	10,370
Civic Center Chiller/Boiler	1.99%	-	199,910	199,910	16,715
		<u>6,364,344</u>	<u>(343,090)</u>	<u>6,021,254</u>	<u>719,461</u>

G. CHANGES IN LONG-TERM DEBT cont'd

The debt service fund long-term debt as of September 30, 2012, follows:

(A) Certificates of Obligation Annex Building Due in annual installments with interest at 3.65%-5.125%	3,135,000
(B) General Obligation Refunding Bonds, Series 2010 Due in annual installments with interest at 0.60%-4.25%	1,860,000
(C) Note payable-Series 2006 Tax Due in annual installments with interest at 4.15%	112,147
(D) Lease Payable Ag Extension Office Due in monthly installments of \$2,124 including interest at 4.75%	134,192
(E) Lease payable Caterpillar 140M Motor Grader Due in monthly installments of \$2,625 including interest at 4.25%	118,595
(F) Lease payable 2009 Pier Fire Truck Due in monthly installments of \$1,493 including interest at 4.03%	35,755
(G) Lease payable 2008 New Holland Backhoe Due in monthly installments of \$2,003 including interest at 3.92%	25,450
(H) Lease payable six 2011 Ford F-150 Trucks Due in monthly installments of \$3,580 including interest at 2.99%	83,291
(I) Lease payable various equipment Due in monthly installments of \$3,914 including interest at 2.95%	176,992
(J) Lease payable AS 400 equipment Due in monthly installments of \$1,781 including interest at 2.15%	65,372
(K) Lease payable Peterbilt Truck Due in one installment of \$25,050 including interest at 1.99%	25,050
(L) Lease payable Dump Truck Due in monthly installments of \$1,094 including interest at 2.10%	49,500
(M) Lease payable Chiller/Boiler Due in monthly installments of \$1,839 including interest at 1.99%	199,910
	<u>6,021,254</u>

G. CHANGES IN LONG-TERM DEBT cont'd

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2012, follows:

Years Ending 9/30	Principal	Interest	Total
2013	365,000	168,856	533,856
2014	380,000	158,588	538,588
2015	390,000	147,798	537,798
2016	400,000	137,950	537,950
2017	415,000	126,976	541,976
2018-2022	1,445,000	468,618	1,913,618
2023-2027	1,385,000	214,438	1,599,438
2028-2032	125,000	34,408	159,408
2033-2037	90,000	7,648	97,648
Total	4,995,000	1,465,280	6,460,280

The annual requirements to amortize notes as of September 30, 2012, follows:

Years Ending 9/30	Principal	Interest	Total
2013	354,461	37,675	392,136
2014	205,481	23,536	229,017
2015	149,844	12,953	162,797
2016	135,169	8,293	143,462
2017	47,859	4,631	52,490
2018-2022	131,603	6,329	137,932
2023	1,837	3	1,840
Total	1,026,254	93,420	1,119,674

In March 2010, the County entered into a note with Pilgrim Bank. Proceeds from the note, \$183,275, were used to purchase a motor grader. Repayment will be made in monthly installments of \$2,625 including interest at 4.25% beginning in March 2010 until fully repaid in December 2016.

In May, 2010, the County entered into a note with Guaranty Bond Bank. Proceeds from the note, \$65,088, were used to purchase a 2009 Pier Fire Truck. Repayment will be made in monthly installments of \$1,493 including interest at 4.03% beginning in November, 2010 until fully repaid in October 2014.

In May, 2010 the County entered into a note with Guaranty Bond Bank. Proceeds from the note, \$66,900, were used to purchase a 2008 New Holland Backhoe. Repayment will be made in monthly installments of \$2,003 including interest at 3.92% beginning in November, 2010 until fully repaid in October 2013.

In March, 2011 the County entered into a note with Guaranty Bond Bank. Proceeds from the note, \$120,984, were used to purchase six 2011 Ford F-150's. Repayment will be made in monthly installments of \$3,850 including interest at 2.99% beginning in March 2010 until fully repaid in October 2014.

In September 2011, the County entered into a note with City National Bank. Proceeds from the note, \$217,761, were used to purchase a motor grader, 2 shredders, a Case Backhoe, and a 2005 Mack truck. Repayment will be made in monthly installments of \$2,625 including interest at 4.25% beginning in November 2011 until fully repaid in October, 2016.

In November 2010, the county refunded a portion of the County's outstanding debt. Proceeds from the bonds, \$2,270,000, refunded the Certificates of Obligation Series 1997, Series 2000, and Series 2005 and paid costs related to the issuance of the Bonds. This transaction resulted in a reduction in future debt service payments of \$443,179 and an economic gain of \$330,642 in present value. The principal balance of the refunded debt is \$2,007,000 at September 30, 2011. Repayments are being made in annual payments of principal and semi-annual payments of interest at rates from 0.60% to 4.25% beginning in March 2011 until fully repaid in September, 2035.

In August 2012, the County entered into a note with Guaranty Bond Bank. Proceeds from the note, \$199,910 were used to purchase a chiller/boiler for the Civic Center. Repayment will be made in monthly installments of \$1,839 including interest at 1.99% beginning in November 2012 until fully repaid in October 2022.

In May, 2012, the County entered into a note with City National Bank. Proceeds from the note, \$81,849, were used to purchase AS 400 equipment. Repayment will be made in monthly installments of \$1,781 including interest at 2.15% beginning in June 2012 until fully repaid in May, 2016.

G. CHANGES IN LONG-TERM DEBT cont'd

In September, 2012, the County entered into a note with Guaranty Bond Bank. Proceeds from the note, \$25,050, were used to purchase a Peterbilt truck. Repayment will be made in one payment of \$25,050 including interest at 1.99% in January 2013.

In January, 2012, the County entered into a note with Alliance Bank. Proceeds from the note, \$49,500, were used to purchase a Dump Truck for Precinct 1. Repayment will be made in monthly installments of \$1,094 including interest at 2.10% beginning in November 2012 until fully repaid in October 2016.

H. RETIREMENT PLAN

Plan Description. Hopkins County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and County 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 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members 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 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 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. The employer contributed using the actuarially determined rate of 11.78% for the months of the accounting year in 2011, and 12.39% for the months of the accounting year in 2012.

The deposit rate payable by the employee members for calendar year 2012 is the rate of 7.00% as adopted by the governing body of the employer.

Annual Pension Cost. For the employer's accounting year ending September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$784,195, and the actual contributions were \$784,195.

1. Annual required contributions (ARC)	784,195
2. Interest on net pension obligation	-
3. Adjustment to ARC	-
4. Annual pension cost	784,195
5. Contributions made	784,195
6. Increase (decrease) in NPO	-
7. NPO beginning of year	-
8. NPO end of year	-

H. RETIREMENT PLAN cont'd

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, 2009 and December 31, 2010, the basis for determining the contribution rates for calendar years 2011 and 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/09	12/31/10	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10 yr. smoothed value ESF: Fund value	SAF: 10 yr. smoothed value ESF: Fund value	SAF: 10 yr. smoothed value ESF: Fund value

Actuarial Assumptions:

Investment return ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.4%	5.4%	5.4%
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
for the Retirement Plan for the Employees of Hopkins County**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	787,636	100%	-
2011	806,602	100%	-
2012	784,195	100%	-

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll ¹	UAAL as a Percentage of Covered Payroll
12/31/09	16,148,685	19,660,480	3,511,795	82.14%	6,906,692	50.85%
12/31/10	17,122,431	20,917,430	3,794,999	81.86%	6,811,924	55.71%
12/31/11	18,079,951	22,027,674	3,947,723	82.08%	6,672,118	59.17%

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

I. FEDERAL GRANTS

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

J. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2012, the County purchased commercial insurance to cover general liabilities. 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.

K. COMMITMENTS AND CONTINGENCIES

The County has no significant commitments or contingencies at September 30, 2012.

L. LITIGATION

The County has no pending litigation at September 30, 2012

M. DEFICIT FUND BALANCES

Some non-major special revenue funds have deficit fund balances at September 30, 2012. The law library fund has a deficit fund balance of \$15 thousand. Costs continue to be trimmed. This fund improved by \$2 thousand. The Civic Center Horse Pavillion Construction fund has a deficit fund balance of \$98 at September 30, 2012. Additional transfers from the general fund will be budgeted in the future to correct this. The Civic Center fund has a deficit fund balance of \$22 thousand at September 30, 2012. This deficit decreased \$44 thousand this fiscal year. Revenues are increasing. The Courthouse Security fund has a deficit fund balance of \$6 thousand. Transfers from the general fund are possible to correct this.

N. COMPENSATED ABSENCES

The liability for compensated absences is reflected on the government wide statements. The liability increased from \$317,484 at September 30, 2011 to \$342,630 at September 30, 2012.

The liability is composed of:

Vacation	285,897
Comp. Time	34,098
Holiday	<u>22,635</u>
Total	<u>342,630</u>

All of these are payable upon employee separation from duty.

O. SUBSEQUENT EVENT

Management has evaluated subsequent events through February 1, 2013, the financial statement issuance date. Subsequent to September 30, 2012, the County issued the Hopkins County, Texas, Combination Tax and Hotel Tax Certificates of Obligation Series 2013 for \$700,000. This is to pay for renovations to the Regional Civic Center. It is to be repaid from Hotel/Motel occupancy taxes.

COMBINING SCHEDULES

HOPKINS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	Record Management Fund	Civic Center Hotel/Motel Tax	Child Abuse Prevention	Civic Center Fund
ASSETS				
Cash and Cash Equivalents	\$ 27,862	\$ 50,152	\$ 1,951	\$ (39,756)
Receivables (Net)	603	32,395	4,560	8,475
Prepaid Items	-	-	-	39,115
Total Assets	<u>\$ 28,465</u>	<u>\$ 82,547</u>	<u>\$ 6,511</u>	<u>\$ 7,834</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ 616	\$ 6,207	\$ -	\$ 30,109
Due to Other Funds	-	-	-	-
Deferred Revenues	295	-	4,560	-
Total Liabilities	<u>911</u>	<u>6,207</u>	<u>4,560</u>	<u>30,109</u>
Fund Balances:				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	27,554	76,340	1,951	(22,275)
Total Fund Balances	<u>27,554</u>	<u>76,340</u>	<u>1,951</u>	<u>(22,275)</u>
Total Liabilities and Fund Balances	<u>\$ 28,465</u>	<u>\$ 82,547</u>	<u>\$ 6,511</u>	<u>\$ 7,834</u>

EXHIBIT E-1

JP Computer Tech	District Attorney	Law Library	Records Preservation DC/CC	Courthouse Security	Justice Court Security	HAVA Grant	PCT #1 House
\$ 1,467	\$ 93,050	\$ (13,120)	\$ 50,872	\$ (6,218)	\$ 9,381	\$ (807)	\$ 171
18,613	552	42,110	61,933	34,024	3,244	1,210	-
-	-	-	-	-	-	585	304
<u>\$ 20,080</u>	<u>\$ 93,602</u>	<u>\$ 28,990</u>	<u>\$ 112,805</u>	<u>\$ 27,806</u>	<u>\$ 12,625</u>	<u>\$ 988</u>	<u>\$ 475</u>
\$ -	\$ 566	\$ 2,303	\$ 566	\$ 561	\$ 85	\$ -	\$ 108
-	-	-	-	-	-	-	-
18,373	-	41,725	61,620	33,715	3,185	-	-
<u>18,373</u>	<u>566</u>	<u>44,028</u>	<u>62,186</u>	<u>34,276</u>	<u>3,270</u>	<u>-</u>	<u>108</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,707	93,036	(15,038)	50,619	(6,470)	9,355	988	367
<u>1,707</u>	<u>93,036</u>	<u>(15,038)</u>	<u>50,619</u>	<u>(6,470)</u>	<u>9,355</u>	<u>988</u>	<u>367</u>
<u>\$ 20,080</u>	<u>\$ 93,602</u>	<u>\$ 28,990</u>	<u>\$ 112,805</u>	<u>\$ 27,806</u>	<u>\$ 12,625</u>	<u>\$ 988</u>	<u>\$ 475</u>

HOPKINS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	R&B Special Maintenance	Farm to Market Spec. Fund	Pleasant Grove Spec. Assessment	County Clerk Archive
ASSETS				
Cash and Cash Equivalents	\$ 22,193	\$ 21,383	\$ -	\$ 52,560
Receivables (Net)	20,557	20,698	2,016	274
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 42,750</u>	<u>\$ 42,081</u>	<u>\$ 2,016</u>	<u>\$ 52,834</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	2,016	-
Deferred Revenues	19,252	19,409	-	-
Total Liabilities	<u>19,252</u>	<u>19,409</u>	<u>2,016</u>	<u>-</u>
Fund Balances:				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	23,498	22,672	-	52,834
Total Fund Balances	<u>23,498</u>	<u>22,672</u>	<u>-</u>	<u>52,834</u>
Total Liabilities and Fund Balances	<u>\$ 42,750</u>	<u>\$ 42,081</u>	<u>\$ 2,016</u>	<u>\$ 52,834</u>

ORCA Grant #729107 & #710107	Homeland Security Grant	CDBG Grant #711270	BJA 09 Recovery Act Justice Grant	Sheriff's Office Drug Forfeiture	District Attorney Forfeiture	Co. Attny Check Collection	Dist. Attny Check Collection
\$ -	\$ -	\$ -	\$ -	\$ 18,942	\$ 125,158	\$ 227	\$ 608
-	-	-	-	-	-	311	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,942</u>	<u>\$ 125,158</u>	<u>\$ 538</u>	<u>\$ 608</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471	\$ 194	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	471	194	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	18,942	124,687	344	608
-	-	-	-	18,942	124,687	344	608
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,942</u>	<u>\$ 125,158</u>	<u>\$ 538</u>	<u>\$ 608</u>

HOPKINS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	Court Record Archive Fund	Co. Clerk & Dist. Clerk Technology	Civic Center Seco Grant	Sheriff's Office Fed. Forf.
ASSETS				
Cash and Cash Equivalents	\$ 14,702	\$ 1,591	\$ -	\$ 2,611
Receivables (Net)	3,840	513	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 18,542</u>	<u>\$ 2,104</u>	<u>\$ -</u>	<u>\$ 2,611</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenditures	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenues	3,792	501	-	-
Total Liabilities	<u>3,792</u>	<u>501</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted Fund Balance:				
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	14,750	1,603	-	2,611
Total Fund Balances	<u>14,750</u>	<u>1,603</u>	<u>-</u>	<u>2,611</u>
Total Liabilities and Fund Balances	<u>\$ 18,542</u>	<u>\$ 2,104</u>	<u>\$ -</u>	<u>\$ 2,611</u>

Dist. Attny Federal Forfeiture	Texas Mitigation Grant	Court of Appeals Fee	County Attny Special Restitution	Total Nonmajor Special Revenue Funds	Debt Service Fund	Courthouse Restoration Fund	Civic Center Horse Pavillion
\$ 46	\$ (24,888)	\$ 159	\$ 3,152	\$ 413,449	\$ 36,652	\$ (6,038)	\$ (98,022)
-	24,888	1,112	-	281,928	39,222	96,089	-
-	-	-	-	40,004	-	-	-
<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 1,271</u>	<u>\$ 3,152</u>	<u>\$ 735,381</u>	<u>\$ 75,874</u>	<u>\$ 90,051</u>	<u>\$ (98,022)</u>
\$ -	\$ -	\$ 370	\$ -	\$ 42,156	\$ -	\$ 74,125	\$ -
-	-	-	-	2,016	-	-	-
-	-	1,092	-	207,519	36,547	-	-
-	-	1,462	-	251,691	36,547	74,125	-
-	-	-	-	-	-	15,926	(98,022)
-	-	-	-	-	39,327	-	-
46	-	(191)	3,152	483,690	-	-	-
<u>46</u>	<u>-</u>	<u>(191)</u>	<u>3,152</u>	<u>483,690</u>	<u>39,327</u>	<u>15,926</u>	<u>(98,022)</u>
<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 1,271</u>	<u>\$ 3,152</u>	<u>\$ 735,381</u>	<u>\$ 75,874</u>	<u>\$ 90,051</u>	<u>\$ (98,022)</u>

HOPKINS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	Bond Issue 2007	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 324,079	\$ 220,019	\$ 670,120
Receivables (Net)	-	96,089	417,239
Prepaid Items	-	-	40,004
Total Assets	<u>\$ 324,079</u>	<u>\$ 316,108</u>	<u>\$ 1,127,363</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ -	\$ 74,125	\$ 116,281
Due to Other Funds	-	-	2,016
Deferred Revenues	-	-	244,066
Total Liabilities	<u>-</u>	<u>74,125</u>	<u>362,363</u>
Fund Balances:			
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	324,079	241,983	241,983
Retirement of Long-Term Debt	-	-	39,327
Reported in Special Revenue Funds	-	-	483,690
Total Fund Balances	<u>324,079</u>	<u>241,983</u>	<u>765,000</u>
Total Liabilities and Fund Balances	<u>\$ 324,079</u>	<u>\$ 316,108</u>	<u>\$ 1,127,363</u>

HOPKINS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Record Management Fund	Civic Center Hotel/Motel Tax	Child Abuse Prevention	Civic Center Fund
REVENUES:				
Taxes	\$ -	\$ 280,748	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Fees of Office	37,700	-	683	271,183
Fines and Forfeitures	-	-	-	-
Investment Earnings	257	600	20	199
Other Revenue	-	-	-	5,789
Total Revenues	<u>37,957</u>	<u>281,348</u>	<u>703</u>	<u>277,171</u>
EXPENDITURES:				
Current:				
General government	24,476	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Public facilities	-	49,984	-	528,836
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	5,350	-	199,860
Total Expenditures	<u>24,476</u>	<u>55,334</u>	<u>-</u>	<u>728,696</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,481</u>	<u>226,014</u>	<u>703</u>	<u>(451,525)</u>
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	-	-	-	199,860
Transfers In	-	-	-	275,000
Insurance Proceeds	-	-	-	18,652
Sale of Assets	-	-	-	2,432
Transfers Out (Use)	-	(150,732)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(150,732)</u>	<u>-</u>	<u>495,944</u>
Net Change in Fund Balance	13,481	75,282	703	44,419
Fund Balance - October 1 (Beginning)	<u>14,073</u>	<u>1,058</u>	<u>1,248</u>	<u>(66,694)</u>
Fund Balance - September 30 (Ending)	<u>\$ 27,554</u>	<u>\$ 76,340</u>	<u>\$ 1,951</u>	<u>\$ (22,275)</u>

JP Computer Tech	District Attorney	Law Library	Records Preservation DC/CC	Courthouse Security	Justice Court Security	HAVA Grant	PCT #1 House
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	95,671	-	-	-	-	-	-
-	-	24,753	24,832	21,033	2,736	1,210	4,720
10,872	-	-	-	-	-	-	-
15	670	3	632	3	118	47	2
-	5,789	-	-	-	-	-	-
<u>10,887</u>	<u>102,130</u>	<u>24,756</u>	<u>25,464</u>	<u>21,036</u>	<u>2,854</u>	<u>1,257</u>	<u>4,722</u>
-	-	-	29,549	19,456	2,398	15,584	-
11,337	-	-	-	-	-	-	-
-	226,313	23,154	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,448
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,337</u>	<u>226,313</u>	<u>23,154</u>	<u>29,549</u>	<u>19,456</u>	<u>2,398</u>	<u>15,584</u>	<u>3,448</u>
(450)	(124,183)	1,602	(4,085)	1,580	456	(14,327)	1,274
-	-	-	-	-	-	-	-
-	201,252	-	-	5,000	-	-	5,500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(6,103)
-	<u>201,252</u>	-	-	<u>5,000</u>	-	-	<u>(603)</u>
(450)	77,069	1,602	(4,085)	6,580	456	(14,327)	671
2,157	15,967	(16,640)	54,704	(13,050)	8,899	15,315	(304)
<u>\$ 1,707</u>	<u>\$ 93,036</u>	<u>\$ (15,038)</u>	<u>\$ 50,619</u>	<u>\$ (6,470)</u>	<u>\$ 9,355</u>	<u>\$ 988</u>	<u>\$ 367</u>

HOPKINS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	R&B Special Maintenance	Farm to Market Spec. Fund	Pleasant Grove Spec. Assessment	County Clerk Archive
REVENUES:				
Taxes	\$ 255,377	\$ 254,525	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Fees of Office	-	-	-	33,900
Fines and Forfeitures	-	-	-	-
Investment Earnings	350	610	-	699
Other Revenue	-	-	-	-
Total Revenues	<u>255,727</u>	<u>255,135</u>	<u>-</u>	<u>34,599</u>
EXPENDITURES:				
Current:				
General government	-	-	-	32,871
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	56	-	-
Public facilities	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>56</u>	<u>-</u>	<u>32,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>255,727</u>	<u>255,079</u>	<u>-</u>	<u>1,728</u>
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Insurance Proceeds	-	-	-	-
Sale of Assets	-	-	-	-
Transfers Out (Use)	(250,000)	(249,943)	-	-
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(249,943)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,727	5,136	-	1,728
Fund Balance - October 1 (Beginning)	<u>17,771</u>	<u>17,536</u>	<u>-</u>	<u>51,106</u>
Fund Balance - September 30 (Ending)	<u>\$ 23,498</u>	<u>\$ 22,672</u>	<u>\$ -</u>	<u>\$ 52,834</u>

ORCA Grant #729107 & #710107	Homeland Security Grant	CDBG Grant #711270	BJA 09 Recovery Act Justice Grant	Sheriff's Office Drug Forfeiture	District Attorney Forfeiture	Co. Attny Check Collection	Dist. Attny Check Collection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,500	95,155	26,950	1,371	-	-	8,913	375
-	-	-	-	50,265	98,402	-	-
-	-	-	-	105	1,765	-	-
-	-	-	-	-	-	-	-
<u>5,500</u>	<u>95,155</u>	<u>26,950</u>	<u>1,371</u>	<u>50,370</u>	<u>100,167</u>	<u>8,913</u>	<u>375</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	15,433	-
10,500	98,388	-	-	27,087	81,687	-	-
-	-	26,950	1,371	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,500</u>	<u>98,388</u>	<u>26,950</u>	<u>1,371</u>	<u>27,087</u>	<u>81,687</u>	<u>15,433</u>	<u>-</u>
(5,000)	(3,233)	-	-	23,283	18,480	(6,520)	375
-	-	-	-	-	-	-	-
-	3,233	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(7,601)	-	-	-
-	3,233	-	-	(7,601)	-	-	-
(5,000)	-	-	-	15,682	18,480	(6,520)	375
5,000	-	-	-	3,260	106,207	6,864	233
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,942</u>	<u>\$ 124,687</u>	<u>\$ 344</u>	<u>\$ 608</u>

HOPKINS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Court Record Archive Fund	Co. Clerk & Dist. Clerk Technology	Civic Center Seco Grant	Sheriff's Office Fed. Forf.
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Fees of Office	5,608	858	144	-
Fines and Forfeitures	-	-	-	1,053
Investment Earnings	148	14	-	25
Other Revenue	-	-	-	-
Total Revenues	5,756	872	144	1,078
EXPENDITURES:				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Public facilities	-	-	144	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	144	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,756	872	-	1,078
OTHER FINANCING SOURCES (USES):				
Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Insurance Proceeds	-	-	-	-
Sale of Assets	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	5,756	872	-	1,078
Fund Balance - October 1 (Beginning)	8,994	731	-	1,533
Fund Balance - September 30 (Ending)	\$ 14,750	\$ 1,603	\$ -	\$ 2,611

Dist. Attny Federal Forfeiture	Texas Mitigation Grant	Court of Appeals Fee	County Attny Special Restitution	Total Nonmajor Special Revenue Funds	Debt Service Fund	Courthouse Restoration Fund	Civic Center Horse Pavillion
\$ -	\$ -	\$ -	\$ -	\$ 790,650	\$ 574,599	\$ -	\$ -
-	24,888	-	-	249,535	-	219,174	-
-	-	-	-	438,648	-	-	-
-	-	-	-	160,592	-	-	-
4	-	2	-	6,288	5,042	84	-
-	-	3,730	-	15,308	-	758	-
<u>4</u>	<u>24,888</u>	<u>3,732</u>	<u>-</u>	<u>1,661,021</u>	<u>579,641</u>	<u>220,016</u>	<u>-</u>
-	-	-	-	124,334	-	-	-
-	-	-	-	11,337	-	-	-
-	-	-	-	264,900	-	-	-
-	-	-	-	207,162	-	-	-
-	33,184	-	-	43,740	-	-	-
-	-	-	-	582,412	-	-	-
-	-	-	-	28,321	-	210,707	-
2,322	-	4,410	-	6,732	-	-	-
-	-	-	-	-	472,143	-	-
-	-	-	-	-	187,911	-	-
-	-	-	-	-	1,000	-	-
-	-	-	-	205,210	-	-	-
<u>2,322</u>	<u>33,184</u>	<u>4,410</u>	<u>-</u>	<u>1,474,148</u>	<u>661,054</u>	<u>210,707</u>	<u>-</u>
<u>(2,318)</u>	<u>(8,296)</u>	<u>(678)</u>	<u>-</u>	<u>186,873</u>	<u>(81,413)</u>	<u>9,309</u>	<u>-</u>
-	-	-	-	199,860	-	-	-
-	-	-	-	489,985	61,835	-	20,000
-	-	-	-	18,652	-	-	-
-	8,296	-	-	10,728	-	-	-
-	-	-	-	(664,379)	-	-	-
-	<u>8,296</u>	<u>-</u>	<u>-</u>	<u>54,846</u>	<u>61,835</u>	<u>-</u>	<u>20,000</u>
(2,318)	-	(678)	-	241,719	(19,578)	9,309	20,000
<u>2,364</u>	<u>-</u>	<u>487</u>	<u>3,152</u>	<u>241,971</u>	<u>58,905</u>	<u>6,617</u>	<u>(118,022)</u>
<u>\$ 46</u>	<u>\$ -</u>	<u>\$ (191)</u>	<u>\$ 3,152</u>	<u>\$ 483,690</u>	<u>\$ 39,327</u>	<u>\$ 15,926</u>	<u>\$ (98,022)</u>

HOPKINS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Bond Issue 2007	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,365,249
Intergovernmental Revenue and Grants	-	219,174	468,709
Fees of Office	-	-	438,648
Fines and Forfeitures	-	-	160,592
Investment Earnings	113	197	11,527
Other Revenue	-	758	16,066
Total Revenues	113	220,129	2,460,791
EXPENDITURES:			
Current:			
General government	-	-	124,334
Judicial	-	-	11,337
Legal	-	-	264,900
Public safety	-	-	207,162
Public transportation	20,753	20,753	64,493
Public facilities	-	-	582,412
Intergovernmental	-	210,707	239,028
Miscellaneous	-	-	6,732
Debt Service:			
Principal	-	-	472,143
Interest	-	-	187,911
Fees	-	-	1,000
Capital Outlay:			
Capital Outlay	-	-	205,210
Total Expenditures	20,753	231,460	2,366,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,640)	(11,331)	94,129
OTHER FINANCING SOURCES (USES):			
Lease Proceeds	-	-	199,860
Transfers In	-	20,000	571,820
Insurance Proceeds	-	-	18,652
Sale of Assets	-	-	10,728
Transfers Out (Use)	-	-	(664,379)
Total Other Financing Sources (Uses)	-	20,000	136,681
Net Change in Fund Balance	(20,640)	8,669	230,810
Fund Balance - October 1 (Beginning)	344,719	233,314	534,190
Fund Balance - September 30 (Ending)	\$ 324,079	\$ 241,983	\$ 765,000

AGENCY FUNDS

Hopkins County, Texas
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—AGENCY FUNDS
 as of September 30, 2012

	<u>Tax Assessor Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>	<u>Justice of the Peace Number One</u>
ASSETS					
Cash and cash equivalents	248,946	38,650	566,457	164,517	3,033
Total assets	248,946	38,650	566,457	164,517	3,033
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	-	-
Due to others	248,946	38,650	566,457	164,517	3,033
Total liabilities	248,946	38,650	566,457	164,517	3,033

<u>Justice of the Peace Number Two</u>	<u>County Attorney</u>	<u>District Attorney</u>	<u>Payroll Clearing Fund</u>	<u>Vouchers Payable Fund</u>	<u>Total Agency Funds</u>
6,248	2,477	491,871	17,359	16,300	1,555,858
<hr/>					
6,248	2,477	491,871	17,359	16,300	1,555,858
<hr/>					
-	-	-	17,359	16,300	33,659
6,248	2,477	491,871	-	-	1,522,199
<hr/>					
6,248	2,477	491,871	17,359	16,300	1,555,858
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SUPPLEMENTAL INFORMATION

Hopkins County, Texas
General Fund-By Department
Budgetary Comparison Schedule
for the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	7,044,710	7,044,710	7,270,859	226,149
Intergovernmental revenue and grants	229,423	257,706	276,672	18,966
Fees of office	887,250	887,250	1,128,941	241,691
Fines and forfeitures	525,000	525,000	574,015	49,015
Investment earnings	40,000	40,000	52,171	12,171
Other revenue	214,326	217,727	194,784	(22,943)
Total Revenues	8,940,709	8,972,393	9,497,442	525,049
EXPENDITURES:				
Current:				
General Government				
County Judge	150,636	150,636	140,901	9,735
County Administration	633,484	570,353	567,464	2,889
Risk Management	236,700	236,700	218,739	17,961
County Clerk	280,732	280,732	277,059	3,673
Archive Project	-	-	-	-
Veteran Service	34,086	34,086	32,833	1,253
Nondepartmental	-	-	-	-
	-	81,414	77,515	3,899
Total General Government	1,335,638	1,353,921	1,314,511	39,410
Judicial				
County Court	247,903	247,903	234,707	13,196
8th District Court	276,601	276,601	230,187	46,414
62nd District Court	82,015	82,015	56,757	25,258
District Clerk	318,224	318,224	297,431	20,793
Justice of the Peace #1	141,850	141,850	141,533	317
Justice of the Peace #2	141,850	141,850	141,480	370
Total Judicial	1,208,443	1,208,443	1,102,095	106,348
Legal				
County Attorney	194,668	194,668	193,393	1,275
Total Legal	194,668	194,668	193,393	1,275
Financial Administration				
County Auditor	193,143	193,143	192,029	1,114
County Treasurer	103,329	103,329	103,000	329
Tax Assessor Collector	327,215	327,215	318,493	8,722
Information Systems	162,406	157,971	155,118	2,853
Total Financial Administration	786,093	781,658	768,640	13,018
Public Facilities				
Building Maintenance	241,924	281,924	213,180	68,744
Total Public Facilities	241,924	281,924	213,180	68,744

Hopkins County, Texas
 General Fund-By Department
 Budgetary Comparison Schedule
 for the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
Public Safety				
Volunteer Fire Department	130,011	127,303	121,203	6,100
County Fire Department	414,272	422,780	422,769	11
Constable #1	68,623	68,623	66,175	2,448
Constable #2	69,774	69,774	69,298	476
Sheriff's Department	1,707,946	1,731,064	1,709,516	21,548
State Agencies	38,436	38,436	37,344	1,092
Dispatch	363,756	366,232	357,426	8,806
Jail	1,432,392	1,422,929	1,402,283	20,646
Juvenile Probation	67,488	150,476	144,168	6,308
Juvenile/Adult Probation Building	28,400	28,400	24,573	3,827
Total Public Safety	4,321,098	4,426,017	4,354,755	71,262
Health and Welfare				
Environmental Quality	18,600	18,600	18,600	-
Recycling	-	-	-	-
Total Health and Welfare	18,600	18,600	18,600	-
County Extension				
Extension Office	68,300	68,300	67,940	360
Total County Extension	68,300	68,300	67,940	360
Elections				
Elections	63,250	63,250	54,625	8,625
Total Elections	63,250	63,250	54,625	8,625
Debt Service				
Principal	116,020	116,020	116,019	1
Interest	17,933	17,933	16,149	1,784
Capital outlay	40,000	140,222	138,938	1,284
Total expenditures	8,417,967	8,670,953	8,358,845	312,108
Excess (deficiency) of revenues over (under) expenditures	522,742	301,440	1,138,597	837,157
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	81,849	81,849	-
Transfers In	-	7,601	7,601	-
Insurance proceeds	-	12,250	11,906	(344)
Sale of Assets	-	47	47	-
Transfers Out (Use)	(489,240)	(409,485)	(409,485)	-
Total other resources	(489,240)	(307,738)	(308,082)	(344)
Excess of revenues and other sources over (under) expenditures and other uses	33,502	(6,298)	830,515	836,813
FUND BALANCE				
Beginning of year	1,432,433	1,432,433	1,432,433	-
End of year	<u>1,465,935</u>	<u>1,426,135</u>	<u>2,262,948</u>	<u>836,813</u>

Hopkins County, Texas
Road and bridge Maintenance Fund
Budgetary Comparison Schedule
for the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	2,166,587	2,166,587	2,197,148	30,561
Intergovernmental revenue and grants	64,000	73,534	89,900	16,366
Fees of office	725,000	725,000	746,494	21,494
Investment earnings	9,500	9,500	11,762	2,262
Other revenue	5,000	19,000	54,524	35,524
Total Revenues	2,970,087	2,993,621	3,099,828	106,207
EXPENDITURES:				
Current:				
Public Transportation				
Road and Bridge Number One				
Personnel	374,041	354,211	353,661	550
Operating	399,363	441,868	441,861	7
Debt Service	41,596	43,845	43,845	-
Capital	50,000	109,500	109,500	-
Total Road and Bridge Number One	865,000	949,424	948,867	557
Road and Bridge Number Two				
Personnel	377,245	263,308	263,302	6
Operating	414,130	537,375	537,293	82
Debt Service	56,500	56,392	56,391	1
Capital	17,125	10,000	10,000	-
Total Road and Bridge Number Two	865,000	867,075	866,986	89
Road and Bridge Number Three				
Personnel	368,186	363,186	357,217	5,969
Operating	456,814	505,662	506,105	(443)
Capital	40,000	6,364	5,500	864
Total Road and Bridge Number Three	865,000	875,212	868,822	6,390
Road and Bridge Number Four				
Personnel	303,300	324,040	324,035	5
Operating	487,668	497,524	483,563	13,961
Debt Service	24,032	24,032	24,032	-
Capital	50,000	50,000	49,850	150
Total Road and Bridge Number Four	865,000	895,596	881,480	14,116
Total expenditures	3,460,000	3,587,307	3,566,155	21,152
Excess (deficiency) of revenues over (under) expenditures	(489,913)	(593,686)	(466,327)	127,359
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	74,500	74,500	-
Transfers in	500,000	500,000	499,943	(57)
Insurance proceeds	-	15,055	15,055	-
Sale of assets	-	19,718	19,896	-
Transfers out	-	(5,500)	(5,500)	-
Total other resources	500,000	603,773	603,894	(57)
Excess of revenues and other sources over (under) expenditures and other uses	10,087	10,087	137,567	127,480
FUND BALANCE				
Beginning of year	416,779	416,779	416,779	-
End of year	426,866	426,866	554,346	127,480

Hopkins County, Texas
 BUDGETARY COMPARISON SCHEDULE
 Debt Service Fund
 for the year ended September 30, 2012

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	564,860	564,860	574,599	9,739
Investment earnings	4,000	4,000	5,042	1,042
Total revenues	<u>568,860</u>	<u>568,860</u>	<u>579,641</u>	<u>10,781</u>
EXPENDITURES				
Debt service-principal	472,143	472,143	472,143	-
Debt service-interest and fees	189,747	189,747	188,911	836
Total expenditures	<u>661,890</u>	<u>661,890</u>	<u>661,054</u>	<u>836</u>
Excess of revenues over (under) expenditures	<u>(93,030)</u>	<u>(93,030)</u>	<u>(81,413)</u>	<u>11,617</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	61,835	61,835	61,835	-
Total other sources (uses)	<u>61,835</u>	<u>61,835</u>	<u>61,835</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(31,195)</u>	<u>(31,195)</u>	<u>(19,578)</u>	<u>11,617</u>
FUND BALANCE				
Beginning of year	58,905	58,905	58,905	-
End of year	<u>27,710</u>	<u>27,710</u>	<u>39,327</u>	<u>11,617</u>

FEDERAL AWARDS SECTION



ARNOLD, WALKER, ARNOLD, & CO., P.C.

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MEMBER

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Certified Public Accountants

Texas State Society Of
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

The Honorable Judge and
County Commissioners
Hopkins County, Texas
Sulphur Springs, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins County as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Hopkins County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 12-1 and 12-2 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hopkins County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The tests performed provide sufficient, appropriate evidence to support the results of our testing. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

February 1, 2013

Hopkins County, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2012

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of Hopkins County, Texas was an unqualified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. See below, none are material weaknesses
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee.
NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- e. The type of report the auditor issued on compliance for major programs. N/A
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Section.510(a).
These include: N/A
- g. An identification of major programs: N/A
- h. The dollar threshold used to distinguish between Type A and Type B programs. N/A
- i. A statement as to whether the auditee qualified as a low-risk auditee. N/A

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

12-1 DISTRICT ATTORNEY

- Condition-** The subsidiary ledger on the pending account does not equal the reconciled bank balance for the pending account.
- Criteria-** Internal controls call for a subsidiary ledger detailing the pending funds held that agrees to the reconciled bank balance at the end of each month.
- Cause-** The reason for the difference between the subsidiary ledger and the cash balance has not yet been identified.
- Effect-** The subsidiary ledger balance exceeds the reconciled bank balance by approximately \$4,800.

12-2 INMATE TRUST FUND

- Condition-** The inmate trust fund subsidiary ledger is not reconciled to the reconciled bank balance each month.
- Criteria-** Internal controls call for a subsidiary ledger detailing the funds held that agree to the reconciled bank balance at the end of each month.
- Cause-** The detail of the trust fund subsidiary ledger totals approximately \$15,500 at September 30, 2012. The reconciled bank balance reflects approximately \$76,000 as of that date.
- Effect-** At September 30, 2012, the bank balance exceeds the subsidiary ledger by \$60,500. So, there is more money in the account than is substantiated by the inmate balance.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

Hopkins County, Texas
SCHEDULE OF STATUS OF PRIOR FINDINGS
For the year ended September 30, 2012

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

11-1 District Attorney

The subsidiary ledger on the pending account did not equal the reconciled bank balance for the pending account.

11-2 Inmate Trust Account

The inmate trust fund subsidiary ledger was not reconciled to the reconciled bank balance.

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

See 11-1 The reconciliations are being worked on. There is still a difference between the subsidiary ledger and the reconciled bank balance.

See 11-2 The reconciliations are being worked on. There is more money in the bank than the subsidiary ledger.

Hopkins County, Texas
CORRECTIVE ACTION PLAN
For the year ended September 30, 2012

- 12-1 The subsidiary ledger on the District Attorney Pending Account will be reviewed and agreed to the reconciled bank balance each month.
- 12-2 The subsidiary ledger for the Inmate Trust Fund will be agreed to the reconciled bank balance each month.

Hopkins County, Texas
 FEDERAL PROGRAM PROJECT SCHEDULE
 PROJECTS THAT ENDED OR WERE IN OPERATION
 For the year ended September 30, 2012

Federal Grantor: U.S. Department of HUD

Pass Through Grantor: TDRA

CFDA # 14.255, Project #710107, Contract Period: 7/18/10-7/17/12

	<u>Budget</u>	<u>Prior Year</u>	<u>Federal Current Year</u>	<u>Total</u>
REVENUE				
Federal	<u>350,000</u>	<u>347,500</u>	<u>2,500</u>	<u>350,000</u>
EXPENSES				
Street Improvements	243,750	243,750	-	243,750
Flood Drainage	81,250	81,250	-	81,250
Administration	<u>25,000</u>	<u>22,500</u>	<u>2,500</u>	<u>25,000</u>
TOTAL EXPENSES	<u>350,000</u>	<u>347,500</u>	<u>2,500</u>	<u>350,000</u>
EXCESS REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Hopkins County, Texas
FEDERAL PROGRAM PROJECT SCHEDULE
PROJECTS THAT ENDED OR WERE IN OPERATION
For the year ended September 30, 2012

Federal Grantor: U.S. Department of HUD
Pass Through Grantor: TDRA
CFDA # 14.228, Project #711270, Contract Period: 10/1/11-9/30/13

	<u>Budget</u>	<u>Prior Year</u>	<u>Federal Current Year</u>	<u>Total</u>
REVENUE				
Federal	<u>272,300</u>	<u>-</u>	<u>26,950</u>	<u>26,950</u>
EXPENSES				
Water Improvements	215,300	-	-	-
Engineering	30,000	-	13,450	13,450
Administration	<u>27,000</u>	<u>-</u>	<u>13,500</u>	<u>13,500</u>
TOTAL EXPENSES	<u>272,300</u>	<u>-</u>	<u>26,950</u>	<u>26,950</u>
EXCESS REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>