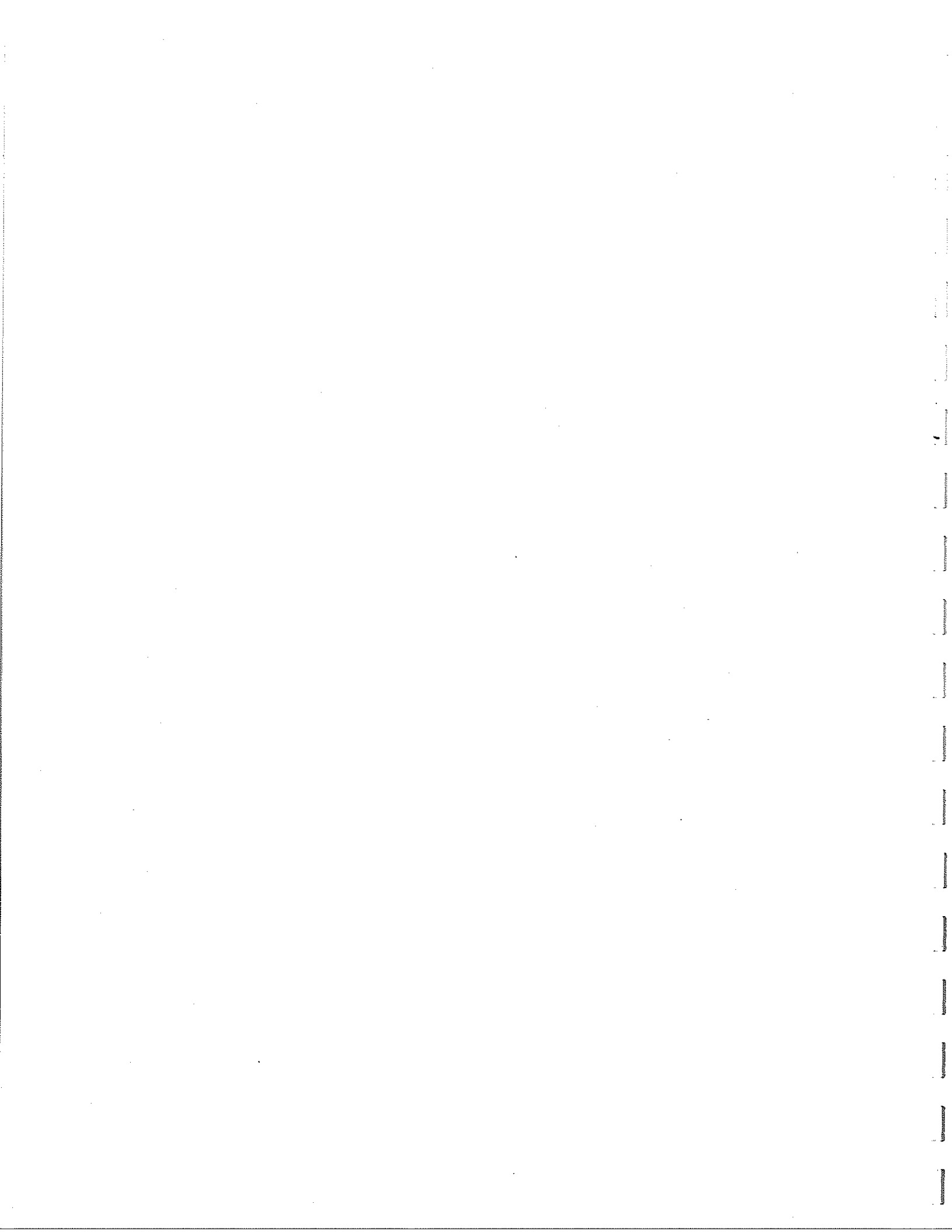


STARR COUNTY, TEXAS

Annual Financial Report

**For the Year Ended
September 30, 2010**



STARR COUNTY, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge
and County Commissioners
Starr County, Texas

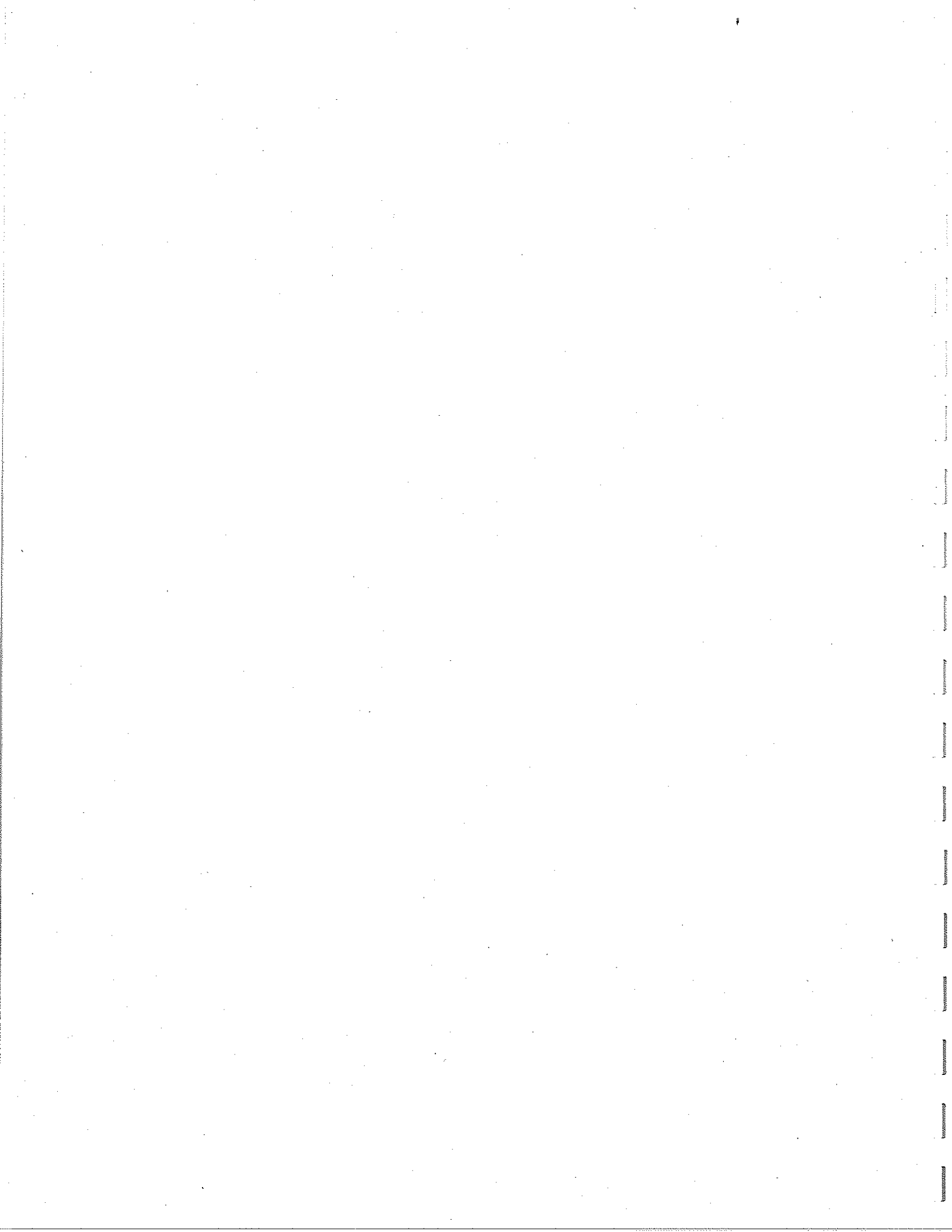
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Starr County, Texas as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Starr County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Starr County, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2011, on our consideration of Starr 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 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.

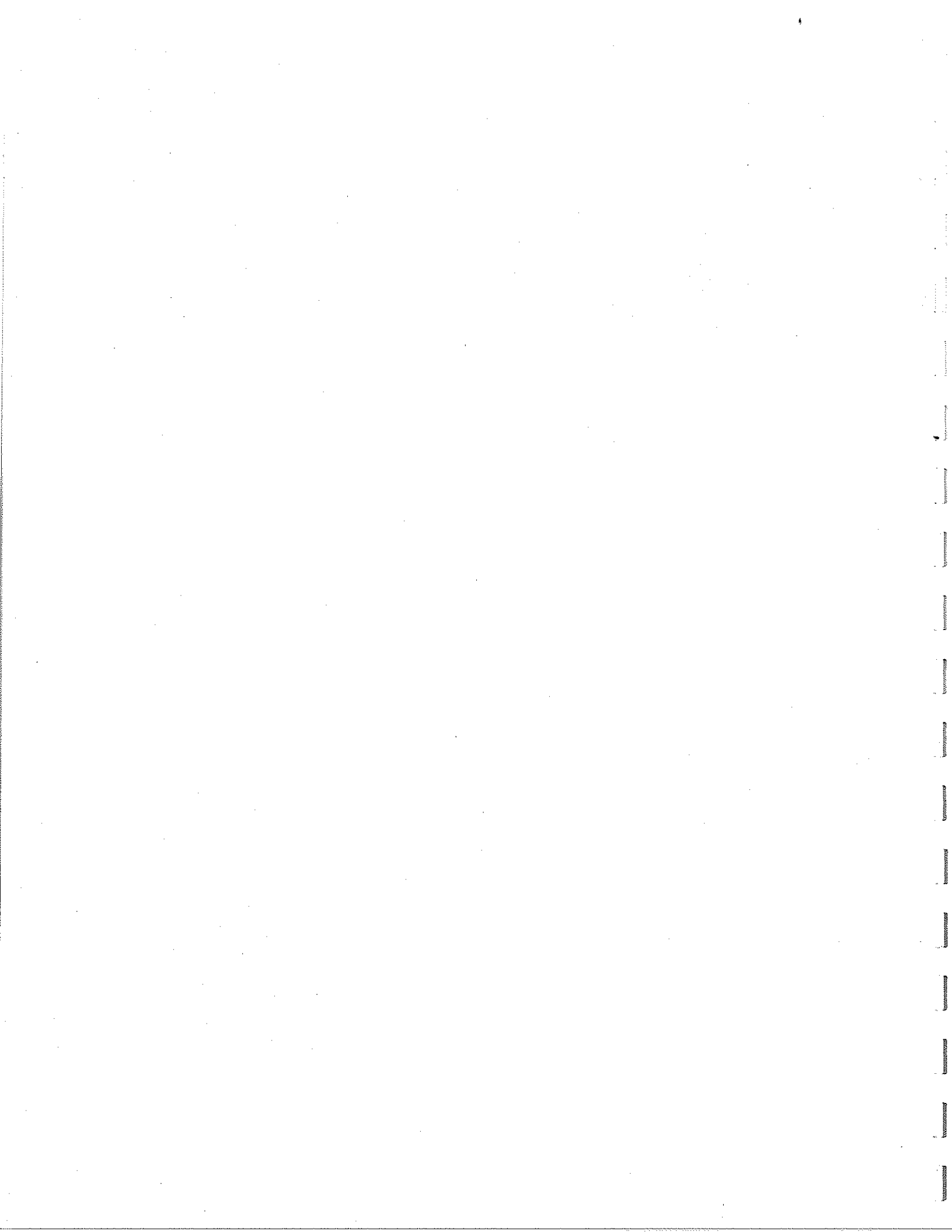
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 38 through 63 be presented to supplement the basic financial statements. Such information, although not a part of 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 opinions on the financial statements that collectively comprise Starr County, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Patullo, Brown & Hill, C.P.

August 26, 2011





COUNTY AUDITOR'S OFFICE

Rosalinda G. Guerra, CPA

Starr County Auditor

STARR COUNTY COURTHOUSE ANNEX

100 N. FM 3167 SUITE 217

RIO GRANDE CITY, TEXAS 78582

Tel. (956) 716-4800

Fax (956) 716-8218

E-Mail: starrauditor@hotmail.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Starr County (County) annual financial report presents our discussion and analysis as an overview of the County's financial performance during the fiscal year ended September 30, 2010. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

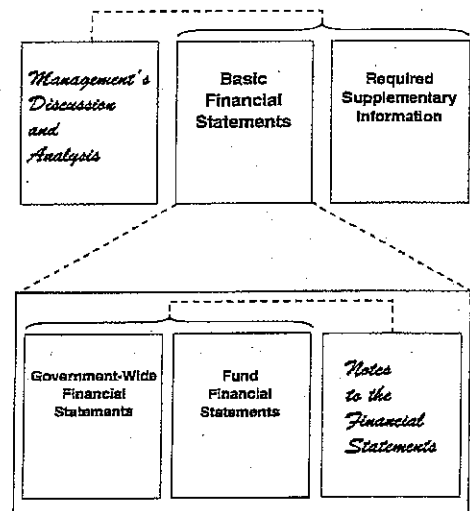
- At September 30, 2010, the County's assets exceed its liabilities by \$84,631,868. Total assets were \$91,473,078 and total liabilities were \$6,841,210.
- During the year, the County's expenses were \$510,348 more than the \$27,641,599 generated in taxes and other revenues for governmental activities. The prior year expenses were \$2,413,113 less than the \$28,635,039 generated by revenues of governmental activities.
- The general fund reported a fund balance this year of \$6,975,032 of which \$6,427,941 is unreserved, an increase in the unreserved fund balance of \$402,675 from the prior year. This increase is due to excess revenues during the year of 2.8% over expenditures.

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 both *long-term* and *short-term* information about the County's overall financial status.
- 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.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the gas operating system.
- *Fiduciary fund* statements provide information about the financial relationships in which the County's acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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. Major Features of the District's Government-wide and Fund Financial Statements

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's 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.

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.

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Measurement statement	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenses, and changes in fund balance	Statement of net assets Statement of revenues, expenses, and changes in fund assets Statement of cash flow	Statement of fiduciary net assets Statement of fiduciary activities
Accounting basis and measurement focus	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
Type of information	All assets and liabilities, both financial and non-financial, short-term and long-term	Only assets and liabilities that come due during the year or soon thereafter; no capital assets included	All assets, liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	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 thereafter	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 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, one needs to consider additional non-financial 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 general administration, judicial, legal, financial administration, public facilities, public safety, health and welfare, culture and recreation, conservation agriculture and highways and streets. Taxes, charges for services, and grants 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.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The County has the following 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 you 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, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*—The County is the trustee, or *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. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities 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 \$84,631,868 at September 30, 2010, an increase of \$3,653,965 or 4.5% over combined net assets of \$80,977,903 at September 30, 2009. This increase is mostly due to Infrastructure and operating grants and contributions. (See Table A-1)

Table A-1 Governmental Activities.

	2010	2009	Increase (Decrease)
Assets:			
Current and other assets	\$21,461,308	\$20,892,971	\$ 568,337
Capital assets (net of depreciation)	70,011,770	67,115,366	2,896,404
Total Assets	<u>91,473,078</u>	<u>88,008,337</u>	<u>3,464,741</u>
Liabilities:			
Current and noncurrent liabilities	2,611,210	2,395,434	215,776
Long-term liabilities	4,230,000	4,635,000	(405,000)
Total Liabilities	<u>6,841,210</u>	<u>7,030,434</u>	<u>(189,224)</u>
Net Assets:			
Invested in capital assets, net of related debt	65,781,770	62,480,366	3,301,404
Restricted for capital projects	342,768	636,650	(293,882)
Restricted for debt service	3,163,656	2,891,971	271,685
Restricted for landfill post closure costs	547,091	535,304	11,787
Unrestricted	14,796,583	14,433,612	362,971
Total Net Assets	<u>\$84,631,868</u>	<u>\$80,977,903</u>	<u>\$3,653,965</u>

Changes in net assets:

The County's total revenues were \$28,520,325. (See Table A-2). The total cost of all programs and services was \$24,786,015 of which 38.89% or \$9,638,550 of these costs are for public safety.

Governmental Activities

- Property tax revenues increased by 8.19%. Tax revenues for the year ended September 30, 2010, increased to \$15,444,660 from \$14,274,890 the previous year, an increase of \$1,169,770.

Table A-2 Governmental Activities

	2010	2009	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 4,099,623	\$ 5,171,144	\$ (1,071,521)
Operating Grants and Contributions	7,961,436	8,110,453	(149,017)
General revenues:			
Property Taxes	15,444,660	14,274,890	1,169,770
Interest	93,409	226,951	(133,542)
Transfers	585,000	912,138	(327,138)
Miscellaneous	336,197	211,724	124,473
Total Revenues	28,520,325	28,907,300	(386,975)
Expenses:			
Public safety	9,638,550	7,210,242	2,428,308
Judicial	1,789,592	1,687,339	102,253
Highways and streets	4,303,463	5,515,096	(1,211,633)
Public facilities	504,138	615,719	(111,581)
Financial administration	959,983	868,642	91,341
Legal	872,656	879,804	(7,148)
Health and welfare	2,114,439	1,585,616	528,823
Conservation and agriculture	138,473	126,889	11,584
General government	4,300,927	4,129,942	170,985
Culture and recreation	-0-	-0-	-0-
Debt service-interest on debt	163,794	179,343	(15,549)
Debt service-Bond issuance costs	-0-	-0-	-0-
Total Expenses	24,786,015	22,798,632	1,987,383
Increase in Net Assets	3,734,310	6,108,668	(2,374,358)
Net assets – Beginning	80,977,903	74,812,180	6,165,723
Prior period adjustment	(80,345)	57,055	(137,400)
Net assets – Ending	\$ 84,631,868	\$ 80,977,903	\$ 3,656,965

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 revenues.

- The cost of all *governmental* activities this year was \$24,786,015, an increase of \$1,987,383 or 8.72% increase compared to \$22,798,632 for the prior year.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$15,444,660.

- Some of the cost was paid by those who directly benefited from the programs and totaled \$4,099,623. This is a decrease from last year's revenues which were \$5,171,144, a decrease of \$1,071,521, or 20.72%.
- Grants and contributions this year amounted to \$7,961,436, a decrease of \$149,017, or 1.84% under last year's grants and contributions which totaled \$8,110,453.

Table A-3 Governmental

	2010	2009	Increase (Decrease)
Public safety	\$9,638,550	\$7,210,242	\$ 2,428,308
Highways and streets	4,303,463	5,515,096	(1,211,633)
General government	4,300,927	4,129,942	170,985
Judicial	1,789,592	1,687,339	102,253
Health and Welfare	2,114,439	1,585,616	528,823

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled \$27,641,599 for the year ended September 30, 2010, a decrease of \$993,440, or 3.47% under the preceding year's total governmental revenues of \$28,635,039. The decrease in revenues is mainly from a decrease in charges for services.

General Fund Budgetary Highlights

Over the course of the year, the County revised its general fund budget 34 times. Actual general fund expenditures were \$14,366,526, which was \$191,319 over the final budget amounts.

On the other hand, actual general fund resources available were \$14,766,068, which was over the final budgeted amount by \$812,684.

CAPITAL ASSETS

At the end of 2010, the County had invested \$70,011,770 in a broad range of capital assets, including land, buildings, improvements, machinery, equipment, vehicles, and infrastructure. (See Table A-4.) This amount represents an increase of \$2,896,404, a 4.32% increase from FY 2009. The increase is attributed mainly to infrastructure.

Table A-4

	2010	2009	Increase (Decrease)
Land	\$ 1,142,240	\$ 1,047,240	\$ 95,000
Construction in progress	-0-	-0-	-0-
Buildings and improvements	16,463,464	16,463,464	-0-
Furniture and equipment	7,428,319	6,705,266	723,053
Infrastructure	54,529,899	51,620,540	2,909,359
Totals at historical cost	<u>79,563,922</u>	<u>75,836,510</u>	<u>3,727,412</u>
Less:			
Accumulated depreciation	9,552,152	8,721,144	831,008
Net capital assets	<u>\$70,011,770</u>	<u>\$67,115,366</u>	<u>\$ 2,896,404</u>

LONG TERM DEBT

At year end the County has \$4,230,000 in long-term debt outstanding as shown in Table A-5. More detailed information about the County's debt is presented in the notes to the financial statements.

Table A-5

	Balance 9/30/09	Principal Issued	Principal Retired	Balance 9/30/10
Revenue bonds	\$ -	-	-	\$ -
Certificates of Obligation	4,045,000	-	215,000	3,830,000
G.O. Refunding Bonds	590,000	-	190,000	400,000
Totals	<u>\$ 4,635,000</u>	<u>\$ -0-</u>	<u>\$ 405,000</u>	<u>\$ 4,230,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2011 budget preparation decreased by approximately \$40,248,930.
- The property tax rates will increase by \$.00 per \$100.00 of assessed valuation.
- Employees' group health insurance continues to increase.
- There will be a salary increase for 2011 of 3% of FY 2010 salary for all employees and officials earning over \$25,000 annually and a \$ 750 increase for all employees and officials earning \$25,000 and under.

These indicators were taken into account when adopting the general fund budget for 2011. Amounts available for appropriation in the general fund budget are \$14,192,829, an increase of \$264,445, or 1.9% over the final 2010 budget of \$13,928,384. Property taxes will increase due to the increased estimated collection rate.

General fund expenditures are budgeted to increase in 2011 to \$14,493,561, an increase of \$318,354, or 2.25% over the final 2010 budgeted expenditures of \$14,175,207.

If these estimates are realized, the County's budgetary general fund balance is not expected to change appreciably by the close of FY 2011.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning information provided in this report should be addressed to:

Starr County Auditor
Starr County Courthouse Annex
100 N. FM 3167, Suite 217
Rio Grande City, TX 78582
Telephone: (956) 716-4800

STARR COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 6,201,142	\$ 62,569	\$ 6,263,711
Investments	-	755,343	755,343
Receivables (net of allowances for uncollectibles)			
Taxes	9,064,023	-	9,064,023
Accounts	9,376	374,934	384,310
Notes	400,000	-	400,000
Other	6,737	-	6,737
Due from agencies	1,981,373	-	1,981,373
Internal balances	434,292	(434,292)	-
Due from other governments	2,817,274	-	2,817,274
Other assets	547,091	-	547,091
Supplies inventory	-	32,954	32,954
Prepaid insurance	-	65,327	65,327
Capital assets (net of accumulated depreciation)			
Land	1,142,240	1,406,530	2,548,770
Construction in progress	-	1,646,801	1,646,801
Buildings and improvements	10,252,067	2,124,668	12,376,735
Furniture and equipment	4,087,563	243,858	4,331,421
Infrastructure	54,529,900	2,753	54,532,653
Total assets	<u>91,473,078</u>	<u>6,281,445</u>	<u>97,754,523</u>
LIABILITIES			
Accounts payable	633,335	496,770	1,130,105
Bank overdraft	483,533	2,344	485,877
Accrued liabilities	33,316	3,026	36,342
Other liabilities	49,260	98,523	147,783
Due to agencies	612,870	-	612,870
Due to other governments	361,688	-	361,688
Deferred revenue	437,208	-	437,208
Non-current liabilities			
Due within one year	415,000	1,205,381	1,620,381
Due in more than one year	3,815,000	225,148	4,040,148
Total liabilities	<u>6,841,210</u>	<u>2,031,192</u>	<u>8,872,402</u>
NET ASSETS			
Invested in capital assets, net of related debt	65,781,770	3,357,739	69,139,509
Restricted for			
Capital projects	342,768	-	342,768
Debt service	3,163,656	-	3,163,656
Landfill post closure cost	547,091	-	547,091
Unrestricted	14,796,583	892,514	15,689,097
Total net assets	<u>\$ 84,631,868</u>	<u>\$ 4,250,253</u>	<u>\$ 88,882,121</u>

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

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STARR COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 4,300,927	\$ 3,545,966	\$ 407,877	\$ (347,084)	\$ -	\$ (347,084)
Public safety	9,638,550	131,471	7,154,369	(2,352,710)	-	(2,352,710)
Judicial	1,789,592	-	-	(1,789,592)	-	(1,789,592)
Highways and streets	4,303,463	422,186	399,190	(3,482,087)	-	(3,482,087)
Public facilities	504,138	-	-	(504,138)	-	(504,138)
Financial administration	959,983	-	-	(959,983)	-	(959,983)
Legal	872,656	-	-	(872,656)	-	(872,656)
Health and welfare	2,114,439	-	-	(2,114,439)	-	(2,114,439)
Conservation and agriculture	138,473	-	-	(138,473)	-	(138,473)
Debt service - interest on debt	163,794	-	-	(163,794)	-	(163,794)
Total governmental activities	<u>24,786,015</u>	<u>4,099,623</u>	<u>7,961,436</u>	<u>(12,724,956)</u>	<u>-</u>	<u>(12,724,956)</u>
Business-type activities:						
International Bridge	1,439,043	2,134,366	-	-	695,323	695,323
Gas System	930,282	791,775	-	-	(138,507)	(138,507)
Total business-type activities	<u>2,369,325</u>	<u>2,926,141</u>	<u>-</u>	<u>-</u>	<u>556,816</u>	<u>556,816</u>
Total primary government	<u>\$ 27,155,340</u>	<u>\$ 7,025,764</u>	<u>\$ 7,961,436</u>	<u>(12,724,956)</u>	<u>556,816</u>	<u>(12,168,140)</u>
General revenues:						
Taxes:						
Property taxes - general purposes				10,696,848	-	10,696,848
Property taxes - road & bridge				3,890,863	-	3,890,863
Property taxes - debt service				856,949	-	856,949
Investment earnings				93,409	8,947	102,356
Transfers				585,000	(585,000)	-
Miscellaneous				336,197	-	336,197
Total general revenues				<u>16,459,266</u>	<u>(576,053)</u>	<u>15,883,213</u>
Change in net assets				3,734,310	(19,237)	3,715,073
Net assets, beginning				80,977,903	4,269,490	85,247,393
Prior period adjustment				(80,345)	-	(80,345)
Net assets, ending				<u>\$ 84,631,868</u>	<u>\$ 4,250,253</u>	<u>\$ 88,882,121</u>

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

STARR COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	General	Road & Bridge	Debt Service
ASSETS			
Cash	\$ 794,232	\$ -	\$ 184,333
Investments	684,048	-	2,845,748
Taxes receivables (net of allowance)	6,166,696	2,325,594	571,733
Accounts receivable	9,174	-	-
Accrued receivables	618	3,142	2,977
Note receivable	400,000	-	-
Due from other funds	4,556,535	559,821	123,968
Due from other governments	510,482	-	-
Other assets	547,091	-	-
Total assets	<u>\$ 13,668,876</u>	<u>\$ 2,888,557</u>	<u>\$ 3,728,759</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 138,760	\$ 216,379	\$ -
Bank overdraft	-	176,248	-
Other liabilities	49,260	-	-
Accrued liabilities	30,534	-	-
Due to other funds	379,401	633,058	45
Due to other governments	-	-	-
Deferred revenue	6,095,889	2,454,429	565,058
Total liabilities	<u>6,693,844</u>	<u>3,480,114</u>	<u>565,103</u>
Fund balances:			
Reserved, designated	547,091	-	3,163,656
Unreserved, undesignated	6,427,941	(591,557)	-
Total fund balances	<u>6,975,032</u>	<u>(591,557)</u>	<u>3,163,656</u>
Total liabilities and fund balances	<u>\$ 13,668,876</u>	<u>\$ 2,888,557</u>	<u>\$ 3,728,759</u>

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

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

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

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

Net assets of governmental activities

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

EXHIBIT C-1

Other Governmental Funds	Total Governmental Funds
\$ 1,438,187	\$ 2,416,752
254,594	3,784,390
-	9,064,023
202	9,376
-	6,737
-	400,000
485,907	5,726,231
2,306,792	2,817,274
-	547,091
<u>\$ 4,485,682</u>	<u>\$ 24,771,874</u>
\$ 278,196	\$ 633,335
307,285	483,533
-	49,260
2,782	33,316
2,910,932	3,923,436
361,688	361,688
282,031	9,397,407
<u>4,142,914</u>	<u>14,881,975</u>
582,755	4,293,502
(239,987)	5,596,397
<u>342,768</u>	<u>9,889,899</u>
<u>\$ 4,485,682</u>	
	70,011,770
	8,960,199
	<u>(4,230,000)</u>
	<u>\$ 84,631,868</u>

STARR COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General	Road & Bridge	Debt Service
REVENUES			
Taxes	\$ 10,098,395	\$ 3,656,046	\$ 811,493
Intergovernmental	407,877	399,190	-
Charges for services	3,365,895	39,450	-
Fines and forfeits	180,071	382,736	-
Interest	58,202	3,129	28,986
Miscellaneous	70,628	40,752	-
Total revenues	<u>14,181,068</u>	<u>4,521,303</u>	<u>840,479</u>
EXPENDITURES			
General administration	4,024,041	-	-
Judicial	1,674,382	-	-
Legal	860,782	-	-
Financial administration	898,181	-	-
Public facilities	224,308	-	-
Public safety	5,724,746	-	-
Health and welfare	830,528	-	-
Conservation agriculture	129,558	-	-
Highways and streets	-	5,422,257	-
Debt service:			
Principal retirements	-	-	405,000
Interest and fiscal charges	-	-	163,794
Total expenditures	<u>14,366,526</u>	<u>5,422,257</u>	<u>568,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(185,458)</u>	<u>(900,954)</u>	<u>271,685</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	585,000	-	-
Total other financing sources (uses)	<u>585,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	399,542	(900,954)	271,685
FUND BALANCES, BEGINNING OF YEAR	6,560,570	309,397	2,891,971
PRIOR PERIOD ADJUSTMENT	14,920	-	-
FUND BALANCES, END OF YEAR	<u>\$ 6,975,032</u>	<u>\$ (591,557)</u>	<u>\$ 3,163,656</u>

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

EXHIBIT C-2

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 14,565,934
7,154,369	7,961,436
-	3,405,345
131,471	694,278
3,092	93,409
224,817	336,197
<u>7,513,749</u>	<u>27,056,599</u>
-	4,024,041
-	1,674,382
-	860,782
-	898,181
264,396	488,704
3,974,075	9,698,821
1,226,764	2,057,292
-	129,558
2,329,135	7,751,392
-	405,000
-	163,794
<u>7,794,370</u>	<u>28,151,947</u>
<u>(280,621)</u>	<u>(1,095,348)</u>
-	585,000
-	585,000
(280,621)	(510,348)
654,126	10,416,064
<u>(30,737)</u>	<u>(15,817)</u>
<u>\$ 342,768</u>	<u>\$ 9,889,899</u>

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STARR COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the statement of activities (page 10)
are different because:

Net change in fund balances --- total governmental funds (page 12)	\$ (510,348)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period.	2,960,932
Governmental funds report long term debt principal payments as expenditures. However, in the statement of activities these payments are reductions in the long term liabilities in the statement of net assets.	405,000
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 bond proceeds and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	<u>878,726</u>
Change in net assets of governmental activities (page 10)	<u>\$ 3,734,310</u>

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

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STARR COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 9,024,977	\$ 9,024,977	\$ 10,098,395	\$ 1,073,418
Intergovernmental	205,000	280,266	407,877	127,611
Charges for services	2,866,100	2,866,100	3,365,895	499,795
Fines and forfeits	125,001	125,001	180,071	55,070
Interest	-	-	58,202	58,202
Miscellaneous	45,600	48,450	70,628	22,178
Total revenues	<u>12,266,678</u>	<u>12,344,794</u>	<u>14,181,068</u>	<u>1,836,274</u>
EXPENDITURES				
General administration	4,340,747	4,499,857	4,024,041	475,816
Judicial	1,699,253	1,699,253	1,674,382	24,871
Legal	780,824	726,269	860,782	(134,513)
Financial administration	944,727	944,727	898,181	46,546
Public facilities	250,971	250,971	224,308	26,663
Public safety	5,607,938	5,639,553	5,724,746	(85,193)
Health and welfare	864,967	861,467	830,528	30,939
Conservation agriculture	132,293	132,293	129,558	2,735
Total expenditures	<u>14,621,720</u>	<u>14,754,390</u>	<u>14,366,526</u>	<u>387,864</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(2,355,042)</u>	<u>(2,409,596)</u>	<u>(185,458)</u>	<u>2,224,138</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	585,000	585,000	585,000	-
Total other financing sources (uses)	<u>585,000</u>	<u>585,000</u>	<u>585,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(1,770,042)</u>	<u>(1,824,596)</u>	<u>399,542</u>	<u>2,224,138</u>
FUND BALANCE, BEGINNING OF YEAR	<u>6,560,570</u>	<u>6,560,570</u>	<u>6,560,570</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>14,920</u>	<u>14,920</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,790,528</u>	<u>\$ 4,735,974</u>	<u>\$ 6,975,032</u>	<u>\$ 2,239,058</u>

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

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STARR COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	International Bridge	Gas System	Transfer Station	Totals
CURRENT ASSETS				
Cash on hand	\$ 7,766	\$ 129	\$ -	\$ 7,895
Cash on deposit	52,256	-	2,418	54,674
Investments - unrestricted	653,471	3,349	-	656,820
Investments - restricted for customer deposits	-	98,523	-	98,523
Accounts receivable	299,193	51,001	-	350,194
Accounts receivable - landfill	-	22,149	-	22,149
Accounts receivable - disconnects	-	4,065	-	4,065
Allowance for uncollectibles	-	(3,252)	-	(3,252)
Accrued interest receivable	1,513	265	-	1,778
Supplies inventory	-	32,954	-	32,954
Prepaid insurance	65,189	138	-	65,327
Total current assets	<u>1,079,388</u>	<u>209,321</u>	<u>2,418</u>	<u>1,291,127</u>
NON-CURRENT ASSETS				
Land	1,396,530	10,000	-	1,406,530
Construction in progress	-	-	1,646,801	1,646,801
Buildings	5,342,488	20,390	-	5,362,878
Original purchase - distribution system	-	550,000	-	550,000
Gas distribution system	-	21,562	-	21,562
Office furniture and equipment	779,098	16,737	-	795,835
Transportation equipment	-	60,481	-	60,481
Machinery and equipment	-	74,300	-	74,300
Accumulated depreciation	<u>(3,781,099)</u>	<u>(712,678)</u>	<u>-</u>	<u>(4,493,777)</u>
Total non-current assets	<u>3,737,017</u>	<u>40,792</u>	<u>1,646,801</u>	<u>5,424,610</u>
Total assets	<u>4,816,405</u>	<u>250,113</u>	<u>1,649,219</u>	<u>6,715,737</u>

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STARR COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

(Continued)

	BUSINESS-TYPE ACTIVITIES -			Totals
	International Bridge	Gas System	Transfer Station	
CURRENT LIABILITIES				
Bank overdraft	-	2,344	-	2,344
Accounts payable	14,263	54,386	428,121	496,770
Customer deposits payable	-	98,523	-	98,523
Sales tax payable	-	1,424	-	1,424
Due to other funds	14,687	208,966	210,639	434,292
Accrued liabilities	1,602	-	-	1,602
Current maturities of notes payable	195,000	-	1,010,381	1,205,381
Total current liabilities	<u>225,552</u>	<u>365,643</u>	<u>1,649,141</u>	<u>2,240,336</u>
NON-CURRENT LIABILITIES				
Notes payable, net of current maturities	225,148	-	-	225,148
Total non-current liabilities	<u>225,148</u>	<u>-</u>	<u>-</u>	<u>225,148</u>
Total liabilities	<u>450,700</u>	<u>365,643</u>	<u>1,649,141</u>	<u>2,465,484</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,316,869	40,792	78	3,357,739
Unrestricted	1,048,836	(156,322)	-	892,514
Total net assets	<u>\$ 4,365,705</u>	<u>\$ (115,530)</u>	<u>\$ 78</u>	<u>\$ 4,250,253</u>

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

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STARR COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	International Bridge	Gas System	Transfer Station	Totals
OPERATING REVENUES				
Natural gas sales	\$ -	\$ 701,286	\$ -	\$ 701,286
Charge for services	2,078,287	417,582	-	2,495,869
Penalties	-	8,956	-	8,956
Connect fees	-	4,650	-	4,650
Rentals	52,968	-	-	52,968
Excess on peso exchange	3,111	-	-	3,111
Miscellaneous	-	393	-	393
Total operating revenues	<u>2,134,366</u>	<u>1,132,867</u>	<u>-</u>	<u>3,267,233</u>
COST OF REVENUE PRODUCING ITEMS				
Natural gas purchases	-	341,092	-	341,092
Total cost of revenue producing items	<u>-</u>	<u>341,092</u>	<u>-</u>	<u>341,092</u>
Gross profit	<u>2,134,366</u>	<u>791,775</u>	<u>-</u>	<u>2,926,141</u>
OPERATING EXPENSES				
Gas loss	-	16,618	-	16,618
Bad debt expense	-	813	-	813
Equipment lease	-	51,174	-	51,174
Equipment rental	-	81,205	-	81,205
Depreciation	182,524	10,926	-	193,450
Group insurance	61,491	47,030	-	108,521
Insurance	109,794	5,354	-	115,148
Worker's compensation	30,184	3,650	-	33,834
Legal and professional	31,460	-	-	31,460
Office and building supplies	-	8,738	-	8,738
Participation costs - City of Roma	337,400	-	-	337,400
Payroll tax expense	40,100	23,229	-	63,329
Postage and freight	-	4,567	-	4,567
Repairs and maintenance	40,682	29,610	-	70,292
Retirement	35,832	22,417	-	58,249
Salaries and wages	488,592	314,492	-	803,084
Supplies	23,344	46,845	-	70,189
Telephone	4,044	10,084	-	14,128
Travel and entertainment	3,014	-	-	3,014

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STARR COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			Totals
	International Bridge	Gas System	Transfer Station	
OPERATING EXPENSES (Continued)				
Truck repairs, maintenance and supplies	-	56,442	-	56,442
Truck fuel	-	53,862	-	53,862
Uniforms	11,729	6,659	-	18,388
Utilities	16,339	6,245	-	22,584
Regulatory fees	-	40,454	-	40,454
Tire recycling fees	-	57,205	-	57,205
Capital outlay	-	19,237	-	19,237
Miscellaneous expenses	-	13,426	-	13,426
Total operating expenses	<u>1,416,529</u>	<u>930,282</u>	<u>-</u>	<u>2,346,811</u>
OPERATING INCOME	<u>717,837</u>	<u>(138,507)</u>	<u>-</u>	<u>579,330</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest revenue	7,567	1,302	78	8,947
Bond interest expenses and agent fees	675	-	-	675
Amortization of bonds	(23,189)	-	-	(23,189)
Total non-operating revenue (expenses)	<u>(14,947)</u>	<u>1,302</u>	<u>78</u>	<u>(13,567)</u>
Income before other financing sources	<u>702,890</u>	<u>(137,205)</u>	<u>78</u>	<u>565,763</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(585,000)	-	-	(585,000)
Total other financing sources (uses)	<u>(585,000)</u>	<u>-</u>	<u>-</u>	<u>(585,000)</u>
CHANGES IN NET ASSETS	117,890	(137,205)	78	(19,237)
TOTAL NET ASSETS, BEGINNING	<u>4,247,815</u>	<u>21,675</u>	<u>-</u>	<u>4,269,490</u>
TOTAL NET ASSETS, ENDING	<u>\$ 4,365,705</u>	<u>\$ (115,530)</u>	<u>\$ 78</u>	<u>\$ 4,250,253</u>

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

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STARR COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES -			Totals
	International Bridge	Gas System	Transfer Station	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 717,837	\$ (138,507)	\$ -	\$ 579,330
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	182,524	10,926	-	193,450
(Increase) decrease in accounts receivable	(81,100)	(1,128)	-	(82,228)
(Increase) decrease in accounts receivable - landfill	-	1,792	-	1,792
(Increase) decrease in accounts receivable - disconnects	-	(1,193)	-	(1,193)
(Increase) decrease in allowance for uncollectible disconnects	-	954	-	954
(Increase) decrease in accrued interest receivable	(304)	(5)	-	(309)
(Increase) decrease in supplies inventory	-	(6,213)	-	(6,213)
(Increase) decrease in prepaid insurance	(1,766)	4,896	-	3,130
Increase (decrease) in accounts payable	(29,803)	14,347	428,121	412,665
Increase (decrease) in sales tax payable	-	59	-	59
Increase (decrease) in customer deposit payable	-	4,845	-	4,845
Increase (decrease) in due to other funds	4,456	120,169	210,639	335,264
Net cash provided by operating activities	<u>791,844</u>	<u>10,942</u>	<u>638,760</u>	<u>1,441,546</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers (out)	(585,000)	-	-	(585,000)
Net cash provided by noncapital financing activities	<u>(585,000)</u>	<u>-</u>	<u>-</u>	<u>(585,000)</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from loans	-	-	1,010,381	1,010,381
Bond principal payment	(266,719)	-	-	(266,719)
Acquisition of property and equipment	-	-	(1,646,801)	(1,646,801)
Interest and fees paid	(23,189)	-	-	(23,189)
Net cash provided by (applied to) financing activities	<u>(289,908)</u>	<u>-</u>	<u>(636,420)</u>	<u>(926,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	7,567	-	-	7,567
Miscellaneous revenue	675	1,302	78	2,055
Net cash provided by investing activities	<u>8,242</u>	<u>1,302</u>	<u>78</u>	<u>9,622</u>
NET INCREASE (DECREASE) IN CASH	(74,822)	12,244	2,418	(60,160)
CASH BALANCES, BEGINNING OF YEAR	788,315	87,413	-	875,728
CASH BALANCES, END OF YEAR	<u>\$ 713,493</u>	<u>\$ 99,657</u>	<u>\$ 2,418</u>	<u>\$ 815,568</u>
RECONCILIATION OF CASH BALANCES				
Cash on hand	\$ 7,766	\$ 129	\$ -	\$ 7,895
Cash on deposit	52,256	-	2,418	54,674
Investments - unrestricted	653,471	3,349	-	656,820
Investments - restricted for customer deposits	-	98,523	-	98,523
Bank overdraft	-	(2,344)	-	(2,344)
Cash balances	<u>\$ 713,493</u>	<u>\$ 99,657</u>	<u>\$ 2,418</u>	<u>\$ 815,568</u>

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

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STARR COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

SEPTEMBER 30, 2010

ASSETS

Cash	\$	8,821,304
Investments		2,660,661
Accounts receivable		421,212
Due from other funds		670,842
Other assets		<u>159,285</u>
Total assets	\$	<u>12,733,304</u>

LIABILITIES

Due to other funds	\$	2,039,346
Due to other governments		556,979
Funds held in escrow		3,715,052
Accounts payable		75
Other liabilities		<u>6,421,852</u>
Total liabilities	\$	<u>12,733,304</u>

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

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STARR COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Starr County, Texas (the County) was organized in 1848. It is a public corporation and a political subdivision of the State of Texas. A Commissioners' Court composed of four (4) elected Commissioners and one elected County Judge governs the County under the statutes and the Constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety and convenience of the County and its inhabitants.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise financial accountability include, but not limited to, the selection of a voting majority of the organization's governing body, the ability to remove appointed members of the organization's governing board at will, the ability to modify or approve the budget of the organization, and the designation of management. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

For financial reporting purposes, Starr County includes all funds and the account group that are controlled by, or dependent on, the County. Control by or dependence on the County was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County to finance any deficits that may occur, or receipt of significant subsidies from the County, and the ability to significantly influence operation. Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the government's entity.

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Reporting Entity (Continued)

Excluded from the reporting entity:

Certain significant governmental entities providing services within the County are administered by separate boards or commissions, are not subject to oversight by the Commissioners' Court, and are responsible for their own fiscal matters. Consequently, financial information for the following entities is not included within the scope of these financial statements.

Starr County Appraisal District
Starr County Water Control and Improvement District No.2
Starr County Memorial Hospital District
All school districts in Starr County

B. Government-wide and fund financial statements

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

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

Separate fund financial statements are provided for the governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The general fund is the only major fund and is reported in a separate column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows including claims and judgments reported in the County's internal service fund (proprietary fund). Property taxes are recognized as revenues in the year for which they are levied. Fees and fines are considered as earned when paid. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Intergovernmental revenues, rents, commissions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County, which includes delinquent property taxes, licenses, fees and fines. For grants, like the government-wide financial statements, the revenue is recognized when all the eligibility requirements have been met.

The County reports four major governmental funds:

The **General Fund** is the County's primary operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The **Road and Bridge Fund** is used by the County to build, repair and maintain all the roads and bridges within the County.

The **Debt Service Fund** is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The **Capital Projects Fund** is used to account, on a project basis, for projects financed by the proceeds from bond issues or other financing sources. The capital fund utilizes the modified accrual basis of accounting.

All other governmental funds are combined and reported as nonmajor. Nonmajor funds include Special Revenue funds and Capital Project funds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund measurement focus is upon determination of net income and changes in retained earnings. The County reports the following major proprietary funds:

The **International Toll Bridge, Gas System and Landfill, and Solid Waste Transfer Station Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenue earned, expense incurred, and/or net income, is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Additionally, the County reports the following fund type:

Fiduciary Funds - Agency funds are used to account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

D. Budgets

Budgets are adopted on a basis other than generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the Road and Bridge Fund (a special revenue fund).

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds of Starr County. Expenditures are recognized when services have been performed or goods have been received.

E. Cash and Investments

Cash includes amounts in demand deposits. Investments (invested cash) consist of short-term certificates of deposit and are stated at cost. Interest income pertaining to the certificates of deposit is recorded in the fiscal year end on an accrual basis.

In accordance with the State of Texas Statutes, county funds not immediately required to pay obligations may be invested in direct debt securities of the United States, fully collateralized security repurchase agreements purchased under a master contractual agreement that specifies the rights and obligations for which the principal and interest are guaranteed by the County depository, obligations for which the principal and interest are guaranteed by the United States and direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, or Banks for Cooperatives.

F. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. Prepaid Items

Payments made to vendors for service that will benefit periods beyond the end of the fiscal year are recorded as prepaid expense assets in proprietary fund types and as expenditures in the governmental fund types.

H. Inventories

Inventories of proprietary fund types are valued and recorded at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

I. Compensated Absences

Vacation and sick leave benefits are accrued by County employees according to guidelines established in the County's personnel policies. Said policies allow for the accumulation of sick leave of 12 days per year, but do not provide for payment of sick leave accruals (i.e., sick leave not taken in any given year is lost and cannot be carried over to the next year). Accordingly, since such accumulated amounts are non-vesting, unused sick leave at September 30, 2010 has not been accrued in the accompanying financial statements. The County's policy for vacation leave allows for 10 working days of vacation after an employee has worked for the County for 6 months.

Vacation leave does not accumulate if not used within the year (i.e., vacation leave taken cannot be carried over to the following year). However, any unused vacation leave is paid to an employee upon separation from service. No accruals of vacation leave have been provided for in the accompanying financial statements, as these amounts are considered immaterial.

The County has essentially no provision for compensatory ("comp") time off nor is any employee typically allowed to work more than 40 hours per week except Sheriff Department deputies.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Restricted Assets

Enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as non-current assets on the balance sheet because their use is limited by applicable bond covenants.

L. Capital Assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. Capital Assets (Continued)

Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Property, plant and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Life in Years</u>
Buildings	50
Improvements	20
Furniture & Equipment	10
Automotive	8
Computer Equipment	5

GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first required for the fiscal year ending in 2007. The County has implemented the general and retroactive provisions of GASB Statement No. 34 in the fiscal year ended September 30, 2007.

M. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants from specific grantor agencies. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

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

1. **DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. Bond Discounts and Bond Issuance Costs

In governmental fund types, bond discounts and bond issuance costs are recognized in the current period when the bonds are issued. Bond discounts and bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method. Unamortized bond discounts are shown on the balance sheet as a reduction of the face amount of bonds payable whereas unamortized bond issuance costs are recorded as deferred charges (assets).

P. Use of Estimates in the Preparation of Financial Statements

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

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

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and government-wide statement of activities.

The governmental fund statement of revenue, expenditures, and change in fund balance includes reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation indicates, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The detail of this \$2,960,932 is as follows:

Capital outlay - additions	\$ 3,949,462
Depreciation expense	<u>(988,530)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i> (Exhibit C-3)	<u>\$ 2,960,932</u>

Another element of the reconciliation states that, "The net effect of various transactions involving debt principal payment to increase net assets." The detail of this \$405,000 is as follows:

Debt principal payment	\$ 405,000
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i> (Exhibit C-3)	<u>\$ 405,000</u>

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

(Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and government-wide statement of activities.
(Continued)

The last element of the reconciliation states that, "Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting." The detail of this \$878,726 is as follows:

Various reclassifications	\$ 878,726
Net adjustment to increase <i>net changes in fund balance -- total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i> (Exhibit C-3)	<u>\$ 878,726</u>

3. **LEGAL COMPLIANCE – BUDGETS**

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

The Commissioners' Court holds a public hearing on the budget and department heads may appear. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Expenditure amounts finally budgeted may not exceed the estimate of budgeted revenues and available fund balance.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. Level of control is on a line-item basis.

The following individual funds had adopted budgets for the fiscal year ended September 30, 2010:

- (a) General Fund
- (b) Road and Bridge Fund
- (c) Debt Service Fund

4. **AUTHORIZED INVESTMENTS**

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

5. **DEPOSITS AND INVESTMENTS**

At September 30, 2010, the carrying amount of the County's deposits was \$2,748,787 and total bank balances equaled \$2,824,767. Bank balances of \$250,000 are covered by federal depository insurance and the remaining \$2,574,767 was not covered by collateral pledged in the County's name.

5. DEPOSITS AND INVESTMENTS (Continued)

During the year ended September 30, 2010, the County had entered into an agreement with Lone Star National Bank for a letter of credit, through the bank of New York Mellon, to cover deposits in excess of FDIC coverage. The letter of credit, however, does not constitute collateral pledged in the County's name.

The fair values of investments at September 30, 2010 are summarized as follows:

	<u>Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>General Fund</u>			
Certificate of Deposit	1.25%	1/8/2011	\$ 327,134
Certificate of Deposit	1.25%	1/31/2011	178,216
Certificate of Deposit	0.70%	1/25/2011	178,698
			<u>\$ 684,048</u>
<u>Special Revenue</u>			
Certificate of Deposit	0.70%	1/30/2011	\$ 254,594
			<u>\$ 254,594</u>
<u>Debt Service</u>			
Certificate of Deposit	1.25%	2/23/2011	\$ 118,298
Certificate of Deposit	1.25%	3/5/2011	625,726
Certificate of Deposit	0.90%	10/17/2010	356,549
Certificate of Deposit	1.25%	1/8/2011	668,520
Certificate of Deposit	2.30%	4/1/2011	370,585
Certificate of Deposit	1.25%	2/23/2011	196,882
Certificate of Deposit	0.70%	1/30/2011	509,188
			<u>\$ 2,845,748</u>
<u>Enterprise Funds</u>			
Certificate of Deposit	1.20%	1/13/2011	\$ 101,872
Certificate of Deposit	1.15%	10/17/2010	653,471
			<u>\$ 755,343</u>

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The County has the following risks related to deposits and investments:

Interest Rate Risk – In accordance with state law, the County does not purchase any investments with maturities greater than 10 years.

Credit Risk – In accordance with state law, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. All U.S. Government Securities and Tex Pool investments of the County are rated AAA.

Concentration of Credit Risk – The County does not place a limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in Lonestar National Bank (100%), exclusively in Certificates of Deposit.

5. **DEPOSITS AND INVESTMENTS** (Continued)

During the year ended September 30, 2010, the County realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

6. **PROPERTY TAXES**

Ad valorem taxes attach an enforceable lien on property as of January 1. The taxes are levied each October 1, based on the assessed value listed as of the date the enforceable lien attaches. Appraised values are established by the Starr County Appraisal District, assessed at 100% of appraised value and certified by the Appraisal Review Board. The Starr County Tax Assessor/Collector bills and collects taxes for the County. The 2010 fiscal year tax rate was .4817 per \$100 for the general fund, .0387 per \$100 for the debt service fund and .1788 per \$100 for the FM and Lateral Road tax, for a total of .6992 per \$100 assessed valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older.

While the County makes an effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

Taxes are due October 1. Taxes become delinquent on February 1, of the following year, at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become measurable and attainable. At September 30, property tax receivables are fully deferred.

7. **LONG-TERM DEBT**

The following is a summary of General Long-Term Debt and Revenue Bonds payable as of September 30, 2010 recorded under governmental activities.

	Balance <u>10/1/2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>9/30/2010</u>
G.O. Refunding, Series 2004	\$ 590,000	\$ -	\$ (190,000)	\$ 400,000
Certificates of Obligation, Series 2004	4,045,000	-	(215,000)	3,830,000
Total Long-Term Debt	<u>\$ 4,635,000</u>	<u>\$ -</u>	<u>\$ (405,000)</u>	<u>\$ 4,230,000</u>

7. **LONG-TERM DEBT**

The annual requirements to repay all outstanding debt, as of September 30, 2010, are as follows:

Year Ended			
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 415,000	\$ 148,369	\$ 563,369
2012	435,000	133,719	568,719
2013	450,000	117,856	567,856
2014	445,000	117,856	562,856
2015	460,000	100,056	560,056
2016-2019	<u>2,025,000</u>	<u>208,225</u>	<u>2,233,225</u>
Total	<u>\$ 4,230,000</u>	<u>\$ 826,081</u>	<u>\$ 826,081</u>

8. **CAPITAL ASSETS**

Capital asset activity for the County for the year ended September 30, 2010, under governmental activities was as follows:

	Primary Government			
	Balance	Changes During Year		Balance
	<u>10/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2010</u>
Land	\$ 1,047,240	\$ 95,000	\$ -	\$ 1,142,240
Construction in progress	-	-	-	-
Buildings and improvements	16,463,464	-	-	16,463,464
Furniture and equipment	6,705,266	945,102	222,049	7,428,319
Infrastructure	<u>51,620,539</u>	<u>2,909,360</u>	<u>-</u>	<u>54,529,899</u>
Total at historic cost	<u>\$ 75,836,509</u>	<u>\$ 3,949,462</u>	<u>\$ 222,049</u>	<u>\$ 79,563,922</u>
Less accumulated depreciation:				
Buildings and improvements	\$ (5,867,343)	\$ (344,053)	\$ -	\$ (6,211,396)
Furniture and equipment	<u>(2,853,800)</u>	<u>(644,477)</u>	<u>157,521</u>	<u>(3,340,756)</u>
Total accumulated depreciation	<u>\$ (8,721,143)</u>	<u>\$ (988,530)</u>	<u>\$ 157,521</u>	<u>\$ (9,552,152)</u>
Governmental activities				
Capital assets, net	<u>\$ 67,115,366</u>	<u>\$ 2,960,932</u>	<u>\$ 64,528</u>	<u>\$ 70,011,770</u>

Depreciation expense for FY 2010 was charged to functions/programs of the County as follows:

General administration	\$ 276,886
Judicial	115,210
Legal	59,229
Financial administration	61,802
Public facilities	15,434
Public safety	393,907
Health and welfare	57,147
Conservation agriculture	<u>8,915</u>
Totals	<u>\$ 988,530</u>

9. **REVENUE BONDS PAYABLE OF ENTERPRISE FUNDS**

The following is a summary of the changes in revenue bonds of the Enterprise Funds (business-type activities) for the year ended September 30, 2010:

	Balance <u>10/1/2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>9/30/2010</u>
<u>Int. Toll Bridge System:</u>				
Note payable	\$ 590,000	\$ -	\$ 190,000	\$ 400,000
Note payable	96,867	-	76,719	20,148
Total	<u>\$ 686,867</u>	<u>\$ -</u>	<u>\$ 266,719</u>	<u>\$ 420,148</u>

Revenue notes payable of the Enterprise Funds at September 30, 2010 consisted of the following individual bond issues:

Promissory note payable to Starr County, semiannual installments including principal and interest ranging from 3.00% to 3.25%, due August 2012, unsecured:	\$ 400,000
Lease Purchase note payable to TRMI Systems Integration monthly installments of \$6,808 including principal and interest at 8% due December 1, 2010:	<u>20,148</u>
Revenue Notes Payable at 9/30/10:	<u>\$ 420,148</u>

Future annual requirements to retire the above revenue bonds, exclusive of the unamortized bond discount, of the Enterprise Funds outstanding as of September 30, 2010 are as follows:

Toll Bridge System:

Year Ended <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 215,148	\$ 17,489	\$ 232,637
2012	<u>205,000</u>	<u>6,662</u>	<u>211,662</u>
Total	<u>\$ 420,148</u>	<u>\$ 24,151</u>	<u>\$ 444,299</u>

10. **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains two Enterprise Funds, which provide natural gas and International boundary crossings. Segment information for the year ended September 30, 2010 was as follows:

	<u>Gas System and Landfill</u>	<u>International Toll Bridge</u>	<u>Total</u>
Operating revenues	\$ 1,132,867	\$ 2,134,366	\$ 3,267,233
Depreciation and amortization expense	(10,926)	(182,524)	(193,450)
Operating income	(138,507)	717,837	579,330
Operating transfers out	-	(585,000)	(585,000)
Net income or (loss)	(137,205)	117,890	(19,315)
Invested in capital assets, net	40,792	3,737,017	3,777,809
Unrestricted net assets	(254,845)	628,688	373,843
Notes payable - net of current	-	225,148	225,148

11. **FIXED ASSETS OF PROPRIETARY FUNDS**

Fixed assets of Proprietary Funds (Enterprise Funds) at September 30, 2010 consisted of the following:

	Gas <u>System</u>	International <u>Bridge</u>	Transfer <u>Station</u>	<u>Total</u>
Land	\$ 10,000	\$ 1,396,530	\$ -	\$ 1,406,530
Construction in progress	-	-	1,646,801	1,646,801
Buildings and improvements	20,390	5,342,488	-	5,362,878
Gas distribution system	571,562	-	-	571,562
Machinery, furniture and equipment	151,518	779,098	-	930,616
Total at historic cost	<u>753,470</u>	<u>7,518,116</u>	<u>1,646,801</u>	<u>9,918,387</u>
Less:				
Accumulated depreciation	<u>(712,678)</u>	<u>(3,781,099)</u>	<u>-</u>	<u>(4,493,777)</u>
Fixed assets, net of accumulated depreciation	<u>\$ 40,792</u>	<u>\$ 3,737,017</u>	<u>\$ 1,646,801</u>	<u>\$ 5,424,610</u>

12. **CONTINGENT LIABILITIES**

The County is a party to various litigations under which it may be required to pay certain monies upon decision of the courts. The County's Attorneys report various possible contingent liabilities based on the amount of damages alleged in various cases. However, it is the opinion of the County's Attorney that the County's liability in these cases that are not covered by liability insurance will be a far lesser amount than that demanded. In the opinion of the County's management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provisions or losses have been recorded.

13. **BUDGET RESULTS RECONCILED TO RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

The budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP basis). The results of operations as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual, are in accordance with budgetary process to provide a meaningful comparison with the budget.

The major differences between the budgetary basis "actual" and the GAAP basis are as follows:

- A. Basis differences – revenues and expenditures are budgeted on a cash basis while accounts shown in the combined Statement of Revenues, Expenditures and Changes in Fund Balance – All governmental fund types are presented under the modified accrual basis of accounting.
- B. Entity difference – budgets were not legally adopted for capital projects fund and the federal and state grants. As previously stated in Note 1 part D to the combined financial statements, the federal and state grants have already been excluded from the budgetary and actual figures shown on the Statement of Revenues, Expenditures and Changes in Fund Balances under Special Revenue Funds. Consequently, the amounts shown on said statement represent those of the Road and Bridge Fund only.

14. COMMITMENTS AND CONTINGENCIES

Federal and State Funds

The County has received federal and state funds as grants and other financial assistance. These funds must be spent only as allowed by the grant and other federal or state requirements. Also, the County must follow various laws and regulations when they receive these funds. If the County does not abide by these laws and regulations or does not spend the monies, as allowed under the grant agreements, the County may be required to return the grant monies, or a portion thereof, to the granting agencies. The contingent liability, if any, that may be due to the federal and state agencies, cannot be readily determined.

15. RISK MANAGEMENT

Starr County is exposed to various risks of loss relating to general liability, the accidental risk of loss of real and personal property, damage to County assets, errors and omissions, and personal risks which relate to workers' compensation. The County implements a number of risk strategies, such as purchasing commercial insurance and self-insurance with specific and full self-insurance to manage those listed risks. Amounts of coverage for these types of risk have not been subjected to a significant reduction in the current year.

16. PROMISSORY NOTE

Starr County has a promissory note in the amount of \$1,429,412 with Lone Star National Bank maturing on February 13, 2011. The note is to be used to pay for the cost of construction and installation of the County's Solid Waste Disposal Transfer Station. The promissory note is collateralized by four certificates of deposit (and any renewals or extensions thereof), in Starr County's name and on deposit with Lone Star National Bank. At September 30, 2010, the note balance was \$1,010,381 and the interest rate was 2.5%.

Subsequent to year end, the promissory note was designated as the "County of Starr, Texas Note, Series 2011" on January 24, 2011. The note will then mature on January 24, 2016. The per annum rate of interest is a variable interest rate equal to the highest Prime Rate quoted by the Wall Street Journal, plus 0.00%, commencing at 3.25%.

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17. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances, at September 30, 2010, consisted of the following individual fund receivables and payables:

	<u>Due from</u>	<u>Due to</u>
General fund:		
Special revenue funds	\$ 2,875,517	\$ 158,432
Debt service fund	-	34,219
Enterprise funds	223,654	-
Trust and agency funds	<u>1,457,366</u>	<u>186,749</u>
Total general fund	<u>\$ 4,556,537</u>	<u>\$ 379,400</u>
Special revenue funds:		
General fund	\$ 158,432	\$ 2,875,517
Special revenue funds	242,398	242,398
Trust and agency funds	<u>434,259</u>	<u>426,075</u>
Total special revenue funds	<u>\$ 835,089</u>	<u>\$ 3,543,990</u>
Debt service fund:		
General fund	\$ 34,219	\$ -
Trust and agency funds	<u>89,749</u>	<u>45</u>
Total debt service fund	<u>\$ 123,968</u>	<u>\$ 45</u>
Capital projects fund:		
Enterprise funds	<u>\$ 210,639</u>	<u>\$ -</u>
Total capital project fund	<u>\$ 210,639</u>	<u>\$ -</u>
Enterprise funds:		
General fund	\$ -	\$ 223,654
Capital projects fund	<u>-</u>	<u>210,639</u>
Total enterprise funds	<u>\$ -</u>	<u>\$ 434,293</u>
Trust and agency funds:		
General fund	\$ 186,749	\$ 1,457,366
Special revenue funds	426,075	434,259
Debt service fund	45	89,749
Trust and agency funds	<u>57,973</u>	<u>57,973</u>
Total trust and agency funds	<u>\$ 670,842</u>	<u>\$ 2,039,347</u>
Totals	<u>\$ 6,397,075</u>	<u>\$ 6,397,075</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided and/or reimbursement expenditures occur, 2) payments between funds are made. Balances also result from interfund payroll transactions and end of year reclassifications made between funds.

18. **PENSION PLAN**

Plan Description

The County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 cash balance-like 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 County, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The pension plan requires that employees contribute 5% of their annual covered salary. The employer is required to contribute at an actuarially determined rate; the current rate is 8.14% of annual covered payroll. The contribution requirements of the plan members and Starr County are established and may be amended by TCDRS' Board of Trustees.

Annual Pension Cost

For 2010, Starr County's annual pension of \$1,043,886 for TCDRS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of investment expenses), (b) projected salary increases of 5.4% per year, and (c) 0% for cost of living adjustments. Both (a) and (b) included an inflation component of 3.5%. The method of determining the actuarial value of assets is the SAF: 10-year smoothed value ESF: fund value method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

18. PENSION PLAN (Continued)

Annual Pension Cost (Continued)

Schedule of Funding Progress						
	<u>a</u>	<u>b</u>	<u>b - a</u>	<u>a / b</u>	<u>c</u>	<u>(b - a) / c</u>
Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2007	\$ 13,519,752	\$ 16,917,888	\$ 3,399,936	79.90%	\$ 10,932,386	31.10%
9/30/2008	\$ 13,997,027	\$ 18,222,388	\$ 4,225,361	76.81%	\$ 11,860,970	35.62%
9/30/2009	\$ 16,282,437	\$ 20,832,811	\$ 4,550,374	78.16%	\$ 13,117,272	34.69%

Schedule of Employer Contributions			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2007	\$ 839,146	100.00%	-
9/30/2008	\$ 827,018	100.00%	-
9/30/2009	\$ 1,043,886	100.00%	-

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BUDGETARY COMPARISON REPORTING

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STARR COUNTY, TEXAS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Current ad valorem	\$ 7,894,977	\$ 7,894,977	\$ 9,117,899	\$ 1,222,922
Delinquent ad valorem	1,100,000	1,100,000	892,273	(207,727)
Late rendition penalty	-	-	13,776	13,776
Alcoholic beverage licenses	10,000	10,000	22,804	12,804
Subdivision fees	20,000	20,000	14,944	(5,056)
Federal payment in lieu of taxes	-	-	36,699	36,699
State grant elderly	20,000	20,000	-	(20,000)
Nutrition program grant	185,000	185,000	259,231	74,231
Tx task force on indigent defense	-	-	32,894	32,894
Attorney general - court cost reimb	-	36,416	81,691	45,275
911 addressing grant	-	38,850	34,061	(4,789)
Fees of office	1,884,100	1,884,100	1,961,353	77,253
Detention center	900,000	900,000	1,355,556	455,556
Detention center - cities	12,000	12,000	13,538	1,538
Juvenile detention center	40,000	40,000	20,165	(19,835)
El Cenizo adult day care rents	30,000	30,000	6,600	(23,400)
Chapter 19 - voter registration	-	-	8,683	8,683
Library fines	1	1	3,133	3,132
Rentals	40,000	40,000	18,948	(21,052)
State salary supplement	85,000	85,000	154,790	69,790
Bond forfeitures	-	-	3,200	3,200
Interest	-	-	58,202	58,202
Donations	-	2,850	2,850	-
Sale of cemetery plots	5,000	5,000	6,850	1,850
Miscellaneous (sheriff)	10,000	10,000	-	(10,000)
Miscellaneous (auction)	600	600	9,416	8,816
Miscellaneous	30,000	30,000	46,498	16,498
Tow truck registration fees	-	-	3,056	3,056
Elderly transportation	-	-	1,958	1,958
Total revenues	\$ 12,266,678	\$ 12,344,794	\$ 14,181,068	\$ 1,836,274

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STARR COUNTY, TEXAS
 DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General administration:				
County judge:				
Salary of official	\$ 65,363	\$ 65,363	\$ 65,323	\$ 40
Supplemental salary of official	15,000	15,000	14,979	21
Salary of administrative assistant	75,018	75,018	75,035	(17)
Salary of secretary	29,278	29,278	29,278	-
Salary of clerk	24,818	24,818	34,813	(9,995)
Salary of courthouse security	29,900	84,455	26,450	58,005
Dog kennel supervisor	3,000	3,000	-	3,000
Automation coordinator	68,135	68,135	67,337	798
Annex receptionist	39,400	39,400	39,400	-
Payroll taxes	26,768	26,768	26,083	685
Employee retirement	28,518	28,518	26,430	2,088
Office supplies	7,130	7,130	7,076	54
Auto expense	50,000	55,000	52,819	2,181
Telephone	-	7,000	7,556	(556)
Travel and seminar	10,000	12,000	12,660	(660)
Bonds and insurance	300	300	-	300
Dues and subscriptions	2,000	2,000	25	1,975
Capital outlay-equipment	10,000	1,000	-	1,000
Miscellaneous	10,000	10,000	4,028	5,972
Contingencies	10,000	5,000	3,255	1,745
Dog kennel	20,000	20,000	-	20,000
Total county judge	524,628	579,183	492,547	86,636
County clerk:				
Salary of official	38,355	38,355	38,355	-
Salary of chief clerk	50,351	50,351	42,844	7,507
Salaries of deputies	84,955	84,955	101,282	(16,327)
Payroll taxes	13,285	13,285	13,474	(189)
Employee retirement	14,153	14,153	14,045	108
Office supplies	18,000	18,000	16,052	1,948
Telephone	50	50	552	(502)
Travel and seminars	3,000	3,000	2,950	50
Binding expense	5,000	5,000	5,012	(12)
Bonds and insurance	900	900	-	900
Operational system fee	51,000	51,000	50,400	600
Total county clerk	279,049	279,049	284,966	(5,917)
Personnel department:				
Salary of supervisor	29,619	29,619	28,854	765
Salary of secretary/manager	21,152	21,152	20,500	652

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General administration: (continued)				
Personnel department: (continued)				
Salary of benefits clerk	21,446	21,446	19,141	2,305
Salary of loss benefits clerk	21,704	21,704	24,000	(2,296)
Payroll taxes	7,185	7,185	6,652	533
Employee retirement	7,655	7,655	7,107	548
Office supplies	6,000	6,000	5,161	839
Travel and seminars	4,500	4,500	4,755	(255)
Rental - copier	3,000	3,000	-	3,000
Telephone	-	-	225	(225)
Total personnel department	<u>122,261</u>	<u>122,261</u>	<u>116,395</u>	<u>5,866</u>
Planning department:				
Salary of Subdivision regulation inspector	35,651	35,651	34,436	1,215
Salary of field worker	23,026	23,026	22,674	352
Payroll taxes	4,489	4,489	4,343	146
Employee retirement	4,782	4,782	3,428	1,354
Office supplies	3,000	3,000	3,456	(456)
Travel and seminars	1,500	1,500	531	969
Auto expense	2,000	2,000	-	2,000
Dues & subscriptions	100	100	-	100
Telephone	500	500	-	500
Total planning department	<u>75,048</u>	<u>75,048</u>	<u>68,868</u>	<u>6,180</u>
Veterans' service officer:				
Salary of official	25,321	25,321	24,063	1,258
Payroll taxes	1,937	1,937	1,841	96
Employee retirement	2,064	2,064	1,849	215
Office supplies	500	500	-	500
Telephone	100	100	-	100
Travel and seminars	1,000	1,000	-	1,000
Total veterans' service officer	<u>30,922</u>	<u>30,922</u>	<u>27,753</u>	<u>3,169</u>
Elections administrator:				
Salary of clerk	61,822	61,822	55,888	5,934
Salary of temporary help	-	-	17,530	(17,530)
Payroll taxes	4,729	4,729	6,686	(1,957)
Employee retirement	5,038	5,038	5,878	(840)
Office supplies	10,450	10,450	10,366	84
Telephone	3,000	3,000	900	2,100
Travel and seminars	3,550	3,550	4,003	(453)
Public notices	1,000	1,000	-	1,000

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General administration: (continued)				
Elections administrator: (continued)				
Bonds and insurance	500	500	-	500
Miscellaneous	1,000	1,000	96	904
Capital outlay	500	500	524	(24)
Total elections administrator	<u>91,589</u>	<u>91,589</u>	<u>101,871</u>	<u>(10,282)</u>
General fund county wide:				
Texas employment commission	65,000	73,000	80,469	(7,469)
Workers compensation	140,000	140,000	10,324	129,676
Postage	140,000	140,000	96,660	43,340
Legal fees and settlements	150,000	174,300	173,680	620
Audit services	50,000	68,000	68,000	-
Payroll report processing	10,000	10,000	5,220	4,780
Appraisal district fees	300,000	374,555	368,343	6,212
Contractual services	120,000	130,000	101,678	28,322
Drug testing fees	8,000	8,000	6,846	1,154
Autopsies	50,000	50,000	39,790	10,210
Bidding & notices	12,000	20,500	20,494	6
Telephone-DPS license department	150	150	-	150
Building rent-DPS license department	100	100	-	100
Equipment rental-copiers	50,000	50,000	22,265	27,735
Computer payments	20,000	20,000	7,456	12,544
Insurance	120,000	190,000	185,583	4,417
Texas department of human services	8,000	8,000	6,211	1,789
Historical commission	1,000	1,000	-	1,000
Industrial development	100,000	100,000	90,020	9,980
Errors and omissions-insurance	80,000	5,000	500	4,500
Rural fire calls	5,000	5,000	-	5,000
Computer update	60,000	54,000	41,931	12,069
Capital outlay	120,000	120,000	77,111	42,889
Group insurance	1,350,000	1,269,200	1,154,077	115,123
Retirement	-	-	36	(36)
Self Help Center expense	2,000	2,000	6,381	(4,381)
Unreimbursed grant expenditures	-	-	103,000	(103,000)
Miscellaneous	20,000	22,000	21,846	154
Infrastructure development	50,000	77,000	72,244	4,756
Elections expense	80,000	80,000	47,167	32,833
Salary - visiting judges	6,000	30,000	24,369	5,631
Payroll taxes	-	-	882	(882)
Telephone	100,000	100,000	99,058	942
Total general fund county wide	<u>3,217,250</u>	<u>3,321,805</u>	<u>2,931,641</u>	<u>390,164</u>

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General administration: (continued)				
General fund county wide: (continued)				
Total general administration	<u>4,340,747</u>	<u>4,499,857</u>	<u>4,024,041</u>	<u>475,816</u>
Judicial:				
County court-at-law:				
Salary of official	136,233	136,233	136,232	1
Salary of court coordinator	28,754	28,754	34,538	(5,784)
Salary of court reporter	37,597	37,597	31,813	5,784
Salary of administrative assistant	28,613	28,613	28,613	-
Payroll taxes	17,687	17,687	15,090	2,597
Employee retirement	18,843	18,843	17,810	1,033
Office supplies	1,500	1,500	1,490	10
Court appointed counselors	16,000	16,000	27,870	(11,870)
Visiting reporter	200	200	-	200
Telephone	100	100	-	100
Travel and seminars	1,500	1,500	1,266	234
Bonds and insurance	50	50	-	50
Petit jurors	5,000	5,000	3,420	1,580
Other juror expense	1,000	1,000	647	353
Court ordered psychological evaluations	500	500	-	500
Court Appointed Attorney - Ad Litem	-	-	2,100	(2,100)
Miscellaneous	1,000	1,000	-	1,000
Total county court-at-law	<u>294,577</u>	<u>294,577</u>	<u>300,889</u>	<u>(6,312)</u>
229th district court:				
Salary Official	5,000	5,000	5,000	-
Salary of court reporter	42,712	42,712	42,712	-
Salary of court coordinator	25,331	25,331	25,304	27
Salary of court clerk	45,060	45,060	45,060	-
Court ordered psychological evaluations	100	100	350	(250)
Salary of interpreter	7,900	7,900	8,533	(633)
Salary of part time clerk	7,900	7,900	7,900	-
Payroll taxes	10,244	10,244	9,472	772
Employee retirement	10,913	10,913	10,349	564
Office supplies	4,000	4,000	1,045	2,955
Court-appointed counselors	25,000	25,000	21,611	3,389
Court appointed Attorney-Ad Life	50,000	50,000	86,781	(36,781)
Visiting reporter	4,000	4,000	2,421	1,579
Telephone	3,500	3,500	3,475	25
Travel and seminars	7,000	7,000	8,925	(1,925)
Dues and subscriptions	200	200	-	200

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STARR COUNTY, TEXAS
 DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Judicial: (continued)				-
229th district court: (continued)				-
Petit jurors	35,000	35,000	29,500	5,500
Office Equipment	-	-	413	(413)
Other juror expense	2,500	2,500	1,687	813
Capital outlay	1,000	1,000	-	1,000
Total 229th district court	<u>287,360</u>	<u>287,360</u>	<u>310,538</u>	<u>(23,178)</u>
381st district court:				
Salary of official	5,000	5,000	5,000	-
Salary of court reporter	66,517	66,517	67,005	(488)
Salary of court coordinator	68,538	68,538	68,538	-
Salary of court bailiff	22,365	22,365	21,512	853
Salary of interpreter	7,900	7,900	6,984	916
Payroll taxes	13,029	13,029	12,227	802
Employee retirement	13,881	13,881	12,581	1,300
Office supplies	8,000	8,000	8,238	(238)
Court-appointed counselors	30,000	30,000	25,163	4,837
Visiting reporter	3,000	3,000	1,758	1,242
Telephone	500	500	-	500
Travel and seminars	4,000	4,000	3,576	424
Jury commission	200	200	-	200
Petit jurors	40,000	40,000	44,607	(4,607)
Other juror expense	4,000	4,000	2,346	1,654
Court ordered psychological evaluations	1,000	1,000	800	200
Miscellaneous	3,000	3,000	2,793	207
Total 381st district court	<u>290,930</u>	<u>290,930</u>	<u>283,128</u>	<u>7,802</u>
District clerk:				
Salary of official	38,355	38,355	38,355	-
Salary of chief clerk	25,460	25,460	25,460	-
Salary of clerks	175,380	175,380	154,288	21,092
Payroll taxes	18,298	18,298	16,332	1,966
Employee retirement	19,494	19,494	15,735	3,759
Office supplies	16,000	16,000	14,535	1,465
Microfilming	3,000	3,000	-	3,000
Telephone	1,500	1,500	1,298	202
Travel and seminars	3,000	3,000	1,262	1,738
Binding expense	5,000	5,000	-	5,000
Repair & maintenance-equipment	1,000	1,000	-	1,000
Printer Lease	1,100	1,100	-	1,100
Bonds and insurance	2,000	2,000	-	2,000

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Judicial: (continued)				
District clerk: (continued)				
Miscellaneous	200	200	675	(475)
Dues and subscriptions	1,000	1,000	95	905
Total district clerk	310,787	310,787	268,035	42,752
Justice of the peace pct. 1:				
Salary of official	30,436	30,436	30,436	-
Salary of secretary	24,252	24,252	24,252	-
Payroll taxes	4,184	4,184	4,013	171
Employee retirement	4,457	4,457	4,201	256
Office supplies	1,500	1,500	1,119	381
Telephone	1,100	1,100	2,195	(1,095)
Travel and seminars	1,500	1,500	1,349	151
Bonds and insurance	175	175	-	175
Juror expense	100	100	-	100
Internet service	1,450	1,450	1,318	132
Total justice of the peace pct. 1	69,154	69,154	68,883	271
Justice of the peace pct. 2:				
Salary of official	27,694	27,694	27,694	-
Salary of secretary	22,144	22,144	22,145	(1)
Payroll taxes	3,813	3,813	3,295	518
Employee retirement	4,062	4,062	3,828	234
Office supplies	1,200	1,200	267	933
Telephone	1,000	1,000	2,158	(1,158)
Travel and seminars	1,000	1,000	1,033	(33)
Juror expense	100	100	-	100
Bonds and insurance	175	175	-	175
Internet service	1,250	1,250	1,209	41
Total justice of the peace pct. 2	62,438	62,438	61,629	809
Justice of the peace pct. 3:				
Salary of official	27,694	27,694	27,701	(7)
Salary of secretary	22,144	22,144	22,144	-
Payroll taxes	3,813	3,813	3,670	143
Employee retirement	4,062	4,062	3,829	233
Office supplies	1,400	1,400	1,236	164
Telephone	1,000	1,000	1,536	(536)
Internet service	1,500	1,500	1,279	221
Travel and seminars	1,000	1,000	1,518	(518)
Bonds and insurance	175	175	-	175

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Juror expense	100	100	-	100
Judicial: (continued)				
Justice of the peace pct. 3:				
Total justice of the peace pct. 3	62,888	62,888	62,913	(25)
Justice of the peace pct. 4:				
Salary of official	30,436	30,436	30,436	-
Salary of secretary	23,624	23,624	23,624	-
Payroll taxes	4,136	4,136	4,029	107
Group insurance	-	-	-	-
Employee retirement	4,406	4,406	4,153	253
Office supplies	2,000	2,000	1,252	748
Telephone	-	-	-	-
Travel and seminars	1,200	1,200	844	356
Juror expense	-	-	-	-
Bonds and insurance	175	175	-	175
Internet service	300	300	-	300
Total justice of the peace pct. 4	66,277	66,277	64,338	1,939
Justice of the peace pct. 5:				
Salary of official	30,436	30,436	30,436	-
Clerk	18,700	18,700	18,700	-
Payroll taxes	3,759	3,759	3,241	518
Employee retirement	4,005	4,005	3,775	230
Office supplies	1,200	1,200	1,004	196
Telephone	1,000	1,000	1,420	(420)
Travel and seminars	1,000	1,000	949	51
Juror expense	100	100	-	100
Bonds and insurance	175	175	-	175
Internet service	-	-	-	-
Total justice of the peace pct. 5	60,375	60,375	59,525	850
Justice of the peace pct. 6:				
Salary of official	30,436	30,436	30,450	(14)
Salary of secretary	24,252	24,252	24,252	-
Payroll taxes	4,184	4,184	3,903	281
Employee retirement	4,457	4,457	4,202	255
Office supplies	1,500	2,113	2,096	17
Telephone	1,500	1,637	2,229	(592)
Travel and seminars	1,200	1,200	1,192	8
Copier lease	350	-	-	-
Juror expense	100	-	-	-
Bonds and insurance	300	-	-	-

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Internet service	1,500	1,500	1,267	233
Judicial: (continued)				
Justice of the peace pct. 6: (continued)				
Total justice of the peace pct. 6	69,779	69,779	69,591	188
Justice of the peace pct. 7:				
Salary of official	27,694	27,694	27,694	-
Salary of secretary	21,120	21,120	21,122	(2)
Payroll taxes	3,734	3,734	3,704	30
Employee retirement	3,978	3,978	3,750	228
Office supplies	1,000	1,000	1,602	(602)
Telephone	1,300	1,300	2,665	(1,365)
Travel and seminars	1,100	1,100	1,318	(218)
Rental copier	500	500	-	500
Bonds and insurance	175	175	-	175
Juror expense	100	100	-	100
Internet service	1,000	1,000	1,080	(80)
Total justice of the peace pct. 7	61,701	61,701	62,935	(1,234)
Justice of the peace pct. 8:				
Salary of official	27,694	27,694	27,425	269
Salary of secretary	22,144	22,144	22,144	-
Payroll taxes	3,813	3,813	3,695	118
Employee retirement	4,062	4,062	3,812	250
Office supplies	2,200	2,200	1,689	511
Telephone	100	100	-	100
Travel and seminars	1,200	1,200	1,774	(574)
Juror expense	-	-	-	-
Bonds and insurance	275	275	-	275
Internet service	1,500	1,500	1,439	61
Total justice of the peace pct. 8	62,987	62,987	61,978	1,009
Total judicial	1,699,253	1,699,253	1,674,382	24,871
Legal:				
County attorney:				
Salary of official	55,550	55,550	55,255	295
Supplemental salary of official	25,425	25,425	25,626	(201)
Salary of assistant county attorney	109,110	54,555	11,134	43,421
Other salaries	107,953	107,953	233,967	(126,014)
CPS Attorney	20,500	20,500	-	20,500

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STARR COUNTY, TEXAS
 DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Intake clerk	-	-	32,279	(32,279)
Legal: (continued)				
County attorney: (continued)				
Payroll taxes	24,368	24,368	26,606	(2,238)
Employee retirement	25,961	25,961	23,871	2,090
Office supplies	4,000	4,000	3,910	90
Supplies other	1,000	1,000	-	1,000
Repairs and maintenance-autos	2,000	2,000	1,257	743
Fuel and oil	9,000	9,000	6,181	2,819
Travel and seminars	1,000	1,000	-	1,000
Equipment rental-copiers	6,500	6,500	3,812	2,688
Bonds and insurance	1,000	1,000	-	1,000
Dues and subscriptions	250	250	-	250
Capital outlay	1,000	1,000	831	169
Service of citations	6,000	6,000	3,300	2,700
Total county attorney	400,617	346,062	428,029	(81,967)
District attorney:				
Supplemental salary of official	11,332	11,332	11,332	-
Salaries - supplement account	-	-	28,167	(28,167)
Salaries of assistants	104,737	104,737	103,139	1,598
Salaries of investigators	38,587	38,587	36,384	2,203
Salaries-secretaries	91,992	91,992	87,660	4,332
Other salaries	59,403	59,403	88,965	(29,562)
Payroll taxes	23,413	23,413	23,511	(98)
Employee retirement	24,943	24,943	25,076	(133)
Office supplies	4,000	4,000	7,512	(3,512)
Repairs and maintenance-autos	2,000	2,000	2,058	(58)
Transcripts for trials and appeals	3,500	3,500	3,133	367
Telephone	1,000	1,000	1,172	(172)
Travel and seminars	3,500	3,500	3,066	434
Computer maintenance	1,000	1,000	990	10
Equipment rental-copier	7,000	7,000	6,740	260
Bonds and insurance	300	300	-	300
Dues and subscriptions	1,500	1,500	1,426	74
Crime victims assistance	-	-	100	(100)
Capital outlay	1,500	1,500	1,801	(301)
Miscellaneous	500	500	521	(21)
Child advocacy center	-	-	-	-
Total district attorney	380,207	380,207	432,753	(52,546)
Total legal	780,824	726,269	860,782	(134,513)

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Financial administration:				
County auditor:				
Salary of official	58,940	58,940	58,940	-
Salary of accountant	42,593	42,593	42,593	-
Salary of assistant	40,294	40,294	3,712	36,582
Salary of special programs bookkeeper	26,284	26,284	-	26,284
Salary of clerks	90,970	90,970	86,887	4,083
Payroll taxes	19,820	19,820	13,952	5,868
Employee retirement	21,115	21,115	14,216	6,899
Office supplies	3,500	3,500	3,481	19
Travel and seminars	2,000	2,000	658	1,342
Repairs and maintenance-equipment	500	500	-	500
Equipment rental-copier	4,000	4,000	1,650	2,350
Bonds and insurance	200	200	-	200
Dues and subscriptions	300	300	240	60
Miscellaneous	200	200	156	44
Capital outlay	3,000	3,000	-	3,000
Total county auditor	313,716	313,716	226,485	87,231
County treasurer:				
Salary of official	38,355	38,355	38,355	-
Salary of chief deputy	25,484	25,484	21,845	3,639
Salary of clerk	45,789	45,789	45,789	-
Payroll taxes	8,387	8,387	8,030	357
Employee retirement	8,935	8,935	8,173	762
Office supplies	4,200	4,200	2,912	1,288
Telephone	100	100	-	100
Travel and seminars	3,925	3,925	3,628	297
Bonds and insurance	800	800	-	800
Dues and subscriptions	100	100	-	100
Capital outlay	375	375	375	-
Total county treasurer	136,449	136,449	129,107	7,342
Tax collector:				
Salary of official	40,234	40,234	40,233	1
Salary of chief deputy	25,460	25,460	23,993	1,467
Salary of chief deputy-tax	25,460	25,460	25,492	(32)
Salaries of deputies	184,580	184,580	220,950	(36,370)
Clerk	3,833	3,833	15,707	(11,874)
Payroll taxes	21,387	21,387	23,658	(2,271)

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Employee retirement	22,785	22,785	24,766	(1,981)
Financial administration: (continued)				
Tax collector: (continued)				
Office supplies	15,000	18,406	18,392	14
Telephone	1,500	1,500	2,292	(792)
Travel and seminars	3,000	1,500	1,411	89
Printing	2,000	2,000	1,950	50
Bonds and insurance	1,500	1,500	-	1,500
Dues and subscriptions	700	395	395	-
Miscellaneous	500	199	199	-
Capital outlay	5,000	3,700	4,325	(625)
Total tax collector	352,939	352,939	403,763	(50,824)
Compliance and Collections:				
Collections Supervisor	28,538	28,538	28,538	-
Collection Specialist	46,600	46,600	44,133	2,467
Clerk	39,390	39,390	42,280	(2,890)
Social Security/ Medicare	8,761	8,761	8,531	230
Retirement	9,334	9,334	8,907	427
Office Supplies	4,000	4,000	3,026	974
Travel & Seminars	3,900	3,900	3,411	489
Dues & Subscriptions	500	500	-	500
Miscellaneous	500	500	-	500
Capital Outlay	100	100	-	100
Total Compliance and Collections	141,623	141,623	138,826	2,797
Total financial administration	944,727	944,727	898,181	46,546
Public facilities:				
Building maintenance:				
Salary of janitor	61,804	61,804	59,922	1,882
Salary of yardman	21,759	21,759	20,601	1,158
Salary of janitor (new floor)	20,601	20,601	19,000	1,601
Salary of annex janitors	39,400	39,400	39,301	99
Salary of annex yardman	18,700	18,700	23,839	(5,139)
Payroll taxes	12,413	12,413	12,185	228
Employee retirement	13,225	13,225	11,870	1,355
Cleaning and sanitation supplies	16,000	16,000	12,919	3,081
Small tools	4,069	4,069	1,368	2,701
Repairs and maintenance-buildings	25,000	25,000	6,193	18,807
Repairs and maintenance-elevator	7,000	7,000	6,564	436
Repairs and maintenance-equipment	11,000	11,000	10,546	454

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Total building maintenance	250,971	250,971	224,308	26,663
Public facilities: (continued)				
Building maintenance: (continued)				
Total public facilities	250,971	250,971	224,308	26,663
Public safety:				
Fire station pct. 1:				
Salary of employee	98,304	98,304	103,770	(5,466)
Payroll taxes	7,520	7,520	8,050	(530)
Employee retirement	8,012	6,412	6,801	(389)
Fuel and oil	8,000	4,500	4,482	18
Cleaning and sanitation	1,000	650	619	31
Telephone	2,000	2,000	2,107	(107)
Travel and seminars	1,500	1,000	980	20
Repairs and maintenance-equipment	37,000	31,900	31,527	373
Equipment rentals	16,700	1,450	1,450	-
Insurance-liability	1,200	-	-	-
Insurance-firemen	2,500	-	-	-
Miscellaneous	7,000	7,000	4,621	2,379
Capital outlay-equipment	10,000	-	-	-
Total fire station pct. 1	200,736	160,736	164,407	(3,671)
Fire station pct. 2:				
Salary of employee	110,572	95,572	95,287	285
Assistant chief	21,325	-	-	-
Payroll taxes	10,090	10,090	7,277	2,813
Employee retirement	10,750	10,750	7,076	3,674
Fuel and oil	15,000	15,000	14,604	396
Telephone	3,000	4,000	4,158	(158)
Travel and seminars	1,000	-	-	-
Repair and maintenance-equipment	14,000	14,000	14,269	(269)
Capital outlay-equipment	34,000	63,825	65,467	(1,642)
Total fire station pct. 2	219,737	213,237	208,138	5,099
Fire station pct. 3:				
Salary of employee	113,859	113,859	116,004	(2,145)
Payroll taxes	7,838	7,838	8,790	(952)
Employee retirement	8,351	8,351	8,864	(513)
Fuel and oil	8,000	8,000	7,974	26
Telephone	1,000	1,000	2,185	(1,185)
Travel and seminars	-	-	-	-
Repairs and maintenance-equipment	12,000	12,000	11,955	45

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Rental Equipment	-	-	-	-
Public safety: (continued)				
Fire station pct. 3: (continued)				
Insurance-liability	2,078	2,078	2,078	-
Insurance-firemen	1,977	1,977	1,977	-
Capital outlay-equipment	6,087	6,087	6,086	1
Capital outlay-building	6,760	6,760	6,571	189
Total fire station pct. 3	167,950	167,950	172,484	(4,534)
Fire station pct. 4:				
Salary of employee	-	-	91,415	(91,415)
Salary of firemen	91,517	91,517	4,350	87,167
Payroll taxes	7,001	7,001	6,852	149
Employee retirement	7,459	7,459	5,960	1,499
Uniform rental	4,000	4,000	3,515	485
Fuel and oil	22,000	22,000	19,176	2,824
Telephone	3,000	3,000	3,895	(895)
Travel and seminars	1,000	1,000	-	1,000
Repair and maintenance-equipment	8,000	10,850	15,648	(4,798)
Equipment rental	13,000	-	-	-
Insurance-liability	4,000	-	-	-
Insurance- fireman	1,000	-	-	-
Miscellaneous	7,000	8,000	7,714	286
Capital outlay-equipment	25,000	42,000	36,042	5,958
Total fire station pct. 4	193,977	196,827	194,567	2,260
Constables:				
Salary of constable Pct. 1	25,529	25,529	25,529	-
Salary of constable Pct. 2	25,529	25,529	25,529	-
Salary of constable Pct. 3	25,529	25,529	25,533	(4)
Salary of constable Pct. 4	25,529	25,529	25,529	-
Salary of constable Pct. 5	25,529	25,529	25,529	-
Salary of constable Pct. 6	25,529	25,529	25,591	(62)
Salary of constable Pct. 7	-	-	24,547	(24,547)
Salary of constable Pct. 8	25,529	25,529	25,529	-
Payroll taxes	13,671	13,671	14,938	(1,267)
Employee retirement	14,564	14,564	15,628	(1,064)
Travel and seminars	4,000	4,000	-	4,000
Fuel and oil	32,000	32,000	21,338	10,662
Telephone	-	-	742	(742)
Bonds and insurance	-	-	-	-
Repairs & Maintenance - Autos	1,000	1,000	2,479	(1,479)

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Repairs and maintenance - equipment	6,000	6,000	-	6,000
Public safety: (continued)				
Constables: (continued)				
Total constables	249,938	249,938	258,441	(8,503)
Sheriff's department:				
Salary of official	69,293	69,293	66,983	2,310
Supplement official	15,000	15,000	15,001	(1)
Salary of chief deputy	45,761	45,761	45,761	-
Salary of deputies	481,916	481,916	466,265	15,651
Salary of clerk	21,378	21,378	21,092	286
Salary of dispatchers	162,570	162,570	160,126	2,444
Salary of investigators	197,851	197,851	180,221	17,630
Salary of captain	36,819	36,819	60,918	(24,099)
Salary of sergeants	98,928	98,928	95,801	3,127
Salary of corporals	33,478	33,478	65,019	(31,541)
Salary of warrants	31,739	31,739	23,175	8,564
Salary of part-time dispatcher	20,283	20,283	-	20,283
Salary of lieutenant	32,932	32,932	37,230	(4,298)
Courthouse liaison officer	27,456	27,456	27,456	-
Task Force Officer	32,000	32,000	1,578	30,422
Payroll taxes	100,016	100,016	94,760	5,256
Employee retirement	106,553	106,553	96,554	9,999
Lubricants	1,000	1,000	-	1,000
Uniforms	10,000	10,000	9,850	150
Office supplies	9,000	9,000	8,889	111
Fuel and oil	150,000	150,000	150,345	(345)
Camera supplies	4,000	4,000	-	4,000
Firearm supplies	3,000	3,000	2,680	320
Telephone	60,000	60,000	65,738	(5,738)
Travel and seminars	2,500	2,500	2,430	70
Transport of Inmates	3,000	3,000	-	3,000
School instructors expense	1,000	1,000	927	73
Repairs and maintenance-equipment	10,000	10,000	9,972	28
Repairs and maintenance-communications equipment	7,000	7,000	6,370	630
Rental of department files-storage	4,000	4,000	3,079	921
Repairs and maintenance-autos	30,000	30,000	29,566	434
Rental of copier equipment	4,500	4,500	2,549	1,951
Bonds and insurance	200	200	-	200
Miscellaneous	8,500	8,500	8,334	166
Radio Tower	12,000	12,000	12,000	-

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STARR COUNTY, TEXAS
 DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Starr Co Tactical Command Suburban	5,000	5,000	-	5,000
Public safety: (continued)				
Sheriff's department: (continued)				
Total sheriff's department	1,838,673	1,838,673	1,770,669	68,004
229th judicial district adult probation:				
Supplemental salaries of secretaries	8,360	8,360	3,689	4,671
Payroll taxes	640	640	249	391
Employee retirement	681	681	283	398
Total 229th judicial district adult probation	9,681	9,681	4,221	5,460
229th district juvenile probation:				
County's contribution	87,000	87,000	133,307	(46,307)
Total 229th district juvenile probation	87,000	87,000	133,307	(46,307)
Contribution to Texas DPS:				
Salary of clerks	21,809	21,809	21,751	58
Payroll taxes	1,668	1,668	1,664	4
Employee retirement	1,777	1,777	1,671	106
Office supplies and postage	2,000	2,000	-	2,000
Breathalyzer	5,000	5,000	-	5,000
Telephone	5,000	5,000	2,736	2,264
Equipment rentals	4,000	4,000	1,711	2,289
Miscellaneous	500	500	-	500
Total contribution to Texas DPS	41,755	41,755	29,533	12,222
Detention center:				
Secretary	-	-	26,706	(26,706)
Salary of captain	35,984	35,984	35,983	1
Salary of jailers	841,500	841,500	925,073	(83,573)
Salary of corporals	47,552	47,552	50,340	(2,788)
Salary of cooks	40,073	40,073	39,784	289
Salary of office manager	26,700	26,700	-	26,700
Salary of sergeants	98,965	98,965	75,009	23,956
Head Booker	26,700	26,700	-	26,700
Salary of bookkeeper	-	-	26,755	(26,755)
Salary of maintenance	43,671	43,671	-	43,671
Salary of mechanic	21,835	21,835	62,987	(41,152)
Salary of lieutenants	27,457	27,457	27,456	1
Payroll taxes	92,598	92,598	94,004	(1,406)
Employee retirement	98,651	98,651	94,989	3,662
Office supplies	15,000	15,000	14,582	418

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Cleaning and sanitation	30,000	30,000	32,214	(2,214)
Public safety: (continued)				
Detention center: (continued)				
Food consumption	345,000	345,000	378,575	(33,575)
Camera supplies	1,000	1,000	-	1,000
Uniforms	12,000	12,000	11,519	481
Personal hygiene-inmates	12,000	12,000	5,739	6,261
Pharmacy	30,000	30,000	42,782	(12,782)
Medical services	30,000	30,000	30,618	(618)
Contract medical service	100,000	100,000	97,600	2,400
Telephone	2,000	2,000	4,129	(2,129)
Transport of inmates	8,000	8,000	2,588	5,412
School and training	2,000	2,000	1,993	7
Utilities	125,000	125,000	86,417	38,583
Repairs and maintenance-buildings	100,000	100,000	129,680	(29,680)
Repairs and maintenance-equipment	50,000	50,000	50,000	-
Rental-copier	5,000	5,000	3,065	1,935
Contract Service - VINE Program	-	36,416	36,416	-
Insurance-buildings	10,000	10,000	21,036	(11,036)
Jail inspection expense	1,000	1,000	850	150
Capital outlay-equipment	15,000	15,000	9,178	5,822
Capital outlay-communications equipment.	3,000	3,000	3,061	(61)
Trustee fees-jail lease	5,000	5,000	-	5,000
Total detention center	2,302,686	2,339,102	2,421,128	(82,026)
Starr county juvenile detention center:				
Salary of guards	149,054	149,054	139,411	9,643
Salary of part-time guards	84,861	84,861	79,451	5,410
Detention director	2,300	2,300	4,706	(2,406)
Detention supervisor	2,300	2,300	-	2,300
Secretary Stipend	1,300	1,300	1,252	48
Payroll taxes	18,346	18,346	16,914	1,432
Employee retirement	19,545	19,545	15,680	3,865
Linen/Uniforms	400	400	-	400
Restraints	100	100	-	100
Office supplies	4,000	4,000	3,593	407
Telephone	2,000	2,000	3,357	(1,357)
Medical services	500	500	254	246
Repairs and maintenance	2,000	2,000	1,898	102
Insurance-liability	100	100	-	100
Miscellaneous	1,000	1,000	1,033	(33)
Travel and seminars	8,000	8,000	14,426	(6,426)

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Total starr county juvenile detention center	<u>295,806</u>	<u>295,806</u>	<u>281,975</u>	<u>13,831</u>
Public safety: (continued)				
9-1-1 Services:				
Salary of clerk	-	22,200	26,037	(3,837)
Payroll taxes	-	1,622	1,933	(311)
Group insurance	-	4,450	4,533	(83)
Employee retirement	-	1,410	1,969	(559)
Workers compensation	-	61	-	61
Unemployment insurance	-	270	-	270
Training	-	1,130	1,130	-
Maintenance & repairs	-	1,000	1,000	-
Travel - mileage	-	400	-	400
Supplies	-	5,048	4,167	881
Street sign replacement	-	1,258	1,258	-
Total 9-1-1 services	<u>-</u>	<u>38,849</u>	<u>42,027</u>	<u>(3,178)</u>
County wide services:				
Salary of fire department administrator	-	-	38,060	(38,060)
Payroll taxes	-	-	2,865	(2,865)
Employment retirement	-	-	2,924	(2,924)
Total county wide services	<u>-</u>	<u>-</u>	<u>43,849</u>	<u>(43,849)</u>
Total public safety	<u>5,607,938</u>	<u>5,639,553</u>	<u>5,724,746</u>	<u>(85,193)</u>
Health and welfare:				
Public health and welfare aid:				
Contract medical services	6,000	6,000	6,000	-
Pauper funerals	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total public health and welfare aid	<u>8,000</u>	<u>8,000</u>	<u>6,000</u>	<u>2,000</u>
Federal and state programs coordinator:				
Salary of department head	55,125	55,125	55,328	(203)
Salary of program manager	109,569	109,569	126,519	(16,950)
Salary part-time projects clerk	25,402	25,402	13,295	12,107
Payroll taxes	14,542	14,542	13,491	1,051
Employee retirement	15,493	15,493	12,465	3,028
Office supplies	9,000	7,490	5,507	1,983
Telephone	1,500	1,500	1,350	150
Travel and seminars	4,000	5,510	4,671	839
Repairs and maintenance equipment	1,300	1,300	20	1,280
Capital outlay	1,700	1,700	190	1,510

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Dues and subscriptions	750	750	80	670
Health and welfare: (continued)				
Federal and state programs coordinator: (continued)				
Total federal & state programs coordinator	238,381	238,381	232,916	5,465
Elderly programs:				
Salary of coordinator	23,016	23,016	23,016	-
Salary of transportation director	22,013	22,013	22,013	-
Payroll taxes	3,445	3,445	3,336	109
Employee retirement	3,670	3,670	3,439	231
Office supplies	500	500	500	-
Fuel and oil	20,000	20,000	11,654	8,346
Repair and maintenance-autos	2,500	2,500	2,466	34
Total elderly programs	75,144	75,144	66,424	8,720
Nutrition program pct. 1:				
Salary of site manager	23,600	23,600	27,689	(4,089)
Salary of part-time help	70,506	79,506	74,473	5,033
Payroll taxes	7,199	7,199	7,796	(597)
Employee retirement	7,670	7,670	7,702	(32)
Contractual	20,000	16,000	24,426	(8,426)
Consumables	12,000	-	-	-
Repairs and maintenance - auto	2,000	2,000	1,018	982
Fuel and oil	8,000	8,000	7,837	163
Miscellaneous	10,000	7,000	3,458	3,542
Food Pantry Expense	15,000	15,000	-	15,000
Total nutrition program pct. 1	175,975	165,975	154,399	11,576
Nutrition program pct. 2:				
Salary of program administrator	19,214	19,214	19,214	-
Salary of administrative assistant	19,053	19,053	18,687	366
Salary of part-time help	38,681	28,131	27,220	911
Payroll taxes	5,887	5,887	4,841	1,046
Employee retirement	6,271	6,271	4,989	1,282
Contractual	25,000	52,050	52,106	(56)
Consumables	5,000	5,000	5,009	(9)
Fuel and oil	20,000	10,000	10,000	-
Repairs and maintenance - auto	1,500	1,500	1,496	4
Food Pantry Expense	20,000	20,000	-	20,000
Total nutrition program pct. 2	160,606	167,106	143,562	23,544
Nutrition program pct. 3:				

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Salary of site manager	17,956	24,956	28,613	(3,657)
Health and welfare: (continued)				
Nutrition program pct. 3: (continued)				
Rental building coordinator	1,370	1,370	1,300	70
Payroll taxes	1,478	1,478	2,192	(714)
Employee retirement	1,575	1,575	2,298	(723)
Contractual	12,000	12,000	11,958	42
Consumables	2,000	2,000	1,999	1
Fuel and Oil	3,000	3,000	3,355	(355)
Repairs and maintenance - auto	1,000	-	-	-
Miscellaneous	6,000	-	-	-
Food Pantry	20,000	20,000	-	20,000
Total nutrition program pct. 3	66,380	66,380	51,715	14,665
Nutrition program pct. 4:				
Salary of site manager	21,804	21,804	25,171	(3,367)
Salary of assistant	23,168	23,168	17,597	5,571
Salary of part-time help	2,940	940	8,823	(7,883)
Payroll taxes	3,665	3,665	3,885	(220)
Employee retirement	3,905	3,905	3,963	(58)
Contractual	60,000	60,000	85,790	(25,790)
Consumables	7,000	7,000	9,478	(2,478)
Fuel and oil	17,000	17,000	18,428	(1,428)
Repairs and maintenance-autos	1,000	3,000	2,377	623
Total nutrition program pct. 4	140,482	140,482	175,512	(35,030)
Total health and welfare	864,967	861,467	830,528	30,939
Conservation agriculture:				
Extension service:				
Supplemental salary of county agent	13,277	13,277	13,277	-
Supplemental salary of home demo agent	13,277	13,277	13,277	-
Salary of secretary	25,668	25,668	25,668	-
Salary of clerk	24,456	24,456	24,456	-
Payroll taxes	5,866	5,866	5,408	458
Employee retirement	6,249	6,249	5,040	1,209
Dues	622	622	622	-
Office supplies and postage	4,677	4,677	4,537	140
Custodial supplies	700	700	686	14
Demonstration materials	868	868	869	(1)
Computer update	2,675	2,675	2,602	73
Tele-communications update	1,000	1,000	738	262

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STARR COUNTY, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Telephone	8,000	8,000	8,423	(423)
Conservation agriculture: (continued)				
Extension service: (continued) -				
Mileage	13,000	13,000	12,458	542
Travel and seminars	7,519	7,519	7,532	(13)
Repairs and maintenance-equipment	939	939	939	-
Equipment rental-copier	3,500	3,500	3,026	474
Total extension service	<u>132,293</u>	<u>132,293</u>	<u>129,558</u>	<u>2,735</u>
Total conservation agriculture	<u>132,293</u>	<u>132,293</u>	<u>129,558</u>	<u>2,735</u>
Total expenditures - all departments:	<u>14,621,720</u>	<u>14,754,390</u>	<u>14,366,526</u>	<u>387,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(2,355,042)	(2,409,596)	(185,458)	2,224,138
OTHER FINANCING SOURCES (USES):				
Operating transfers in	<u>585,000</u>	<u>585,000</u>	<u>585,000</u>	<u>-</u>
Total other financing sources (uses)	<u>585,000</u>	<u>585,000</u>	<u>585,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,770,042)	(1,824,596)	399,542	2,224,138
FUND BALANCE, BEGINNING	<u>6,560,570</u>	<u>6,560,570</u>	<u>6,560,570</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>14,920</u>	<u>14,920</u>
FUND BALANCE, ENDING	<u>\$ 4,790,528</u>	<u>\$ 4,735,974</u>	<u>\$ 6,975,032</u>	<u>\$ 2,239,058</u>

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STARR COUNTY, TEXAS

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

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Current taxes	\$ 570,700	\$ 570,700	\$ 735,567	\$ 164,867
Delinquent taxes	-	-	75,926	75,926
Interest	-	-	28,986	28,986
Total revenues	<u>570,700</u>	<u>570,700</u>	<u>840,479</u>	<u>269,779</u>
EXPENDITURES				
Debt service:				
Principal retirement	405,000	405,000	405,000	-
Interest	162,669	162,669	162,669	-
Fiscal agent fees	3,000	3,000	1,125	1,875
Total expenditures	<u>570,669</u>	<u>570,669</u>	<u>568,794</u>	<u>1,875</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>31</u>	<u>31</u>	<u>271,685</u>	<u>267,904</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,891,971</u>	<u>2,891,971</u>	<u>2,891,971</u>	<u>398,193</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,892,002</u>	<u>\$ 2,892,002</u>	<u>\$ 3,163,656</u>	<u>\$ 271,654</u>

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Current ad valorem	\$ 4,380,678	\$ 4,380,678	\$ 3,352,959	\$ (1,027,719)
Delinquent ad valorem	450,000	450,000	303,087	(146,913)
Motor vehicle licenses	700,000	700,000	399,190	(300,810)
Lateral road credit	35,000	35,000	39,450	4,450
Fines and forfeitures	300,000	300,000	382,736	82,736
Interest	-	-	3,129	3,129
State Salary Supplements	-	-	-	-
Auction	10,000	10,000	-	(10,000)
Miscellaneous	4,000	4,000	38,349	34,349
Donations	-	3,279	2,403	(876)
Total revenues	<u>5,879,678</u>	<u>5,882,957</u>	<u>4,521,303</u>	<u>(1,361,654)</u>
EXPENDITURES				
Commissioner Pct. 1:				
Salary of official	65,363	65,363	65,363	-
Salary of foreman	26,041	26,041	26,010	31
Salary of supervisor	22,641	22,641	22,784	(143)
Salary of street maintenance supervisor	19,080	19,080	17,100	1,980
Salary of head clerk	22,044	22,044	26,008	(3,964)
Salaries of clerical	51,982	51,982	95,010	(43,028)
Salaries-janitorial	21,129	21,129	2,483	18,646
Salaries of street maintenance	73,105	123,105	132,722	(9,617)
Salaries of timekeeper/policy manager	17,844	17,844	26,193	(8,349)
Salaries of park maintenance	27,828	27,828	5,807	22,021
Salaries of drivers and other duties	71,412	71,412	84,244	(12,832)
Salaries of night watchman	30,194	-	-	-
Salaries of road employees	29,584	29,584	20,555	9,029
Roadhands	22,365	22,365	-	22,365
Payroll taxes	38,297	38,297	39,154	(857)
Employee retirement	40,800	40,800	32,909	7,891
Office supplies	4,000	4,000	4,000	-
Fuel and oil	80,000	70,000	69,913	87
Telephone	4,000	4,000	14,513	(10,513)
Travel and seminars	2,000	2,000	2,513	(513)
Repairs and maintenance equipment	80,000	72,000	65,376	6,624
Rental - machinery	20,000	20,000	20,000	-
Repairs and maintenance-roads & bridges	90,000	140,919	162,770	(21,851)
Welding supplies	4,000	2,275	2,275	-
Contract work-hauling	15,000	15,000	15,000	-
Contract work-other	15,000	15,000	15,000	-
Travel - mileage	-	-	-	-

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (continued)				
Commissioner Pct. 1: (continued)				
Bonds and insurance	1,000	-	-	-
Miscellaneous	15,000	15,000	4,000	11,000
Capital outlay	20,000	20,000	19,900	100
Capital outlay-parks and comm. ctrs	35,000	35,000	34,190	810
Capital outlay-equipment	28,000	28,000	27,948	52
Contingencies	4,000	4,000	13,958	(9,958)
Total commissioner pct. 1	996,709	1,046,709	1,067,698	(20,989)
Commissioner Pct. 2:				
Salary of official	65,363	65,363	65,363	-
Salary of administrative assistant	29,000	-	-	-
Salary of assistant foreman	22,916	25,566	25,561	5
Salary of supervisor	22,916	22,916	22,916	-
Salary of administrative aide	25,883	25,883	25,883	-
Salary of equipment supervisor	22,916	22,916	22,916	-
Salary of head librarian	15,808	15,808	15,808	-
Salary Equipment operator	23,065	23,065	23,065	-
Salary of equipment mechanic	22,557	22,557	22,557	-
Salary of parks supervisor	21,814	21,814	21,814	-
Salary of waste management supervisor	21,667	21,667	21,667	-
Salary of welder	23,197	23,197	23,197	-
Salary of timekeeper clerk	20,734	20,734	20,734	-
Salary of special event coordinator	17,405	17,405	17,405	-
Salary of library clerks	36,885	28,185	28,154	31
Other salaries	100,000	20,000	65,500	(45,500)
Payroll taxes	44,641	44,641	38,482	6,159
Employee retirement	47,558	47,558	35,251	12,307
Uniform rental	300	120	120	-
Office supplies	2,500	2,500	2,403	97
Consultant fees	5,000	-	-	-
Fuel and oil	86,700	38,200	35,900	2,300
Telephone	6,500	6,500	7,094	(594)
Radio lease	3,000	3,000	2,939	61
Travel and seminars	5,000	700	2,037	(1,337)
Repairs and maint-building	9,800	9,800	8,194	1,606
Repairs and maint-equipment	80,000	64,500	66,478	(1,978)
Repairs and maint-roads & bridges	18,100	9,700	9,807	(107)
Contract work	31,300	2,300	2,286	14

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
EXPENDITURES (continued)				
Commissioner Pct. 2: (continued)				
Bonds and insurance	9,000	-	-	-
Dues and subscriptions	1,000	-	-	-
Miscellaneous	3,000	3,000	2,915	85
Parks and community centers	11,000	16,500	16,378	122
Capital outlay	41,000	283,570	338,273	(54,703)
Contingencies	4,000	2,565	2,560	5
Food Pantry Personnel	30,500	53,150	53,130	20
Equipment operator 1	18,500	7,165	6,449	716
Night watchman	18,500	18,500	18,500	-
Foreman	23,916	9,796	9,792	4
Total commissioner pct. 2	992,941	1,000,841	1,081,528	(80,687)
Commissioner Pct. 3:				
Salary of official	65,363	64,600	65,056	(456)
Salaries of secretary & foreman	51,623	66,393	66,392	1
Other salaries	217,700	242,742	216,753	25,989
Nightwatchmen	48,524	21,518	21,517	1
Roadhands	98,955	112,679	128,073	(15,394)
Temporary help	45,542	57,457	67,991	(10,534)
Payroll taxes	40,370	41,430	41,542	(112)
Employee retirement	43,008	44,008	41,953	2,055
Office supplies	1,000	1,000	999	1
Fuel and oil	60,000	73,754	73,706	48
Telephone	10,000	10,000	10,349	(349)
Travel and seminars	6,000	1,671	1,285	386
Repairs and maint-buildings	50,000	50,000	49,966	34
Repairs and maint-equipment	60,000	85,000	84,642	358
Repairs and maint-roads & bridges	170,000	111,274	112,127	(853)
Miscellaneous	41,000	37,713	37,712	1
Parks and community centers	14,000	-	-	-
Lease payments	74,000	73,852	73,851	1
Contingencies	4,000	2,004	2,003	1
Capital outlay	67,400	71,390	71,853	(463)
Total commissioner pct. 3	1,168,485	1,168,485	1,167,770	715
Commissioner Pct. 4:				
Salary of official	65,363	65,813	65,363	450
Salaries of secretary	23,792	23,792	23,794	(2)
Salary of foreman	43,365	23,365	23,365	-
Other salaries	328,715	393,551	404,681	(11,130)

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STARR COUNTY, TEXAS

DETAILED SCHEDULE OF REVENUES AND
EXPENDITURES - BUDGET AND ACTUAL

ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
EXPENDITURES (continued)				
Commissioner Pct. 4: (continued)				
Payroll taxes	35,284	36,717	38,596	(1,879)
Employee retirement	37,591	30,591	31,753	(1,162)
Uniform rental	5,300	6,089	7,301	(1,212)
Office supplies	6,000	7,000	8,120	(1,120)
Fuel and oil	100,000	68,164	59,660	8,504
Telephone	7,000	8,000	13,266	(5,266)
Travel and seminars	1,000	1,321	1,320	1
Bonds and insurance	1,000	1,000	-	1,000
Repairs and maint-equipment	68,000	68,200	91,757	(23,557)
Repairs and maint-roads & bridges	65,000	65,000	41,559	23,441
Lease payments-machinery	70,000	35,423	28,306	7,117
Miscellaneous	38,200	32,148	39,403	(7,255)
Fire protection	25,000	-	-	-
Parks and community centers	20,000	20,000	19,373	627
Contingencies	4,000	13,663	8,816	4,847
Capital outlay	91,900	149,952	210,619	(60,667)
Total commissioner pct. 4	1,036,510	1,049,789	1,117,052	(67,263)
Flood control:				
Precinct #1 channels	9,000	9,000	8,990	10
Precinct #2 channels	7,900	-	-	-
Precinct #3 channels	15,000	15,000	15,000	-
Precinct #4 channels	10,000	-	-	-
Total flood control	41,900	24,000	23,990	10
Road & Bridge Fund County Wide:				
Appraisal district fees	60,000	445	-	445
Breathalyzer services	10,000	10,000	10,000	-
Bidding and notices	5,000	5,000	1,000	4,000
Utilities	950,000	905,000	871,140	33,860
Dues and subscriptions	8,000	8,000	8,579	(579)
Suspension bridge match	10,500	10,500	-	10,500
Right-of-ways and emergency	100,000	100,000	73,500	26,500
Total road & bridge fund county wide	1,143,500	1,038,945	964,219	74,726
Total expenditures	5,380,045	5,328,769	5,422,257	(93,488)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	499,633	554,188	(900,954)	(1,455,142)
FUND BALANCE, BEGINNING				
	309,397	309,397	309,397	-
FUND BALANCE, ENDING				
	\$ 809,030	\$ 863,585	\$ (591,557)	\$ (1,455,142)

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SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

FIDUCIARY FUNDS

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	Chapter 19	Self-Help Center	Border Health Contract 31025
Cash	\$ 5	\$ -	\$ 4
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	3	-
Due from other governments	-	206,668	-
Total assets	\$ 5	\$ 206,671	\$ 4
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 38,594	\$ -
Bank overdraft	-	25,503	-
Accrued liabilities	-	-	-
Due to other funds	5	791,589	4
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	5	855,686	4
Reserved, designated	-	-	-
Unreserved, undesignated	-	(649,015)	-
Total fund balances	-	(649,015)	-
Total liabilities and fund balances	\$ 5	\$ 206,671	\$ 4

Self Help Center Construction Skills	Interagency Coalition SU-09-A10-22178-01	CACST 5310	Archive Management Fee Fund
\$ 3	\$ 31,123	\$ 2,695	\$ 38,514
-	-	-	-
-	-	-	-
-	-	-	2,944
-	13,528	-	-
<u>\$ 3</u>	<u>\$ 44,651</u>	<u>\$ 2,695</u>	<u>\$ 41,458</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
3	44,630	27	-
-	-	-	-
-	21	2,668	-
<u>3</u>	<u>44,651</u>	<u>2,695</u>	<u>-</u>
-	-	-	-
-	-	-	41,458
-	-	-	41,458
<u>\$ 3</u>	<u>\$ 44,651</u>	<u>\$ 2,695</u>	<u>\$ 41,458</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	U. S. Department of Agriculture FHA Grant Housing Preser.	HIDTA Grants District Attorney	Surcharge Fund
Cash	\$ 6,745	\$ 145,590	\$ 7,704
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	35,376	2,905
Due from other governments	-	79,700	-
Total assets	\$ 6,745	\$ 260,666	\$ 10,609
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 32
Bank overdraft	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	258,792	2,872
Due to other governments	-	-	-
Deferred revenue	6,745	1,874	-
Total liabilities	6,745	260,666	2,904
Reserved, designated	-	-	-
Unreserved, undesignated	-	-	7,705
Total fund balances	-	-	7,705
Total liabilities and fund balances	\$ 6,745	\$ 260,666	\$ 10,609

EXHIBIT H-1

Law Library Fund	Courthouse Security Fund	Border Prosecution Unit	Management & Preservation Fund
\$ 111,315	\$ 146,985	\$ -	\$ 30,901
-	-	-	-
-	-	-	-
-	-	-	-
10,180	3,735	-	4,731
-	-	107,299	-
<u>\$ 121,495</u>	<u>\$ 150,720</u>	<u>\$ 107,299</u>	<u>\$ 35,632</u>
\$ 265	\$ -	\$ 418	\$ -
-	-	-	-
-	-	-	-
-	-	106,881	-
-	-	-	-
-	-	-	-
<u>265</u>	<u>-</u>	<u>107,299</u>	<u>-</u>
-	-	-	-
121,230	150,720	-	35,632
<u>121,230</u>	<u>150,720</u>	<u>-</u>	<u>35,632</u>
121,230	150,720	-	35,632
<u>\$ 121,495</u>	<u>\$ 150,720</u>	<u>\$ 107,299</u>	<u>\$ 35,632</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	LEOSE Fund	Starr Co Violent Crimes Unit Border Star	TDHCA 725125
Cash	\$ 12,941	\$ 89,530	\$ 1
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	20,246	-
Due from other governments	-	38,326	-
Total assets	<u>\$ 12,941</u>	<u>\$ 148,102</u>	<u>\$ 1</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 13,362	\$ -
Bank overdraft	-	-	1
Accrued liabilities	-	2,781	-
Due to other funds	397	124,189	-
Due to other governments	-	5,000	-
Deferred revenue	-	1,565	-
Total liabilities	<u>397</u>	<u>146,897</u>	<u>1</u>
Reserved, designated	-	-	-
Unreserved, undesignated	<u>12,544</u>	<u>1,205</u>	<u>-</u>
Total fund balances	<u>12,544</u>	<u>1,205</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 12,941</u>	<u>\$ 148,102</u>	<u>\$ 1</u>

FEMA	US-Mexico Border Health Association	Los Olmos Watershed Project	Border Security Equipment and Technology Fund
\$ 2,430	\$ -	\$ 203,057	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 2,430</u>	<u>\$ -</u>	<u>\$ 203,057</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
4	-	-	2,604
-	-	-	-
<u>2,426</u>	<u>-</u>	<u>203,057</u>	<u>-</u>
<u>2,430</u>	<u>-</u>	<u>203,057</u>	<u>2,604</u>
-	-	-	-
-	-	-	(2,604)
-	-	-	(2,604)
<u>\$ 2,430</u>	<u>\$ -</u>	<u>\$ 203,057</u>	<u>\$ -</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	Sheriff's Operation Linebacker	Juvenile Justice Alternative Sanctions JA-09-J20-21953-01	TDRA Contract #R729620
Cash	\$ 523	\$ -	\$ -
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	141,117	-	119,786
Total assets	\$ 141,640	\$ -	\$ 119,786
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 18,370	\$ -	\$ 47,493
Bank overdraft	-	-	72,284
Accrued liabilities	-	-	-
Due to other funds	123,270	-	9
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	141,640	-	119,786
Reserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 141,640	\$ -	\$ 119,786

Justice Court Technology Fund	Local Border Security Program	Border Interdiction Unit Border Star	Victims of Domestic Violence Assistance Prog WF-08-V30-17244-05
\$ 41,319	\$ 805	\$ 2,061	\$ 2,285
-	-	-	-
-	-	-	-
1,028	-	-	30,520
-	-	18,756	-
<u>\$ 42,347</u>	<u>\$ 805</u>	<u>\$ 20,817</u>	<u>\$ 32,805</u>
\$ 1,145	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
64	805	20,817	1,613
-	-	-	-
-	-	-	31,192
<u>1,209</u>	<u>805</u>	<u>20,817</u>	<u>32,805</u>
-	-	-	-
<u>41,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>41,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 42,347</u>	<u>\$ 805</u>	<u>\$ 20,817</u>	<u>\$ 32,805</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	Sheriff HIDTA McAllen # I3PSSP607	Homeland Security Grants	COPS Grant Sheriff
Cash	\$ 5	\$ 133	\$ -
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	\$ 5	\$ 133	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Bank overdraft	-	-	-
Accrued liabilities	-	-	-
Due to other funds	5	114	-
Due to other governments	-	-	-
Deferred revenue	-	19	-
Total liabilities	5	133	-
Reserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 5	\$ 133	\$ -

EXHIBIT H-1

ORCA TXCDBG #727449	Crime Victims Asst. Program VA-10-V30-19034-04	TXDOT Border Colonia Access 2nd Call	TDHCA Home Program #1001187
\$ 55,876	\$ 18,378	\$ -	\$ 9
-	-	-	-
-	-	-	-
-	-	-	-
-	2,092	724,291	-
<u>\$ 55,876</u>	<u>\$ 20,470</u>	<u>\$ 724,291</u>	<u>\$ 9</u>
\$ -	\$ 100	\$ -	\$ -
-	-	144,221	-
-	-	-	-
36,527	20,370	580,070	9
-	-	-	-
19,349	-	-	-
<u>55,876</u>	<u>20,470</u>	<u>724,291</u>	<u>9</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 55,876</u>	<u>\$ 20,470</u>	<u>\$ 724,291</u>	<u>\$ 9</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	United Way Impact Grant	Drug Related Public Corruption Task Force	Operation Stonegarden 2008
Cash	\$ 14,317	\$ -	\$ 28,495
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	1,577	-	158,806
Due from other governments	-	51,021	-
Total assets	\$ 15,894	\$ 51,021	\$ 187,301
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Bank overdraft	-	-	-
Accrued liabilities	-	-	-
Due to other funds	3,875	51,021	91
Due to other governments	-	-	187,210
Deferred revenue	12,019	-	-
Total liabilities	15,894	51,021	187,301
Reserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 15,894	\$ 51,021	\$ 187,301

EXHIBIT H-1

TXCDBG Disaster Relief Grant #728387	TDHCA Disaster Relief HOME #1000793	TXDOT Border Colonia Access 3rd Call	TXCDBG Disaster Relief #729037
\$ 151,518	\$ 9,355	\$ -	\$ 57,058
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	289,420	36,385
<u>\$ 151,518</u>	<u>\$ 9,355</u>	<u>\$ 289,420</u>	<u>\$ 93,443</u>
\$ -	\$ -	\$ 115,465	\$ -
-	-	63,957	-
-	-	-	1
151,518	8,363	109,998	93,442
-	-	-	-
-	992	-	-
<u>151,518</u>	<u>9,355</u>	<u>289,420</u>	<u>93,443</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 151,518</u>	<u>\$ 9,355</u>	<u>\$ 289,420</u>	<u>\$ 93,443</u>

STARR COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

(Continued)

ASSETS	Special Revenue Funds		
	Joint Law Enforcement Operations - Sheriff & US Marshal's Service	Local Border Security Program LBSP - 10	Operation Stonegarden 2009
Cash	\$ -	\$ -	\$ 96,228
Investments	-	-	-
Taxes receivable (net of allowance)	-	-	-
Accounts receivable	-	-	-
Due from other funds	3,217	-	-
Due from other governments	4,040	25,417	448,946
Total assets	\$ 7,257	\$ 25,417	\$ 545,174
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 29,996
Bank overdraft	1,319	-	-
Accrued liabilities	-	-	-
Due to other funds	5,938	25,417	345,596
Due to other governments	-	-	169,478
Deferred revenue	-	-	104
Total liabilities	7,257	25,417	545,174
Reserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 7,257	\$ 25,417	\$ 545,174

EXHIBIT H-1

TDHCA Contract #727033	Total Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 3	\$ 1,307,911	\$ 130,276	\$ 1,438,187
-	-	254,594	254,594
-	-	-	-
-	-	202	202
-	275,268	210,639	485,907
-	2,306,792	-	2,306,792
<u>\$ 3</u>	<u>\$ 3,889,971</u>	<u>\$ 595,711</u>	<u>\$ 4,485,682</u>
\$ -	\$ 265,240	\$ 12,956	\$ 278,196
-	307,285	-	307,285
-	2,782	-	2,782
3	2,910,932	-	2,910,932
-	361,688	-	361,688
-	282,031	-	282,031
<u>3</u>	<u>4,129,958</u>	<u>12,956</u>	<u>4,142,914</u>
-	-	582,755	582,755
-	(239,987)	-	(239,987)
-	(239,987)	582,755	342,768
<u>\$ 3</u>	<u>\$ 3,889,971</u>	<u>\$ 595,711</u>	<u>\$ 4,485,682</u>

STARR COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds		
	Chapter 19	Self Help Center	Border Health Contract 31025
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	310,359	3,850
Fines and forfeitures	-	-	-
Interest income	-	248	4
Miscellaneous	-	86,801	2,823
Total revenues	-	397,408	6,677
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	-	755,778	-
Public safety	-	-	-
Public facilities	-	-	6,677
Total expenditures	-	755,778	6,677
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(358,370)	-
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	(290,645)	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ (649,015)	\$ -

Self Help Center Construction Skills	Interagency Coalition SU-09-A10-22178-01	CACST 5310	Archive Management Fee Fund
\$ -	\$ -	\$ -	\$ -
-	138,538	39,888	-
-	-	-	35,215
6	-	-	40
4,867	-	-	-
<u>4,873</u>	<u>138,538</u>	<u>39,888</u>	<u>35,255</u>
-	-	-	-
-	-	39,888	-
-	-	-	-
-	138,538	-	9,908
-	138,538	39,888	9,908
<u>4,873</u>	<u>-</u>	<u>-</u>	<u>25,347</u>
-	-	-	-
(4,873)	-	-	16,111
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,458</u>

STARR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Special Revenue Funds		
	U. S. Department of Agriculture FHA Grant Housing Preser.	HIDTA Grants District Attorney	Surcharge Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	119,406	226,927	-
Fines and forfeitures	-	-	36,896
Interest income	-	-	24
Miscellaneous	-	-	-
Total revenues	<u>119,406</u>	<u>226,927</u>	<u>36,920</u>
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	119,406	-	-
Public safety	-	226,927	-
Public facilities	-	-	45,446
Total expenditures	<u>119,406</u>	<u>226,927</u>	<u>45,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(8,526)</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	16,231
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,705</u>

EXHIBIT H-2

Law Library Fund	Courthouse Security Fund	Border Prosecution Unit	Management & Preservation Fund
\$ -	\$ -	\$ -	\$ -
-	-	107,299	-
20,920	21,346	-	6,810
158	211	-	41
-	-	-	-
<u>21,078</u>	<u>21,557</u>	<u>107,299</u>	<u>6,851</u>
-	-	-	-
-	-	-	-
-	3,050	107,299	-
<u>7,572</u>	-	-	-
<u>7,572</u>	<u>3,050</u>	<u>107,299</u>	-
-	-	-	-
<u>13,506</u>	<u>18,507</u>	-	<u>6,851</u>
-	-	-	-
107,724	132,213	-	28,781
-	-	-	-
<u>\$ 121,230</u>	<u>\$ 150,720</u>	<u>\$ -</u>	<u>\$ 35,632</u>

STARR COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Special Revenue Funds		
	LEOSE Fund	Starr Co Violent Crimes Unit Border Star	ORCA 725125
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	8,217	401,382	-
Fines and forfeitures	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	100,177
Total revenues	<u>8,217</u>	<u>401,382</u>	<u>100,177</u>
EXPENDITURES			
Highways and streets	-	-	50,696
Health and welfare	-	-	-
Public safety	1,413	401,382	-
Public facilities	-	-	-
Total expenditures	<u>1,413</u>	<u>401,382</u>	<u>50,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,804</u>	<u>-</u>	<u>49,481</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	5,740	1,205	-
PRIOR PERIOD ADJUSTMENT	-	-	(49,481)
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 12,544</u>	<u>\$ 1,205</u>	<u>\$ -</u>

FEMA	U.S. - Mexico Border Health Association	Los Olmos Watershed Project	Border Security Equipment and Technology Fund
\$ -	\$ -	\$ -	\$ -
-	1,050	-	-
-	-	-	-
-	-	-	-
-	1,050	-	-
-	-	-	-
-	1,050	-	-
-	-	-	-
-	1,050	-	-
-	-	-	-
-	-	-	-
-	-	-	(2,604)
-	-	-	-
\$ -	\$ -	\$ -	\$ (2,604)

STARR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

(Continued)

	Special Revenue Funds		
	Sheriff's Operation Linebacker	Juvenile Justice Alternative Sanction JA-09-J20-21953-01	TDRA Contract #R729620
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	200,857	13,263	293,719
Fines and forfeitures	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>200,857</u>	<u>13,263</u>	<u>293,719</u>
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	-	-	293,719
Public safety	200,857	13,263	-
Public facilities	-	-	-
Total expenditures	<u>200,857</u>	<u>13,263</u>	<u>293,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Justice Court Technology Fund	Local Border Security Program	Border Interdiction Unit Border Star	Victims of Domestic Violence Assistance Prog WF-08-V30-17244-05
\$ -	\$ -	\$ -	\$ -
-	494,699	136,058	-
10,284	-	-	-
-	-	-	-
-	-	-	-
<u>10,284</u>	<u>494,699</u>	<u>136,058</u>	<u>-</u>
-	-	136,058	-
-	-	-	-
10,404	494,699	-	-
-	-	-	-
<u>10,404</u>	<u>494,699</u>	<u>136,058</u>	<u>-</u>
<u>(120)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
7,593	-	-	-
<u>33,665</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 41,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STARR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Special Revenue Funds		
	Sheriff HIDTA McAllen # 13PSSP607	Homeland Security Grants	COPS Grant Sheriff
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	14,921	240,898	116,913
Fines and forfeitures	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>14,921</u>	<u>240,898</u>	<u>116,913</u>
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	-	-	-
Public safety	-	240,898	116,913
Public facilities	-	-	-
Total expenditures	<u>-</u>	<u>240,898</u>	<u>116,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,921</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-
PRIOR PERIOD ADJUSTMENT	<u>(14,921)</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

ORCA TXCDBG #727449	Crime Victims Asst Program VA-10-V30-19034-04	TXDOT Border Colonia Access 2nd Call	TDHCA Home Program #1001187
\$ -	\$ -	\$ -	\$ -
-	2,092	659,187	-
-	-	-	-
-	-	-	-
-	720	-	-
-	2,812	659,187	-
-	-	-	-
-	-	-	-
-	2,812	659,187	-
-	-	-	-
-	2,812	659,187	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

STARR COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Special Revenue Funds		
	United Way Impact Grant	Drug Related Public Corruption Task Force	Operation Stonegarden 2008
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	16,923	62,765	638,646
Fines and forfeitures	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>16,923</u>	<u>62,765</u>	<u>638,646</u>
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	16,923	-	-
Public safety	-	62,765	638,646
Public facilities	-	-	-
Total expenditures	<u>16,923</u>	<u>62,765</u>	<u>638,646</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TXCDBG Disaster Relief Grant #728387	TDHCA Disaster Relief HOME #1000793	TXDOT Border Colonia Access 3rd Call	TXCDBG Disaster Relief #729037
\$ -	\$ -	\$ -	\$ -
321,917	150,516	1,640,519	226,474
-	-	-	-
-	-	-	-
-	-	29,429	-
<u>321,917</u>	<u>150,516</u>	<u>1,669,948</u>	<u>226,474</u>
321,917	150,516	1,669,948	226,474
-	-	-	-
-	-	-	-
-	-	-	-
<u>321,917</u>	<u>150,516</u>	<u>1,669,948</u>	<u>226,474</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STARR COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	Special Revenue Funds		
	Joint Law Enforcement Operations - Sheriff & US Marshal's Service	Local Border Security Program LBSP - 10	Operation Stonegarden 2009
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	15,962	25,416	752,182
Fines and forfeitures	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>15,962</u>	<u>25,416</u>	<u>752,182</u>
EXPENDITURES			
Highways and streets	-	-	-
Health and welfare	-	-	-
Public safety	15,962	25,416	752,182
Public facilities	-	-	-
Total expenditures	<u>15,962</u>	<u>25,416</u>	<u>752,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Operating transfers in (out)	-	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

TDHCA Contract #727033	Total Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -
-	7,154,369	-	7,154,369
-	131,471	-	131,471
-	732	2,360	3,092
-	224,817	-	224,817
-	7,511,389	2,360	7,513,749
-	2,329,135	-	2,329,135
-	1,226,764	-	1,226,764
-	3,974,075	-	3,974,075
-	208,141	56,255	264,396
-	7,738,115	56,255	7,794,370
-	(226,726)	(53,895)	(280,621)
-	-	-	-
-	17,476	636,650	654,126
-	(30,737)	-	(30,737)
<u>\$ -</u>	<u>\$ (239,987)</u>	<u>\$ 582,755</u>	<u>\$ 342,768</u>

STARR COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

SEPTEMBER 30, 2010

	Border Area Narcotics Task Force - Forfeiture	Treasurer's Office Pending Forfeiture	Tertiary Care Fund
ASSETS			
Cash	\$ 14,040	\$ 253,680	\$ 9,484
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	71,736	-	1,002
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 85,776</u>	<u>\$ 253,680</u>	<u>\$ 10,486</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ 5,219
Due to other governments	-	-	5,207
Funds held in escrow	-	-	-
Accounts payable	-	-	-
Other liabilities	85,776	253,680	60
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 85,776</u>	<u>\$ 253,680</u>	<u>\$ 10,486</u>

EXHIBIT H-3

229th Judicial District Probation Fund	Juvenile Probation & Restitution Fund	County Attorney Fund	District Attorney Fund	County Clerk Fund
\$ 66,001	\$ 2,837	\$ 70,829	\$ 1,839,561	\$ 1,246,313
-	-	-	141,458	-
-	-	-	-	-
2,943	-	-	347,932	-
-	-	-	-	-
<u>\$ 68,944</u>	<u>\$ 2,837</u>	<u>\$ 70,829</u>	<u>\$ 2,328,951</u>	<u>\$ 1,246,313</u>
\$ 444	\$ -	\$ 4,333	\$ 56,227	\$ 110,433
58,044	-	-	-	-
-	-	-	395,137	301,346
-	-	-	-	-
<u>10,456</u>	<u>2,837</u>	<u>66,496</u>	<u>1,877,587</u>	<u>834,534</u>
<u>\$ 68,944</u>	<u>\$ 2,837</u>	<u>\$ 70,829</u>	<u>\$ 2,328,951</u>	<u>\$ 1,246,313</u>

STARR COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

	Detention Center Fund	Motor Vehicle Tax Fund	Tax Assessor Collector Fund
ASSETS			
Cash	\$ 228,332	\$ 596,853	\$ 1,393,967
Investments	-	-	-
Accounts receivable	-	27,150	46,724
Due from other funds	-	183	27,735
Other assets	-	-	155,170
	<u>228,332</u>	<u>624,186</u>	<u>1,623,596</u>
Total assets	<u>\$ 228,332</u>	<u>\$ 624,186</u>	<u>\$ 1,623,596</u>
LIABILITIES			
Due to other funds	\$ -	\$ 69,691	\$ 1,584,265
Due to other governments	-	270,429	39,330
Funds held in escrow	66,762	-	-
Accounts payable	-	-	-
Other liabilities	161,570	284,066	1
	<u>161,570</u>	<u>284,066</u>	<u>1</u>
Total liabilities	<u>\$ 228,332</u>	<u>\$ 624,186</u>	<u>\$ 1,623,596</u>

EXHIBIT H-3

District Clerk's Fund	District Clerk's Investment Trust Fund	Sheriff's Department Fund	Planning Department Fund	Consolidated Court Cost Fund
\$ 793,220	\$ -	\$ 557,715	\$ 338	\$ 105,064
-	2,122,627	396,576	-	-
-	-	-	-	-
-	-	6,406	-	78,160
-	-	-	75	-
<u>\$ 793,220</u>	<u>\$ 2,122,627</u>	<u>\$ 960,697</u>	<u>\$ 413</u>	<u>\$ 183,224</u>
\$ 141,407	\$ -	\$ -	\$ 338	\$ 25,366
-	-	-	-	56,223
651,813	2,122,627	177,367	-	-
-	-	-	75	-
-	-	783,330	-	101,635
<u>\$ 793,220</u>	<u>\$ 2,122,627</u>	<u>\$ 960,697</u>	<u>\$ 413</u>	<u>\$ 183,224</u>

STARR COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

	Retirement System Fund	Jury Fund	TNRCC Inspection Fees Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 1,783	\$ (4,569)	\$ 446
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	126,777	7,389	-
Other assets	<u>-</u>	<u>4,040</u>	<u>-</u>
Total assets	<u>\$ 128,560</u>	<u>\$ 6,860</u>	<u>\$ 446</u>
LIABILITIES			
Due to other funds	\$ 1,783	\$ -	\$ 56
Due to other governments	126,777	-	390
Funds held in escrow	-	-	-
Accounts payable	-	-	-
Other liabilities	<u>-</u>	<u>6,860</u>	<u>-</u>
Total liabilities	<u>\$ 128,560</u>	<u>\$ 6,860</u>	<u>\$ 446</u>

EXHIBIT H-3

Justice of the Peace Fund	Fourth Court of Appeals Fund	State Forfeited District Attorney	Federally Forfeited Property DAG71	Total
\$ 65,796	\$ 321	\$ 1,454,780	\$ 124,513	\$ 8,821,304
-	-	-	-	2,660,661
-	-	218,281	129,057	421,212
-	579	-	-	670,842
-	-	-	-	159,285
<u>\$ 65,796</u>	<u>\$ 900</u>	<u>\$ 1,673,061</u>	<u>\$ 253,570</u>	<u>\$ 12,733,304</u>
\$ 39,784	\$ -	\$ -	\$ -	2,039,346
-	579	-	-	556,979
-	-	-	-	3,715,052
-	-	-	-	75
<u>26,012</u>	<u>321</u>	<u>1,673,061</u>	<u>253,570</u>	<u>6,421,852</u>
<u>\$ 65,796</u>	<u>\$ 900</u>	<u>\$ 1,673,061</u>	<u>\$ 253,570</u>	<u>\$ 12,733,304</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

TREASURES OFFICE PENDING FORFEITURE

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ -	\$ 1,217,155	\$ 963,475	\$ 253,680
Total assets	<u>\$ -</u>	<u>\$ 1,217,155</u>	<u>\$ 963,475</u>	<u>\$ 253,680</u>
LIABILITIES				
Other liabilities	\$ -	\$ 1,217,155	\$ 963,475	\$ 253,680
Total liabilities	<u>\$ -</u>	<u>\$ 1,217,155</u>	<u>\$ 963,475</u>	<u>\$ 253,680</u>

229th JUDICIAL DISTRICT PROBATION FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 41,915	\$ 376,684	\$ 352,598	\$ 66,001
Due from other funds	-	2,943	-	2,943
Total assets	<u>\$ 41,915</u>	<u>\$ 379,627</u>	<u>\$ 352,598</u>	<u>\$ 68,944</u>
LIABILITIES				
Due to other funds	\$ 44	\$ 444	\$ 44	\$ 444
Due to other governments	31,485	379,113	352,554	58,044
Other liabilities	10,386	70	-	10,456
Total liabilities	<u>\$ 41,915</u>	<u>\$ 379,627</u>	<u>\$ 352,598</u>	<u>\$ 68,944</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

JUVENILE PROBATION & RESTITUTION FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 2,834	\$ 3	\$ -	\$ 2,837
Total assets	<u>\$ 2,834</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2,837</u>
LIABILITIES				
Other liabilities	\$ 2,834	\$ 3	\$ -	\$ 2,837
Total liabilities	<u>\$ 2,834</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2,837</u>

COUNTY ATTORNEY FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 88,722	\$ 209,609	\$ 227,502	\$ 70,829
Total assets	<u>\$ 88,722</u>	<u>\$ 209,609</u>	<u>\$ 227,502</u>	<u>\$ 70,829</u>
LIABILITIES				
Due to other funds	\$ 4,333	\$ -	\$ -	\$ 4,333
Other liabilities	84,389	209,609	227,502	66,496
Total liabilities	<u>\$ 88,722</u>	<u>\$ 209,609</u>	<u>\$ 227,502</u>	<u>\$ 70,829</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

DISTRICT ATTORNEY FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 2,343,824	\$ 1,441,298	\$ 1,945,561	\$ 1,839,561
Investments	139,534	1,924	-	141,458
Due from other funds	293,546	54,386	-	347,932
Total assets	<u>\$ 2,776,904</u>	<u>\$ 1,497,608</u>	<u>\$ 1,945,561</u>	<u>\$ 2,328,951</u>
LIABILITIES				
Due to other funds	\$ 49,355	\$ 387,272	\$ 380,400	\$ 56,227
Funds held for others	1,006,729	351,883	963,475	395,137
Other liabilities	1,720,820	758,453	601,686	1,877,587
Total liabilities	<u>\$ 2,776,904</u>	<u>\$ 1,497,608</u>	<u>\$ 1,945,561</u>	<u>\$ 2,328,951</u>

COUNTY CLERK FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 1,215,055	\$ 982,425	\$ 951,167	\$ 1,246,313
Total assets	<u>\$ 1,215,055</u>	<u>\$ 982,425</u>	<u>\$ 951,167</u>	<u>\$ 1,246,313</u>
LIABILITIES				
Due to other funds	\$ 242,385	\$ 63,294	\$ 195,246	\$ 110,433
Funds held for others	297,606	3,740	-	301,346
Other liabilities	675,064	915,391	755,921	834,534
Total liabilities	<u>\$ 1,215,055</u>	<u>\$ 982,425</u>	<u>\$ 951,167</u>	<u>\$ 1,246,313</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

DETENTION CENTER FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 180,494	\$ 861,315	\$ 813,477	\$ 228,332
Total assets	<u>\$ 180,494</u>	<u>\$ 861,315</u>	<u>\$ 813,477</u>	<u>\$ 228,332</u>
LIABILITIES				
Funds held for others	\$ 45,897	\$ 623,802	\$ 602,937	\$ 66,762
Other liabilities	134,597	237,513	210,540	161,570
Total liabilities	<u>\$ 180,494</u>	<u>\$ 861,315</u>	<u>\$ 813,477</u>	<u>\$ 228,332</u>

MOTOR VEHICLE TAX FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 605,750	\$ 6,125,047	\$ 6,133,944	\$ 596,853
Accounts receivable	23,515	3,635	-	27,150
Due from other funds	183	-	-	183
Total assets	<u>\$ 629,448</u>	<u>\$ 6,128,682</u>	<u>\$ 6,133,944</u>	<u>\$ 624,186</u>
LIABILITIES				
Due to other funds	\$ 93,163	\$ 48,984	\$ 72,456	\$ 69,691
Due to other governments	327,798	270,429	327,798	270,429
Other liabilities	208,487	5,809,269	5,733,690	284,066
Total liabilities	<u>\$ 629,448</u>	<u>\$ 6,128,682</u>	<u>\$ 6,133,944</u>	<u>\$ 624,186</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

TAX ASSESSOR COLLECTOR FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 382,336	\$ 22,551,975	\$ 21,540,344	\$ 1,393,967
Accounts receivable	44,891	1,833	-	46,724
Due from other funds	34,080	27,690	34,035	27,735
Other assets	167,948	238,715	251,493	155,170
Total assets	<u>\$ 629,255</u>	<u>\$ 22,820,213</u>	<u>\$ 21,825,872</u>	<u>\$ 1,623,596</u>
LIABILITIES				
Due to other funds	\$ 583,902	\$ 15,207,985	\$ 14,207,622	\$ 1,584,265
Due to other governments	45,352	7,058,996	7,065,018	39,330
Other liabilities	1	553,232	553,232	1
Total liabilities	<u>\$ 629,255</u>	<u>\$ 22,820,213</u>	<u>\$ 21,825,872</u>	<u>\$ 1,623,596</u>

DISTRICT CLERK'S FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 849,887	\$ 323,624	\$ 380,291	\$ 793,220
Total assets	<u>\$ 849,887</u>	<u>\$ 323,624</u>	<u>\$ 380,291</u>	<u>\$ 793,220</u>
LIABILITIES				
Due to other funds	\$ 189,707	\$ 141,407	\$ 189,707	\$ 141,407
Funds held for others	660,180	182,217	190,584	651,813
Total liabilities	<u>\$ 849,887</u>	<u>\$ 323,624</u>	<u>\$ 380,291</u>	<u>\$ 793,220</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

DISTRICT CLERK'S INVESTMENT TRUST FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Investments	\$ 2,992,613	\$ 327,984	\$ 1,197,970	\$ 2,122,627
Total assets	<u>\$ 2,992,613</u>	<u>\$ 327,984</u>	<u>\$ 1,197,970</u>	<u>\$ 2,122,627</u>
LIABILITIES				
Funds held for others	\$ 2,992,613	\$ 327,984	\$ 1,197,970	\$ 2,122,627
Total liabilities	<u>\$ 2,992,613</u>	<u>\$ 327,984</u>	<u>\$ 1,197,970</u>	<u>\$ 2,122,627</u>

SHERIFF'S DEPARTMENT FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 422,151	\$ 417,351	\$ 281,787	\$ 557,715
Investments	395,810	766	-	396,576
Due from other funds	37,408	-	31,002	6,406
Total assets	<u>\$ 855,369</u>	<u>\$ 418,117</u>	<u>\$ 312,789</u>	<u>\$ 960,697</u>
LIABILITIES				
Funds held for others	\$ 160,914	\$ 16,453	\$ -	\$ 177,367
Other liabilities	694,455	401,664	312,789	783,330
Total liabilities	<u>\$ 855,369</u>	<u>\$ 418,117</u>	<u>\$ 312,789</u>	<u>\$ 960,697</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

PLANNING DEPARTMENT FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 338	\$ 863	\$ 863	\$ 338
Other assets	-	75	-	75
Total assets	<u>\$ 338</u>	<u>\$ 938</u>	<u>\$ 863</u>	<u>\$ 413</u>
LIABILITIES				
Accounts payable	\$ -	\$ 938	\$ 863	\$ 75
Due to other funds	338	-	-	338
Total liabilities	<u>\$ 338</u>	<u>\$ 938</u>	<u>\$ 863</u>	<u>\$ 413</u>

CONSOLIDATED COURT COST FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 70,846	\$ 419,298	\$ 385,080	\$ 105,064
Due from other funds	139,231	78,160	139,231	78,160
Total assets	<u>\$ 210,077</u>	<u>\$ 497,458</u>	<u>\$ 524,311</u>	<u>\$ 183,224</u>
LIABILITIES				
Due to other funds	\$ 24,061	\$ 25,366	\$ 24,061	\$ 25,366
Due to other governments	59,928	56,223	59,928	56,223
Other liabilities	126,088	415,869	440,322	101,635
Total liabilities	<u>\$ 210,077</u>	<u>\$ 497,458</u>	<u>\$ 524,311</u>	<u>\$ 183,224</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

RETIREMENT SYSTEM FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 1,834	\$ 1,702,179	\$ 1,702,230	\$ 1,783
Due from other funds	110,918	15,940	81	126,777
Total assets	<u>\$ 112,752</u>	<u>\$ 1,718,119</u>	<u>\$ 1,702,311</u>	<u>\$ 128,560</u>
LIABILITIES				
Due to other funds	\$ 1,834	\$ 30	\$ 81	\$ 1,783
Due to other governments	110,918	1,718,089	1,702,230	126,777
Total liabilities	<u>\$ 112,752</u>	<u>\$ 1,718,119</u>	<u>\$ 1,702,311</u>	<u>\$ 128,560</u>

JUSTICE OF THE PEACE FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 77,074	\$ 405,096	\$ 416,374	\$ 65,796
Total assets	<u>\$ 77,074</u>	<u>\$ 405,096</u>	<u>\$ 416,374</u>	<u>\$ 65,796</u>
LIABILITIES				
Due to other funds	\$ 49,169	\$ 31,932	\$ 41,317	\$ 39,784
Other liabilities	27,905	373,164	375,057	26,012
Total liabilities	<u>\$ 77,074</u>	<u>\$ 405,096</u>	<u>\$ 416,374</u>	<u>\$ 65,796</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

FOURTH COURT OF APPEALS FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 50	\$ 2,241	\$ 1,970	\$ 321
Due from other funds	1,162	580	1,163	579
Total assets	<u>\$ 1,212</u>	<u>\$ 2,821</u>	<u>\$ 3,133</u>	<u>\$ 900</u>
LIABILITIES				
Due to other funds	\$ 2	-	\$ 2	-
Due to other governments	1,162	580	1,163	579
Other liabilities	48	2,241	1,968	321
Total liabilities	<u>\$ 1,212</u>	<u>\$ 2,821</u>	<u>\$ 3,133</u>	<u>\$ 900</u>

TNRCC INSPECTION FEES FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 1,184	\$ 1,102	\$ 1,840	\$ 446
Total assets	<u>\$ 1,184</u>	<u>\$ 1,102</u>	<u>\$ 1,840</u>	<u>\$ 446</u>
LIABILITIES				
Due to other funds	\$ 54	\$ 2	-	\$ 56
Due to other governments	1,130	1,100	1,840	390
Total liabilities	<u>\$ 1,184</u>	<u>\$ 1,102</u>	<u>\$ 1,840</u>	<u>\$ 446</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

JURY FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ (11,678)	\$ 78,099	\$ 70,990	\$ (4,569)
Due from other funds	12,608	3,420	8,639	7,389
Other Assets	-	4,040	-	4,040
Total assets	<u>\$ 930</u>	<u>\$ 85,559</u>	<u>\$ 79,629</u>	<u>\$ 6,860</u>
LIABILITIES				
Other liabilities	<u>\$ 930</u>	<u>\$ 85,559</u>	<u>\$ 79,629</u>	<u>\$ 6,860</u>
Total liabilities	<u>\$ 930</u>	<u>\$ 85,559</u>	<u>\$ 79,629</u>	<u>\$ 6,860</u>

TERTIARY CARE FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 9,252	\$ 10,573	\$ 10,341	\$ 9,484
Due from other funds	1,145	1,002	1,145	1,002
Other assets	-	-	-	-
Total assets	<u>\$ 10,397</u>	<u>\$ 11,575</u>	<u>\$ 11,486</u>	<u>\$ 10,486</u>
LIABILITIES				
Due to other funds	\$ 5,184	\$ 5,219	\$ 5,184	\$ 5,219
Due to other governments	5,153	5,207	5,153	5,207
Other liabilities	60	1,149	1,149	60
Total liabilities	<u>\$ 10,397</u>	<u>\$ 11,575</u>	<u>\$ 11,486</u>	<u>\$ 10,486</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

BORDER AREA NARCOTICS TASK FORCE FORFEITURE FUND

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 14,019	\$ 21	\$ -	\$ 14,040
Due from other funds	71,736	-	-	71,736
Total assets	<u>\$ 85,755</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 85,776</u>
LIABILITIES				
Other liabilities	\$ 85,755	\$ 21	\$ -	\$ 85,776
Total liabilities	<u>\$ 85,755</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 85,776</u>

State Forfeited District Attorney

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ -	\$ 2,356,845	\$ 902,065	\$ 1,454,780
Accounts receivable	-	218,281	-	218,281
Total assets	<u>\$ -</u>	<u>\$ 2,575,126</u>	<u>\$ 902,065</u>	<u>\$ 1,673,061</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	2,575,126	902,065	1,673,061
Total liabilities	<u>\$ -</u>	<u>\$ 2,575,126</u>	<u>\$ 902,065</u>	<u>\$ 1,673,061</u>

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STARR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

ALL FIDUCIARY FUNDS

SEPTEMBER 30, 2010

(Continued)

Federally Forfeited Property DAG 71

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ -	\$ 169,870	\$ 45,357	\$ 124,513
Accounts receivable	-	129,057	-	129,057
Total assets	<u>\$ -</u>	<u>\$ 298,927</u>	<u>\$ 45,357</u>	<u>\$ 253,570</u>
LIABILITIES				
Other liabilities	\$ -	\$ 298,927	\$ 45,357	\$ 253,570
Total liabilities	<u>\$ -</u>	<u>\$ 298,927</u>	<u>\$ 45,357</u>	<u>\$ 253,570</u>

TOTAL ALL AGENCY FUNDS

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
ASSETS				
Cash	\$ 6,295,887	\$ 39,652,673	\$ 37,127,256	8,821,304
Investments	3,527,957	330,674	1,197,970	2,660,661
Accounts receivable	68,406	352,806	-	421,212
Due from other funds	702,017	184,121	215,296	670,842
Other assets	167,948	242,830	251,493	159,285
Total assets	<u>\$ 10,762,215</u>	<u>\$ 40,763,104</u>	<u>\$ 38,792,015</u>	<u>\$ 12,733,304</u>
LIABILITIES				
Due to other funds	\$ 1,243,531	\$ 15,911,935	\$ 15,116,120	\$ 2,039,346
Due to other governments	582,926	9,489,737	9,515,684	556,979
Funds held for others	5,163,939	1,506,079	2,954,966	3,715,052
Accounts payable	-	938	863	75
Other liabilities	3,771,819	13,854,415	11,204,382	6,421,852
Total liabilities	<u>\$ 10,762,215</u>	<u>\$ 40,763,104</u>	<u>\$ 38,792,015</u>	<u>\$ 12,733,304</u>

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STATISTICAL SECTION

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STARR COUNTY, TEXAS

GOVERNMENT-WIDE EXPENSES BY FUNCTION

LAST FIVE FISCAL YEARS

	2010	2009	2008	2007	2006
General government	\$ 4,300,927	\$ 4,129,942	\$ 2,267,203	\$ 3,045,557	\$ 2,594,283
Public safety	9,638,550	7,210,242	8,416,981	8,083,472	8,714,789
Judicial	1,789,592	1,687,339	1,682,336	1,580,355	1,563,448
Highways and streets	4,303,463	5,515,096	4,018,216	6,796,427	4,165,498
Public facilities	504,138	615,719	269,806	243,087	440,728
Financial administration	959,983	868,642	936,030	909,359	722,280
Legal	872,656	879,804	906,133	781,420	753,930
Health and welfare	2,114,439	1,585,616	1,186,481	1,435,914	1,498,880
Conservation and agriculture	138,473	126,889	132,642	127,661	116,720
Culture and recreation	-	-	-	31,695	67,948
Debt service - interest on debt	163,794	179,343	194,307	206,963	220,052
Debt service - bond issuance costs	-	-	-	-	44,157
TOTAL	<u>\$ 24,786,015</u>	<u>\$ 22,798,632</u>	<u>\$ 20,010,135</u>	<u>\$ 23,241,910</u>	<u>\$ 20,902,713</u>

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STARR COUNTY

GOVERNMENT-WIDE REVENUES

LAST FIVE FISCAL YEARS

PROGRAM REVENUES			GENERAL REVENUES			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Taxes	Interest	Transfers	Miscellaneous
2010	\$ 4,099,023	\$ 7,961,436	\$ 15,444,660	\$ 93,409	\$ 585,000	\$ 336,197
2009	5,171,144	8,110,453	14,274,890	226,951	912,138	211,724
2008	3,885,077	6,314,610	13,117,309	388,802	996,110	208,272
2007	4,033,909	6,531,878	11,639,354	561,467	1,418,781	766,492
2006	3,486,814	4,523,558	10,667,682	366,302	1,586,411	187,770

STARR COUNTY, TEXAS

EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES

LAST TEN FISCAL YEARS
(Unaudited)

FUNCTION	2010	2009	2008	2007
General administration	\$ 4,024,041	\$ 3,879,843	\$ 2,645,769	\$ 3,026,064
Judicial & elections	1,674,382	1,585,159	1,581,696	1,495,697
Financial administration	898,181	816,038	878,133	860,657
Legal	860,782	826,530	853,054	788,795
Public facilities	488,704	639,526	607,847	2,158,352
Public safety	7,698,821	8,345,403	8,027,559	7,755,892
Health and welfare	2,057,292	1,577,451	1,193,659	1,394,654
Culture and recreation	-	-	-	30,000
Conservation-agriculture	129,558	119,205	122,481	120,809
Highways and streets (maintenance of county roads and bridges)	7,751,392	7,853,428	8,421,327	7,259,489
Capital outlay	-	-	-	-
Debt service	568,794	579,343	584,307	206,963
Totals	<u>\$ 26,151,947</u>	<u>\$ 26,221,926</u>	<u>\$ 24,915,832</u>	<u>\$ 25,097,372</u>

	2006	2005	2004	2003	2002	2001
\$	2,569,712	\$ 2,118,420	\$ 2,072,442	\$ 1,609,169	\$ 1,434,498	\$ 1,096,319
	1,501,386	1,384,291	1,275,016	1,211,682	1,212,464	1,130,896
	692,235	626,288	639,198	624,536	620,496	614,537
	725,854	668,526	603,140	592,531	694,059	545,437
	1,323,055	524,443	282,010	652,881	1,038,712	1,251,427
	8,480,825	6,278,599	5,794,984	5,758,816	6,412,088	6,024,188
	1,492,342	1,250,906	751,587	554,396	542,053	184,277
	64,993	64,153	60,440	55,970	54,410	49,023
	112,287	103,099	107,555	104,661	109,604	100,401
	4,379,117	4,245,517	4,912,917	3,209,032	2,454,116	2,601,302
	-	-	-	-	1,381	40,397
	585,052	608,128	265,708	294,241	309,730	315,160
\$	<u>21,926,858</u>	<u>\$ 17,872,370</u>	<u>\$ 16,764,997</u>	<u>\$ 14,667,915</u>	<u>\$ 14,883,611</u>	<u>\$ 13,953,364</u>

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STARR COUNTY, TEXAS
REVENUES BY SOURCES
ALL GOVERNMENTAL FUND TYPES

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Taxes	Intergovernmental	Charges for Services	Fines and Forfeitures	Interest	Miscellaneous	Total
2010	\$ 14,565,934	\$ 7,961,436	\$ 3,405,345	\$ 694,278	\$ 93,409	\$ 336,197	\$ 27,056,599
2009	14,002,629	8,110,453	4,401,070	770,074	226,951	211,724	27,722,901
2008	12,572,737	6,314,610	3,238,928	646,149	388,802	208,272	23,369,498
2007	11,766,794	6,531,878	3,308,850	725,059	561,467	766,793	23,660,541
2006	10,411,326	4,523,558	3,096,292	599,866	366,302	187,770	19,185,114
2005	9,673,918	2,784,656	3,463,176	489,767	134,847	130,321	16,676,685
2004	7,977,154	3,234,224	3,595,908	384,195	73,821	141,904	15,407,206
2003	7,568,740	1,623,003	4,581,221	369,128	83,694	255,662	14,481,448
2002	7,022,681	2,347,963	4,089,626	280,994	100,451	243,404	14,085,119
2001	5,979,707	1,665,816	4,050,551	287,184	93,591	595,572	12,672,421

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STARR COUNTY, TEXAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL GOVERNMENTAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Debt Principal	Interest & Fiscal Charges	Total Debt Services	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2010	\$ 405,000	\$ 163,794	\$ 568,794	\$ 14,366,526	3.96%
2009	400,000	179,343	579,343	13,499,786	4.29%
2008	390,000	194,307	584,307	13,464,747	4.34%
2007	375,000	206,963	581,963	13,021,431	4.47%
2006	365,000	220,052	585,052	12,005,751	4.87%
2005	425,000	183,128	608,128	11,003,547	5.53%
2004	252,000	13,708	265,708	10,526,600	2.52%
2003	267,000	27,241	294,241	10,077,368	2.92%
2002	267,000	42,730	309,730	9,775,758	3.17%
2001	257,000	58,159	315,159	8,711,602	3.62%

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STARR COUNTY, TEXAS

PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>Operating Funds</u>	<u>Limited Tax Bonds</u>	<u>Total Constitutional Tax Levy</u>	<u>FM and Lateral Road Tax</u>	<u>Total Tax Rate</u>
2010	\$ 0.4817	\$ 0.0387	\$ 0.5204	\$ 0.1788	\$ 0.6992
2009	0.4740	0.0400	0.5140	0.1852	0.6992
2008	0.4740	0.0400	0.5140	0.1852	0.6992
2007	0.4010	0.0400	0.4410	0.1682	0.6092
2006	0.4010	0.0450	0.4460	0.1684	0.6144
2005	0.4010	0.0450	0.4460	0.1684	0.6144
2004	0.4224	0.0459	0.4683	0.1611	0.6294
2003	0.3909	0.0459	0.4368	0.1489	0.5857
2002	0.3744	0.0459	0.4203	0.1472	0.5675
2001	0.4434	0.0333	0.4767	0.1753	0.6520

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STARR COUNTY, TEXAS

ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended September 30,	Real Property	Personal Property	Mineral and Intangible	Total
2010	\$ -	\$ -	\$ -	\$ 2,239,204,500
2009	-	-	-	2,022,845,390
2008	-	-	-	1,905,018,980
2007	-	-	-	1,998,393,440
2006	-	-	-	1,777,321,100
2005	-	-	-	1,599,742,190
2004	-	-	-	1,328,503,200
2003	-	-	-	1,364,019,670
2002	-	-	-	971,262,290
2001	-	-	-	966,237,930

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STARR COUNTY, TEXAS

DEMOGRAPHIC INFORMATION

Year Ended September 30, 2010
(Unaudited)

Starr County, Texas was organized in 1848 from Nueces County and was named for Dr. J.H. Starr, a secretary of treasury of the Republic of Texas.

Area: 1,223.1 square miles

Annual rainfall: 22.3 inches

Temperature ranges: 43 degrees in January and 99 degrees in July

Population: 56,686

Growing season: 314 days

Physical features are rolling surfaces, some hills, dense brush, clay, loam, sandy soils, alluvial on the Rio Grande River. The Falcon Reservoir is located in the County. Altitudes vary from 125 to 531 feet.

Recreation includes the following: Falcon Reservoir activities; deer, whitewing dove hunting; access to Mexico; historical houses; grotto at Rio Grande City; Roma Fest in November.

With respect to minerals, there is the production of oil, natural gas, sand and gravel.

Principal cities are Rio Grande City (12,305) (the county seat), La Grulla (1,192), and Roma-Los Saenz (9,969).

Principal towns include Escobares (2,046), La Casita-Garciasville (2,287), Las Lomas (2,738), La Victoria (1,738), and La Rosita (1,757).

Agriculture income is derived mostly from crops, including sorghum, cotton, and vegetables; also from beef and fed cattle; substantial irrigation for vegetables.

Principal business includes vegetable packing, shipping, other agribusinesses; oil production; tourism; and government services.

97.54% of the population is Hispanic.

Note: The above information was obtained from the 2006-2007 Texas Almanac published by the Dallas Morning News. Dallas, Texas.

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FEDERAL AWARDS SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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 AND THE STATE OF TEXAS
SINGLE AUDIT CIRCULAR**

To the Honorable County Judge
and County Commissioners
Starr County, Texas

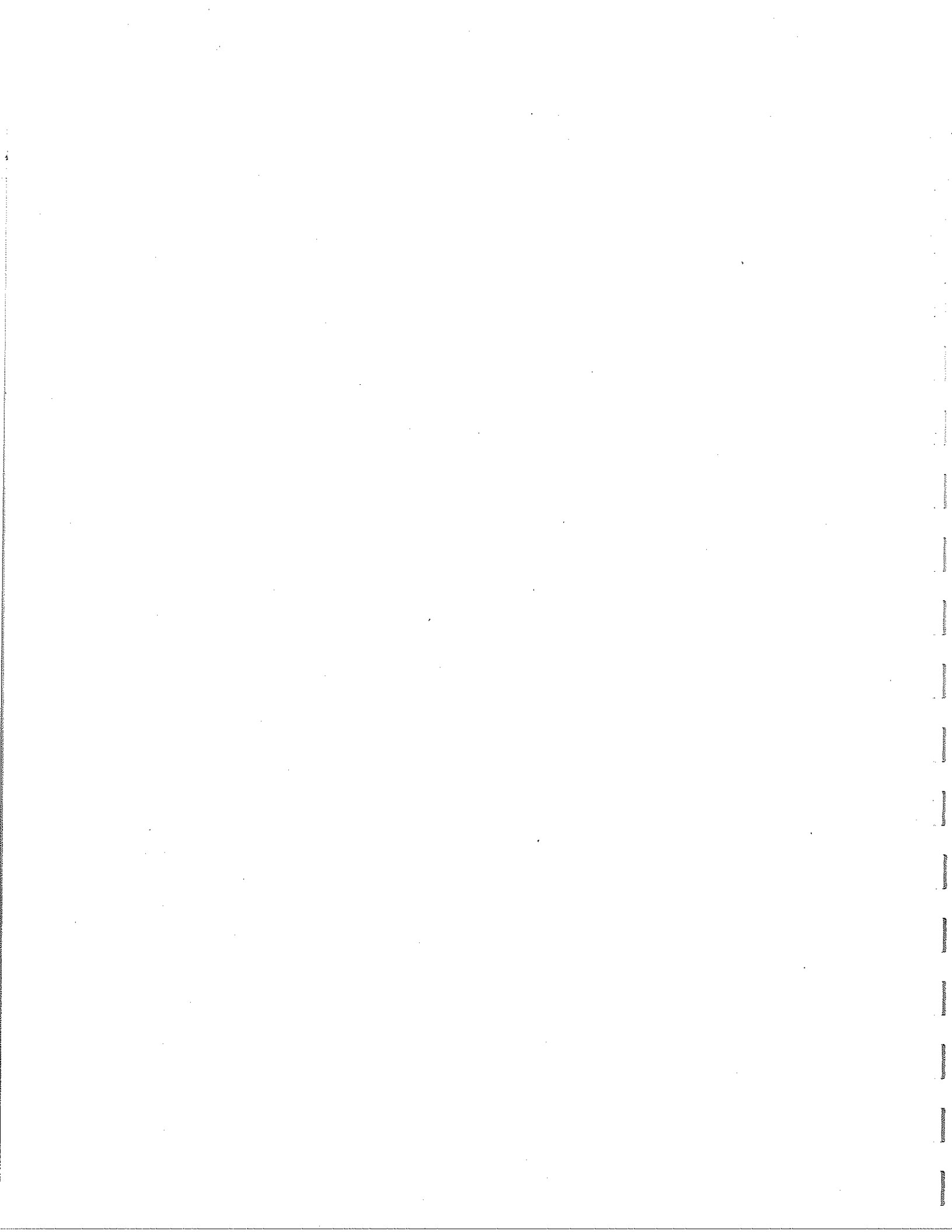
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Starr County, Texas as of and for the year ended September 30, 2010, which collectively comprise Starr County, Texas' basic financial statements and have issued our report thereon dated August 26, 2011. 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 and the standards applicable to financial audits contained in the *State of Texas Single Audit Circular*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Starr County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Starr County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Starr County, Texas' internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 reporting 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting [2010-01]. 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Starr County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2010-2].

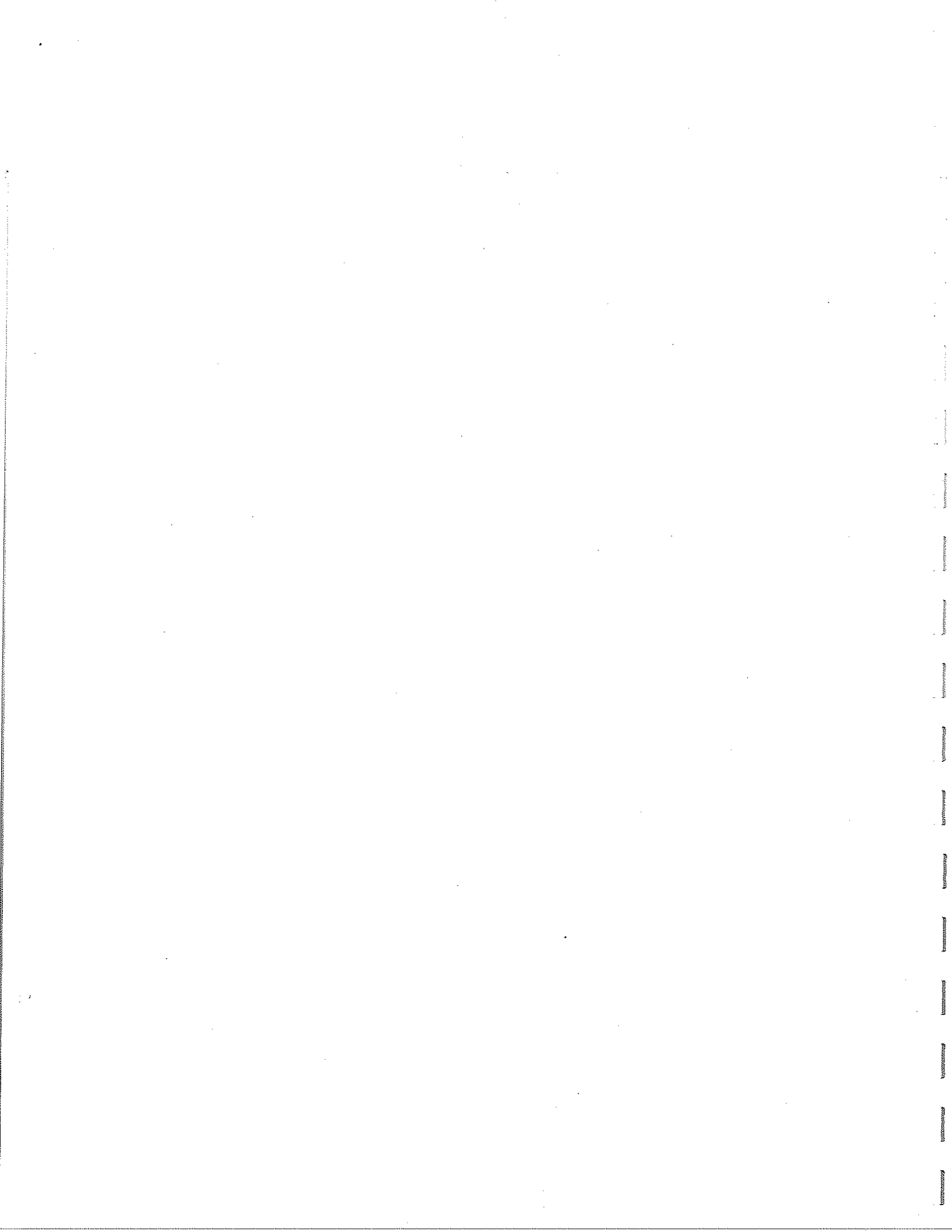
We noted certain matters that we reported to the management of Starr County, Texas, in a separate letter dated August 26, 2011.

Starr County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Starr County, Texas' response and, accordingly, we express no opinion on it.

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

Pattillo, Brent Hill, C.P.

August 26, 2011





PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Honorable County Judge
and County Commissioners
Starr County, Texas

Compliance

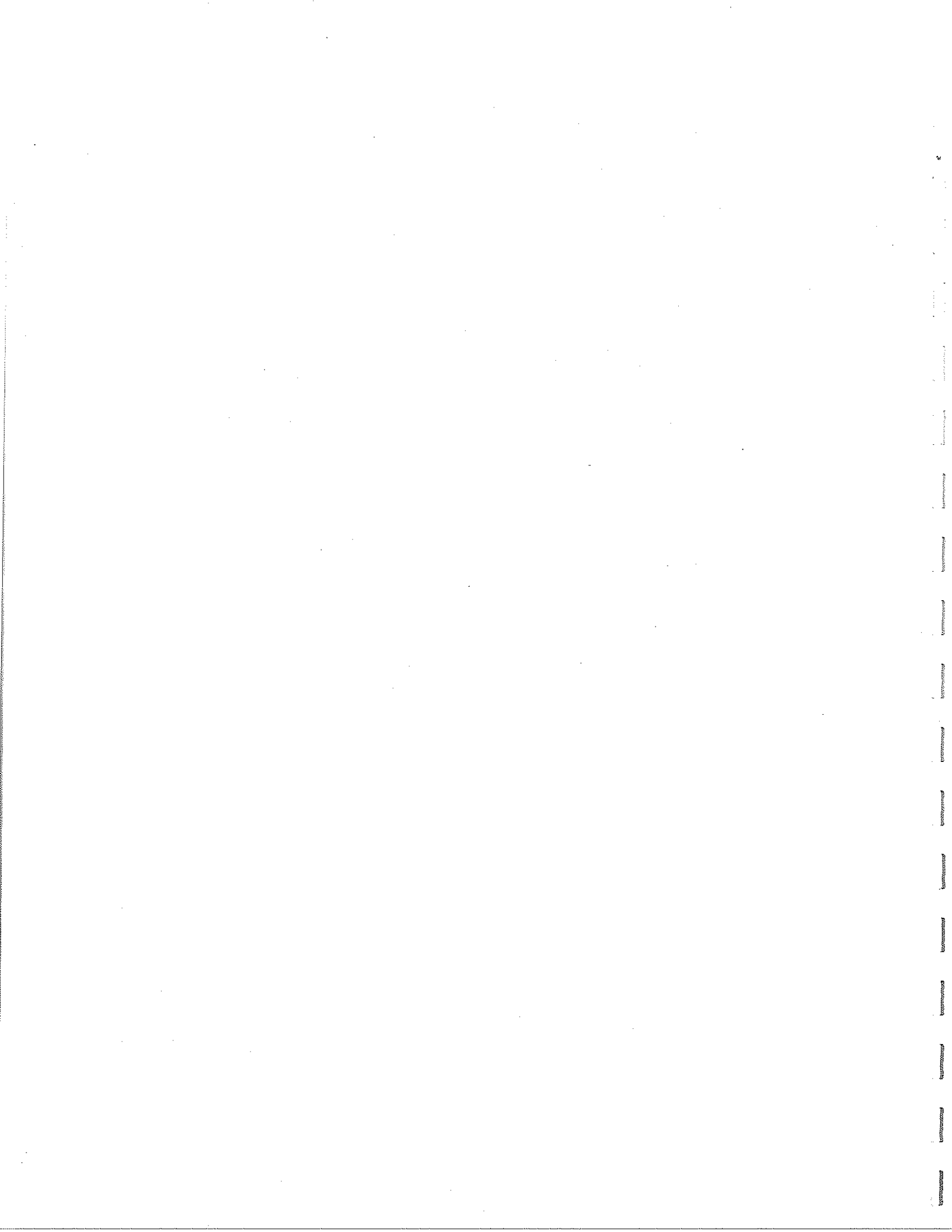
We have audited Starr County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of Starr County, Texas' major federal and state programs for the year ended September 30, 2010. Starr County, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Starr County, Texas' management. Our responsibility is to express an opinion on Starr County, Texas' compliance based on our audit.

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

In our opinion, Starr County, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Starr County, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Starr County, Texas' internal control over compliance.

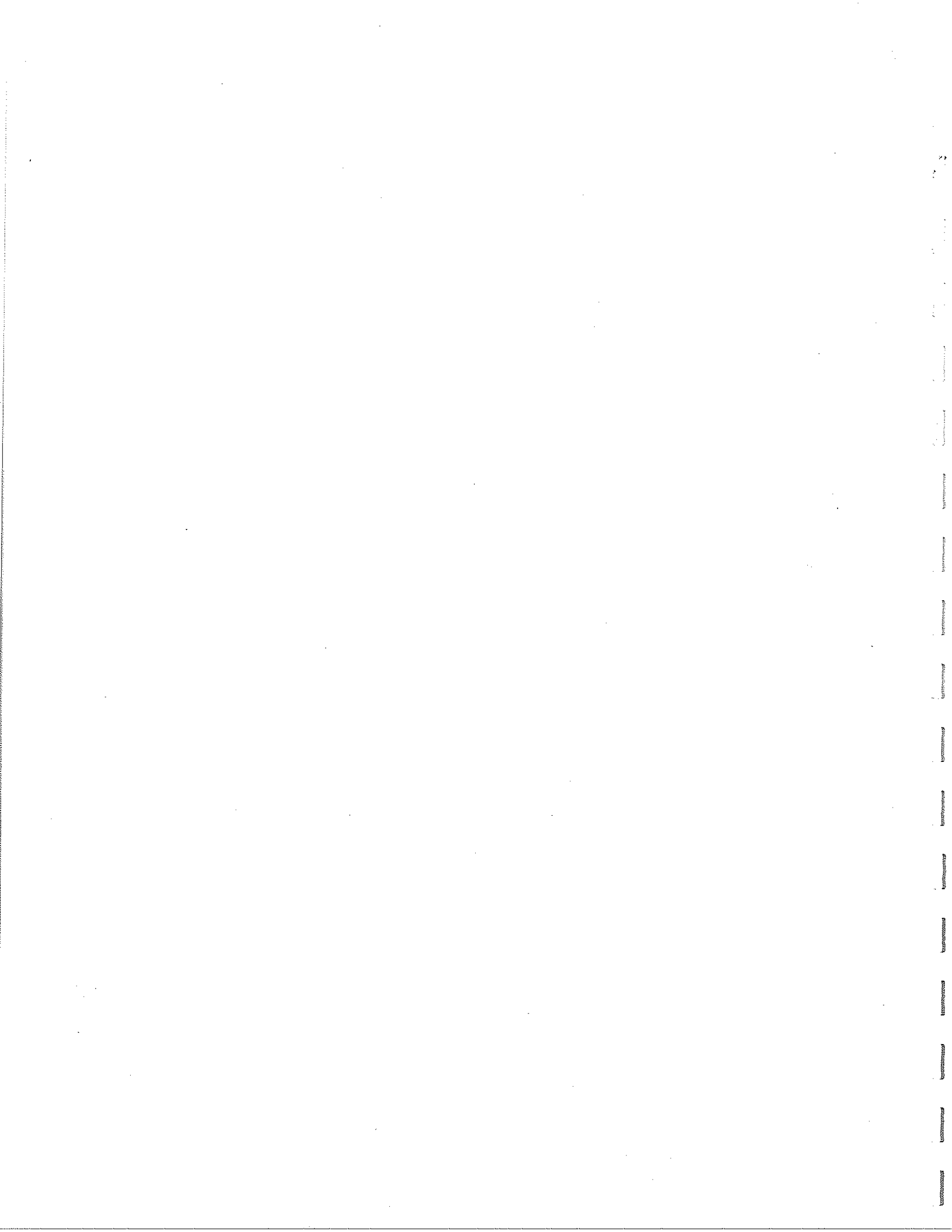


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did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

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

Patullo, Brown & Hill, C.P.

August 26, 2011



STARR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

I. Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	None reported.
Significant deficiencies identified that are not considered to be material weakness(es)?	Yes.
Internal control over major programs: Material weakness(es) identified?	None reported.
Significant deficiencies identified that are not considered to be material weakness(es)?	Yes.
Noncompliance which is material to the basic financial statements	None reported.
Type of report on compliance with major programs	Unqualified.
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 and the State of Texas Single Audit Circular	Yes.
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Dollar threshold considered between Type A and Type B state programs	\$300,000
Low risk auditee statement	No.
Major federal programs	CFDA #14.228 – Comm Dev Block Grants CFDA #16.738 – JAG Program Cluster and #16.803 CFDA #97.067 – Homeland Security Grants
Major state programs	TX-DOT Border Colonia Access 3 rd Call

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STARR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

**II. Findings Relating to the Financial Statements Which are Required to be Reported
in Accordance With Generally Accepted Government Auditing Standards**

<u>Program</u>	<u>Findings/Noncompliance</u>
<i><u>Finding 2010-01</u></i>	<i>Bank Reconciliations</i>
<i>Criteria:</i>	The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.
<i>Condition:</i>	The County does not prepare some of its bank reconciliations on a monthly basis for several bank accounts.
<i>Questioned Cost:</i>	Questioned costs could not be quantified because the finding does not relate to specific dollar amounts.
<i>Effect:</i>	The County is unable to reconcile the bank accounts to the general ledger monthly.
<i>Recommendation:</i>	Bank reconciliations should be prepared and reviewed in a timely manner in order to ensure that errors or irregularities are detected and corrected. We recommend the County establish and adhere to deadlines for the preparation of the bank reconciliations on a monthly basis. The monthly reconciliations should be completed prior to the end of the subsequent month to ensure that errors do not go undetected for periods of time.

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STARR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards (Continued)

<u>Program</u>	<u>Findings/Noncompliance</u>
<i>Finding 2010-02</i>	<i>Procurement</i>
<i>Criteria:</i>	The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.
<i>Condition:</i>	During our testing we found several instances where the procurement of goods/services did not document the County's procedures that provide for full and open competition.
<i>Questioned Cost:</i>	Questioned costs could not be quantified because the finding does not relate to specific dollar amounts.
<i>Effect:</i>	As a result, the County is not in compliance with the grant's requirements and the OMB Circular A-133 Compliance Supplement.
<i>Recommendation:</i>	We recommend that the County adhere to the guidelines established by the State of Texas for documenting procurement procedures.

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STARR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

III. Findings and Questioned Costs for Federal and State Awards

None reported.

IV. Prior Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
<i>Finding 09-01</i>	<i>Public Funds Investment Act</i>	
<i>Criteria:</i>	The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.	
<i>Condition:</i>	The County does not prepare quarterly investment reports in accordance with the Public Funds Investment Act. In addition, the County's cash and investments are not properly collateralized with pledged securities for funds deposited in excess of FDIC insurance coverage.	
<i>Questioned Cost:</i>	Questioned costs could not be quantified because the finding does not relate to specific dollar amounts.	
<i>Effect:</i>	The County is not in compliance with the Public Funds Investment Act.	
<i>Recommendation:</i>	We recommend that the County compile and approve quarterly investment reports prepared in accordance with the Public Funds Investment Act. We also recommend that the County enter into an agreement with their financial institutions to pledge securities in the County's name for amounts that exceed FDIC insurance coverage.	
<i>Current Status:</i>	Item not corrected.	

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STARR COUNTY, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

V. Prior Findings and Questioned Costs for Federal and State Awards

Major Program: Homeland Security Program – Operation Stone Garden

Program **Findings/Noncompliance**

Finding 2009-02

Procurement

Criteria: The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.

Condition: During our testing we found two instances where the procurement of goods/services did not document the County's procedures that provide for full and open competition. The County did not follow sealed bid procedures for two grant expenditures that each exceeded \$50,000.

Questioned Cost: \$158,149

Effect: As a result, the County is not in compliance with the grant's requirements and the OMB Circular A-133 Compliance Supplement.

Recommendation: We recommend that the County adhere to the guidelines established for all federally funded programs and properly document its procurement procedures.

Current Status: No exceptions found as a result of our testing.

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STARR COUNTY, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

V. Prior Findings and Questioned Costs for Federal and State Awards (Continued)

Major Program: Homeland Security Program – Operation Stone Garden (Continued)

Program

Findings/Noncompliance

Finding 2009-03

Procurement

Criteria:

The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.

Condition:

During our testing we found two instances where the procurement of goods/services did not document the County's procedures that ensure it does not conduct business with a suspended or debarred party.

Questioned Cost:

See finding 2009-02.

Effect:

As a result, the County is not in compliance with the grant's requirements and the OMB Circular A-133 Compliance Supplement.

Recommendation:

We recommend that the County adhere to the guidelines established for all federally funded programs and properly document its procurement procedures.

Current Status:

No exceptions found as a result of our testing.

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STARR COUNTY, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

V. Prior Findings and Questioned Costs for Federal and State Awards (Continued)

Major Program: Border Security Equipment and Technology (Continued)

<u>Program</u>	<u>Findings/Noncompliance</u>
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<u>Finding 2009-05</u>	<i>Procurement</i>
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<i>Criteria:</i>	The management of Starr County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and contracts.
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<i>Condition:</i>	During our testing we found three instances where the procurement of goods/services did not document the County's procedures that ensure it does not conduct business with a suspended or debarred party.
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<i>Questioned Cost:</i>	See finding 09-04.
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<i>Effect:</i>	As a result, the County is not in compliance with the grant's requirements and the OMB Circular A-133 Compliance Supplement.
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<i>Recommendation:</i>	We recommend that the County adhere to the guidelines established for all federally funded programs and properly document its procurement procedures.
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<i>Current Status:</i>	No exceptions found as a result of our testing.
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STARR COUNTY, TEXAS

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Finding 2010-01:

The Auditor's office staff prepares bank reconciliations on a timely basis. The accounts under the control of the fee offices are at times not reconciled monthly. The Auditor's office will continue to require monthly reconciliations from those departments.

Person responsible for implementation: County Auditor's Office

Estimated date of completion: September 30, 2011

Finding 2010-02:

The County does not have a purchasing department. All county officials and department heads have been advised to properly document bidding in order to comply with procurement guidelines.

Person responsible for implementation: County Department Heads

Estimated date of completion: September 30, 2011

Finding 2009-01:

The County Treasurer is aware of the Public Investment Act and will implement the proper changes starting on the quarterly report ending September 30, 2011. Also, Starr County's depository provides an irrevocable standby letter of credit from Federal Home Loan Bank of Dallas in an amount equal to the amount the County has on deposit. The letter is valid for three months at which time a new letter is issued and the amount is adjusted to reflect the amount on deposit at the beginning of the three month period.

Person responsible for implementation: County Treasurer

Estimated date of completion: September 30, 2011

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STARR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/ Pass Through Entity</u>	<u>CFDA Numbers</u>	<u>Contract Number</u>	<u>Total Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Pass through the Texas Department of Rural Affairs</i>			
Texas Community Development Program	14.228	R729620	\$ 293,719
TXCDBG Disaster Relief Grants	14.228	728387	170,914
ORCA TXCDBG Contract	14.228	729037	226,474
TDHCA Contract #727013	14.239	727013	142,412
TDHCA Contract #727033	14.228	727033	<u>201,321</u>
Total Texas Department of Rural Affairs			<u>1,034,840</u>
 <i>Pass through the Texas Department of Housing & Community Affairs</i>			
TDHCA Disaster Relief Grant	14.239	1000793	<u>150,516</u>
Total Texas Department of Housing & Community Affairs			<u>150,516</u>
Total U.S. Department of Housing and Urban Development			<u>1,185,356</u>
 U.S. Department of Justice			
<i>Pass through the Office of C.O.P.S.</i>			
Public Safety Partnerships and Comm Policing Grants	16.710	2008CKWX0878	<u>116,913</u>
 <i>Pass through the Office of Justice Programs</i>			
SCAAP	16.606	2009APBX0486	<u>32,896</u>
 <i>Pass through the Office of Justice Programs and passed through the County of El Paso, Texas</i>			
Border Prosecution Unit	16.755	CH-10-A10-22837-01	<u>107,299</u>
 <i>Pass through the Texas Border Sheriff Coalition</i>			
Sheriff Coalition Grant (Operation Linebacker)	16.580	2009-D1-BX-0141	<u>200,857</u>
 <i>Pass through the Office of the Governor - Criminal Justice Division</i>			
Juvenile Justice Alternatives Fund	16.540	JA-09-J20-21953-01	13,263
Crime Victims Assistance Program	16.575	SF-10-V30-19034-03	25,436
Crime Victims Assistance Program	16.575	VA-10-V30-19034-04	2,092
United Way Impact Grant	-	-	<u>10,928</u>
Total Office of the Governor - Criminal Justice Division			<u>51,719</u>

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STARR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/ Pass Through Entity</u>	<u>CFDA Numbers</u>	<u>Contract Number</u>	<u>Total Expenditures</u>
<i>Pass through the Office of the Governor - Criminal Justice Division</i>			
JAG Program Cluster			
Border Area Violent Crimes Unit	16.738	DJ-09-A10-22819-01	401,382
Border Interdiction Unit - Operation Border Star	16.738	DJ-09-A10-18428-04	136,058
ARRA - Local Border Security Prog LBSP10	16.803	S4-09-A10-23239-01	25,416
ARRA - Edward Byrne Memorial JAG Program	16.803	SU-09-A10-22178-01	138,538
Total Office of the Governor - Criminal Justice Division - JAG Program Cluster			<u>701,394</u>
Total Office of the Governor - Criminal Justice Division			<u>753,113</u>
Total U.S. Department of Justice			<u>1,211,078</u>
Executive Office of the President			
<i>Pass through the Office of National Drug Control Policy & through the South Texas HIDTA Assistance Center</i>			
HIDTA Task Force Grant - Sheriff	-	-	14,921
HIDTA Task Force Grant - MADRPCTF	-	-	62,765
HIDTA Task Force Grant	-	-	226,927
Total Executive Office of the President			<u>304,613</u>
U.S. Department of Homeland Security			
<i>Pass through the Office of the Governor - Emergency Management Division</i>			
Homeland Security Grants (Oper Stonegarden) - 08	97.067	2008-SG-T8-T0009	638,646
Homeland Security Grants (Oper Stonegarden) - 09	97.067	2009-SJ-T9-T0011	752,182
Homeland Security Grants	97.074	-	240,898
Total U.S. Department of Homeland Security			<u>1,631,726</u>
U.S. Department of Agriculture			
<i>Direct Program:</i>			
U.S. Dept of Agriculture FHA Grant Housing Preservation	10.433	-	119,406
Total U.S. Department of Agriculture			<u>119,406</u>
TOTAL FEDERAL AWARDS			<u>\$ 4,452,179</u>

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STARR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/ Pass Through Entity</u>	<u>CFDA Numbers</u>	<u>Contract Number</u>	<u>Total Expenditures</u>
State of Texas			
Texas Department of Transportation			
<i>Direct Program:</i>			
CACST		921F7241-01	39,888
TX Border Colonia Access - 3rd Call		21-8BCF5005	1,640,519
TX Border Colonia Access - 2nd Call		-	659,187
Total Direct Programs			<u>2,339,594</u>
Department of Health State Services			
<i>Direct Program:</i>			
US Mexico Border Health		-	1,050
Border Health Services Grant		-	3,850
Total Department of Health State Services			<u>4,900</u>
Texas Department of Public Safety			
<i>Passed through Texas Border Sheriff's Coalition:</i>			
Texas Border Security Program - LBSP8		BSOC-OP-BS-028	<u>494,699</u>
U.S. Marshals Service			
<i>Direct Program:</i>			
Joint Law Enforcement Oper - Sheriff / US Marsh		FY2010 MO4	<u>15,962</u>
Office of the Attorney General			
<i>Direct Program:</i>			
Attorney General - VINE Contract		08-09178	19,885
Attorney General - VINE Contract		09-12857	16,531
Total Office of the Attorney General			<u>36,416</u>

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STARR COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Federal Grantor/ <u>Pass Through Entity</u>	<u>CFDA Numbers</u>	<u>Contract Number</u>	<u>Total Expenditures</u>
Office of Court Administrator			
<i>Direct Program:</i>			
TX Task Force on Indigent Defense Grant		FY2010	<u>32,894</u>
Total Direct Programs			<u>32,894</u>
<i>Passed Through South Texas Development Council:</i>			
<i>Passed Through the City of Laredo:</i>			
911 Addressing Grant		212-10-214	<u>34,061</u>
Total Passed Through the City of Laredo			<u>34,061</u>
 Total Office of Court Administrator			 <u>66,955</u>
 TOTAL STATE AWARDS			 <u>2,958,526</u>
 TOTAL FEDERAL AND STATE AWARDS			 <u>\$ 7,410,705</u>

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STARR COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2010

1. BASIS OF ACCOUNTING

Starr County uses the modified accrual basis of accounting. This basis of accounting recognizes revenue in the accounting period in which it becomes available and measurable and expenditures in the accounting period in which the fund liability was incurred, if measurable, except for certain compensated absences and claims and judgments, which is recognized when the obligation are expected to be liquidated with expendable available financial resources.

Federal grants are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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