

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

Singleton, Clark & Company, PC
Certified Public Accountants

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

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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED
SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION INCLUDING
THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditors' Report

Honorable Judge and Members
of the Commissioners Court of
Bastrop County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bastrop County ("the County"), 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 the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bastrop County, Texas, as of September 30, 2010, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information, however, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The combining statements and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Singleton, Clark & Company PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

February 23, 2011

BASTROP COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

In this section of the Annual Financial and Compliance Report, we, the managers of Bastrop County, Texas ("the County"), discuss and analyze the County's financial performance for the fiscal year ended September 30, 2010. Please read it in conjunction with the Independent Auditor's Report on page 1, and the County's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2010, by \$36,605,267 (net assets). Of this amount, \$5,557,153 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$3,860,152 from current operations. The decrease is attributable to a budgeted deficit for the year in the General Fund and shortfalls in budgeted revenue amounts.
- The County's governmental funds reported combined ending fund balances of \$19,774,448 an increase of \$6,143,960 in comparison to the previous year. This increase is primarily the result of the issuance of Series 2010 Certificates of Obligation.

USING THIS ANNUAL REPORT

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

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure of County financial information presented in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 8. The primary purpose here is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all of the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

BASTROP COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who share the costs of some programs (charges for services and grants and contributions) and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they served the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net assets and changes in them. The County's net assets provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating.

To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Assets and the Statement of Activities, we report the following types of activities:

- Governmental activities – All of the County's basic services are reported here. Property and sales taxes and state and federal grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Laws and contracts required the County to establish some funds, such as grants. The County's administration establishes other funds to help it control and manage money for particular purposes. The County reports the following types of funds:

- Governmental funds – All of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for money held on behalf of others. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 16. We exclude these resources from the County's other financial statements because the County cannot use these assets to finance its operations. The County is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BASTROP COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis here focuses on the net assets and changes in net assets of the County's governmental activities.

- Net assets of the County's governmental activities decreased from current activities by \$3,860,152, from \$40,093,362 to \$36,605,267.
- Governmental activity expenditures decreased by \$391,179.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, were \$5,557,153 at September 30, 2010.

**Table A-1
Summary of Net Assets**

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	\$ 25,087,431	\$ 18,996,548	\$ 6,090,883
Capital and Non-Current Assets	60,608,768	59,123,776	1,484,992
Total Assets	<u>\$ 85,696,199</u>	<u>\$ 78,120,324</u>	<u>\$ 7,575,875</u>
Liabilities			
Current Liabilities	\$ 1,521,413	\$ 1,392,423	\$ 128,990
Long-Term Liabilities	47,569,519	36,634,539	10,934,980
Total Liabilities	<u>49,090,932</u>	<u>38,026,962</u>	<u>11,063,970</u>
Net Assets			
Invested in Capital Assets, net of related debt	16,826,898	23,019,206	(6,192,308)
Restricted	14,221,216	1,055,688	13,165,528
Unrestricted	5,557,153	16,018,468	(10,461,315)
Total Net Assets	<u>\$ 36,605,267</u>	<u>\$ 40,093,362</u>	<u>\$ (3,488,095)</u>

BASTROP COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Table A-2
Summary of Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services	\$ 8,450,667	\$ 8,858,607	\$ (407,940)
Operating Grants and Contributions	748,859	528,014	220,845
Capital Grants and Contributions	848,054	-	848,054
General Revenues:			
Maintenance and Operations Taxes	16,335,797	15,591,750	744,047
Debt Service Taxes	3,274,822	3,494,691	(219,869)
Road and Bridge Taxes	5,283,716	4,836,007	447,709
Other Taxes	2,395,793	2,421,650	(25,857)
Other Grants and Contributions	-	639,086	(639,086)
Penalty and Interest	530,971	563,398	(32,427)
Miscellaneous Revenue	862,068	2,229,789	(1,367,721)
Investment Earnings	130,972	204,810	(73,838)
Total Revenues	<u>38,861,719</u>	<u>39,367,802</u>	<u>(506,083)</u>
Expenses			
General Government	13,532,825	14,237,180	(704,355)
Public Safety	17,807,721	17,175,363	632,358
Health and Welfare	2,764,505	3,217,253	(452,748)
Road and Bridge	6,777,093	6,494,843	282,250
Culture and Recreation	169,616	265,252	(95,636)
Conservation and Development	98,622	79,983	18,639
Interest and Issuance Costs	1,505,434	1,577,121	(71,687)
Total Expenses	<u>42,655,816</u>	<u>43,046,995</u>	<u>(391,179)</u>
Gain (Loss) on Disposal of Assets	(66,055)	129,573	(195,628)
Change in Net Assets	<u>(3,860,152)</u>	<u>(3,549,620)</u>	<u>(310,532)</u>
Beginning Net Assets	40,093,362	44,080,528	(3,987,166)
Prior Period Adjustment	372,057	(437,546)	809,603
Ending Net Assets	<u>\$ 36,605,267</u>	<u>\$ 40,093,362</u>	<u>\$ (3,488,095)</u>

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$19,774,448 which is \$6,143,960 more than last year's total of \$14,008,431. This increase was primarily the net amount of the issuance of \$10.8 million in Certificates of Obligation during the year and a General Fund fund balance decrease of \$3,095,666.

BASTROP COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the County had approximately \$60.6 million invested in a broad range of capital assets, including land, infrastructure, buildings, and machinery and equipment.

**Table A-3
Capital Assets**

	Governmental Activities		
	2010	2009	Change
Land	\$ 4,670,349	\$ 4,670,349	\$ -
Infrastructure	39,790,742	39,790,742	-
Buildings and Improvements	33,567,173	31,707,006	1,860,167
Machinery and Equipment	15,739,088	14,833,381	905,707
Construction in Progress	1,299,276	-	1,299,276
Total	<u>95,066,628</u>	<u>91,001,478</u>	<u>4,065,150</u>
Less Accumulated Depreciation	<u>(34,457,860)</u>	<u>(31,877,702)</u>	<u>(2,580,158)</u>
Total, net of Accumulated Depr.	<u>\$ 60,608,768</u>	<u>\$ 59,123,776</u>	<u>\$ 1,484,992</u>

Long-term Debt

At year-end, the County had outstanding bonds, leases, compensated absences payable, and OPEB Obligation of approximately \$47.6 million, a net increase of approximately \$10.9 million, or 29.8%. This increase is primarily the result of the issuance of Series 2010 Certificates of Obligation during the year in the amount of \$10.8 million. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

**Table A-4
Long-Term Debt**

	Governmental Activities		
	2010	2009	Change
Bonds Payable	\$ 43,025,000	\$ 34,035,000	\$ 8,990,000
Bonds Issuance Premium	288,587	121,912	166,675
Capital Leases Payable	468,283	122,598	345,685
Compensated Absences	571,464	433,429	138,035
OPEB Obligation	3,216,185	1,921,600	1,294,585
Total	<u>\$ 47,569,519</u>	<u>\$ 36,634,539</u>	<u>\$ 10,934,980</u>

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the Bastrop County Auditor, Attention: Lisa Smith, 804 Pecan, Bastrop, Texas, 78602.

GOVERNMENT-WIDE STATEMENTS

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

	Primary Government <hr/> Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,393,012
Investments	8,685,410
Receivables (net of allowance for uncollectibles)	5,285,848
Due from agency funds	150,579
Prepaid items	172,376
Deferred charges	400,206
Capital assets:	
Land	4,670,349
Infrastructure, net	25,213,728
Buildings, net	23,673,430
Machinery and equipment, net	5,751,985
Construction in progress	1,299,276
Total assets	<u><u>\$ 85,696,199</u></u>
LIABILITIES	
Accounts payable	\$ 655,921
Accrued payroll liabilities	33,565
Intergovernmental payable	41,967
Accrued interest payable	547,099
Due to others	242,861
Noncurrent liabilities:	
Due within one year	2,386,812
Due in more than one year	45,182,707
Total liabilities	<u><u>49,090,932</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	16,826,898
Restricted for:	
Debt service	1,044,358
Capital projects	9,353,029
Roads and bridges	3,213,855
Other specific purposes	609,974
Unrestricted net assets	5,557,153
Total net assets	<u><u>\$ 36,605,267</u></u>

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
General government	\$ 13,532,825	\$ 4,428,811	\$ 491,275	\$ -	\$ (8,612,739)
Public safety	17,807,721	3,577,209	257,584	826,776	(13,146,152)
Health and Welfare	2,764,505	-	-	-	(2,764,505)
Road and bridge	6,777,093	-	-	19,278	(6,757,815)
Recreation	169,616	-	-	2,000	(167,616)
Conservation and development	98,622	444,647	-	-	346,025
Bond interest	1,474,328	-	-	-	(1,474,328)
Issuance costs	31,106	-	-	-	(31,106)
TOTAL PRIMARY GOVERNMENT	\$ 42,655,816	\$ 8,450,667	\$ 748,859	\$ 848,054	(32,608,236)

General revenues:

Taxes:

Property taxes, levied for general purposes	16,335,797
Property taxes, levied for debt service	3,274,822
Property taxes, levied for roads & bridges	5,283,716
Sales taxes	2,298,578
Selective sales and use tax	97,215
Penalty and interest	530,971
Miscellaneous revenues	862,068
Investment earnings	130,972
Gain (loss) on disposal of assets	(66,055)
Total general revenues, special items, and transfers	<u>28,748,084</u>
Change in net assets	(3,860,152)
Net assets -- beginning	40,093,362
Prior period adjustment	<u>372,057</u>
Net assets -- ending	<u><u>\$ 36,605,267</u></u>

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

FUND BASIS STATEMENTS

BASTROP COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Road & Bridge Funds	Interest & Sinking Fund	Certificates of Obligation 2010
ASSETS				
Cash and cash equivalents	\$ 1,493,246	\$ 2,027,936	\$ 1,039,263	\$ 4,405,027
Investments - current	2,432,725	1,104,226	314	5,003,028
Taxes receivable	2,635,169	679,908	465,842	-
Allowance for uncollectible taxes	(65,720)	(19,863)	(13,832)	-
Receivables, net	662,018	8,964	-	157,912
Intergovernmental receivables	61,865	-	-	-
Due from other funds	652,681	66,197	39,482	-
Prepaid items	112,538	18,704	-	-
Total assets	<u>\$ 7,984,522</u>	<u>\$ 3,886,072</u>	<u>\$ 1,531,069</u>	<u>\$ 9,565,967</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts payable	\$ 649,749	\$ 1,422	\$ -	\$ -
Accrued payroll liabilities	56,062	-	-	-
Intergovernmental payable	41,967	-	-	-
Due to other funds	332,404	28,555	-	212,938
Due to others	27,466	-	-	-
Accrued interest payable	-	-	39,482	-
Deferred revenues	2,124,952	642,240	447,229	-
Total liabilities	<u>3,232,600</u>	<u>672,217</u>	<u>486,711</u>	<u>212,938</u>
Fund balances:				
Reserved for:				
Debt service	-	-	1,044,358	-
Capital projects	-	-	-	9,353,029
Roads and bridges	-	3,213,855	-	-
Specific purposes	609,974	-	-	-
Unreserved and undesignated:				
Reported in the special revenue funds	-	-	-	-
Reported in the general fund	4,141,948	-	-	-
Total fund balances	<u>4,751,922</u>	<u>3,213,855</u>	<u>1,044,358</u>	<u>9,353,029</u>
Total liabilities & fund balances	<u>\$ 7,984,522</u>	<u>\$ 3,886,072</u>	<u>\$ 1,531,069</u>	<u>\$ 9,565,967</u>

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

Other Funds	Total Governmental Funds
\$ 1,427,538	\$ 10,393,010
145,115	8,685,408
21,040	3,801,959
(625)	(100,040)
28,838	857,732
-	61,865
29,985	788,345
41,135	172,377
\$ 1,693,026	\$ 24,660,656
\$ -	\$ 651,171
-	56,062
-	41,967
63,868	637,765
197,650	225,116
-	39,482
20,224	3,234,645
281,742	4,886,208
-	1,044,358
-	9,353,029
-	3,213,855
-	609,974
1,411,284	1,411,284
-	4,141,948
1,411,284	19,774,448
\$ 1,693,026	\$ 24,660,656

BASTROP COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Total Fund Balances - Governmental Funds	\$ 19,774,448
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$91,001,478 for capital assets and \$31,877,702 for accumulated depreciation to the Statement of Net Assets was an increase in net assets.	59,123,776
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net assets.	4,620,892
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Assets is a decrease in net assets.	(3,135,900)
Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The net effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net assets.	(36,634,539)
Long-term debt issued by governmental activities is treated as an inflow of financial resources and not reported as a liability. The net effect of recording the long-term debt issued during the year as a liability on the Statement of Net Assets is a decrease in net assets.	(11,248,973)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The net effect of reducing long-term debt is an increase in net assets.	1,760,797
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in net assets.	3,234,645
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Assets or Statement of Activities resulted in an increase/(decrease) in net assets.	(889,878)
Net Assets of Governmental Activities	\$ 36,605,267

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

BASTROP COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Road & Bridge Fund	Interest & Sinking Fund	Certificates of Obligation 2010
REVENUES:				
Taxes:				
Property taxes	\$ 16,588,943	\$ 5,073,858	\$ 3,092,397	\$ -
Less: Obligations under 381 agreements	(34,588)	(10,783)	-	-
General sales and use taxes	2,393,026	-	-	-
Less: Obligations under 381 agreements	(94,448)	-	-	-
Selective sales and use taxes	97,215	-	-	-
Penalty and interest on taxes	364,008	110,776	75,771	-
Licenses and permits	515,571	1,131,272	-	-
Intergovernmental revenue & grants	1,305,706	-	-	-
Charges for services	5,453,430	-	-	-
Fines and forfeits	989,522	-	-	-
Investment earnings	50,736	34,071	19,676	17,055
Contributions and donations	374,474	-	-	-
Other revenue	578,408	187,892	-	-
Total revenues	<u>28,582,003</u>	<u>6,527,086</u>	<u>3,187,844</u>	<u>17,055</u>
EXPENDITURES:				
Current:				
General government	13,352,777	-	-	-
Public safety	15,638,128	-	-	-
Health, sanitation and welfare	2,336,722	-	-	-
Road and bridge	-	6,063,974	-	-
Culture and recreation	169,204	-	-	-
Conservation and development	83,295	-	-	-
Debt service:				
Principal	-	272,353	1,790,000	-
Interest	-	3,780	1,399,944	-
Issuance Costs	-	-	-	152,219
Capital outlay:				
Capital outlay	97,543	-	-	1,498,279
Total expenditures	<u>31,677,669</u>	<u>6,340,107</u>	<u>3,189,944</u>	<u>1,650,498</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,095,666)</u>	<u>186,979</u>	<u>(2,100)</u>	<u>(1,633,443)</u>
OTHER FINANCING SOURCES (USES):				
Capital-related debt issued (reg. bonds)	-	-	-	10,810,000
Premium/discount on issuance of bonds	-	-	-	176,472
Other resources	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,986,472</u>
Net change in fund balances	(3,095,666)	186,979	(2,100)	9,353,029
Fund balance - October 1 (beginning)	7,886,588	3,026,876	1,046,458	-
Prior period adjustment	(39,000)	-	-	-
Fund balance - September 30 (ending)	<u>\$ 4,751,922</u>	<u>\$ 3,213,855</u>	<u>\$ 1,044,358</u>	<u>\$ 9,353,029</u>

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

	Other Funds	Total Governmental Funds
\$	42,844	\$ 24,798,042
	-	(45,371)
	-	2,393,026
	-	(94,448)
	-	97,215
	-	550,555
	-	1,646,843
	(876)	1,304,830
	343,881	5,797,311
	2,374	991,896
	9,432	130,970
	-	374,474
	60,396	826,696
	<u>458,051</u>	<u>38,772,039</u>
	109,725	13,462,502
	714,770	16,352,898
	-	2,336,722
	582	6,064,556
	-	169,204
	-	83,295
	30,000	2,092,353
	13,500	1,417,224
	-	152,219
	<u>302,476</u>	<u>1,898,298</u>
	<u>1,171,053</u>	<u>44,029,271</u>
	<u>(713,002)</u>	<u>(5,257,232)</u>
	-	10,810,000
	-	176,472
	414,720	414,720
	<u>414,720</u>	<u>11,401,192</u>
	(298,282)	6,143,960
	2,048,509	14,008,431
	(338,943)	(377,943)
\$	<u><u>1,411,284</u></u>	<u><u>\$ 19,774,448</u></u>

BASTROP COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ 6,143,960
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net assets.	3,870,892
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Assets is a decrease in the change in net assets.	(3,135,900)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The net effect of reducing long-term debt is an increase in the change in net assets.	1,760,797
Long-term debt issued by governmental activities is treated as an inflow of financial resources but an increase in liabilities on the Statement of Net Assets. The net effect of this difference is a decrease in the change in net assets.	(11,248,973)
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase/(decrease) in the change in net assets.	141,663
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Assets or Statement of Activities resulted in an increase/(decrease) in the change in net assets.	(1,392,591)
Change in Net Assets of Governmental Activities	<u><u>\$ (3,860,153)</u></u>

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

BASTROP COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 3,760,371
Total Assets	<u>\$ 3,760,371</u>
LIABILITIES	
Due to Other Funds	\$ 150,579
Due to Others	<u>3,609,792</u>
Total Liabilities	<u>\$ 3,760,371</u>

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

NOTES TO THE FINANCIAL STATEMENTS

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Bastrop County, Texas (“the County”) was incorporated under the provisions of the State of Texas in 1836. The County operates as a County Judge/Commissioners’ Court type of government as provided for by state statute. The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (highways and streets), sanitation, health and welfare (indigent health care), conservation and development and general administration services.

For financial reporting purposes, in conformance with generally accepted accounting principles, the County’s financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the County is financially accountable. In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete.

Based on the foregoing criteria, the following entity has been included in this report.

Bastrop County Road District No. 3 – The Bastrop County Road District No. 3 was organized in 1986 for the improvement of road and infrastructure in a certain geographical area of the County, financed by Unlimited Tax Road Bonds to be paid by special assessment taxes in the area served. The Road District’s Board of Directors consists of the Commissioners’ Court of Bastrop County. The activity of the Road District is accounted for as a blended component unit of Bastrop County.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the County’s nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support. The County has no business-type activities.

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

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

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

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

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

General Fund

The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road & Bridge Fund

The County uses four separate road and bridge special revenue funds to account for the road and bridge activities of each precinct of the County. For external reporting purposes these four funds are combined into one Road and Bridge Fund which is then reported as a major fund in the financial statements.

Interest and Sinking Fund

The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service interest and sinking fund.

Certificates of Obligation, Series 2010 Fund

The County issued Certificates of Obligation, Series 2010 during Fiscal Year 2010 to pay for planned capital projects. The received fund and related capital projects are accounted for in the Certificates of Obligation, Series 2010 capital projects fund.

Additionally, the County reports the following fund types:

Non-Major Governmental Funds:

Special Revenue Funds

The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund. Most Federal and State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Capital Projects Funds

The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Fiduciary Funds:

Agency Funds

The County accounts for resources held for others in a custodial capacity in agency funds.

E. OTHER ACCOUNTING POLICIES

1. Revenue from investments, including governmental external investment pools, is based upon fair values. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt instruments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days. Investments consist of certificates of deposits (over 90 days) and funds invested in a State-managed investment pool and are stated at fair value.
2. In the government-wide financial statements and the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

3. Capital assets include land, infrastructure, buildings, machinery and equipment and construction in progress are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Buildings and Improvements	39
Machinery and Equipment	3-30

BASTROP COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010

4. The County allows all full-time regular employees to accrue eight (8) hours sick leave per month. All part-time regular employees to accrue four (4) hours sick leave per month. Upon retirement or termination, employees are paid for accrued sick leave based on the table below. All employees are allowed to accumulate unused vacation time. See the charts below for detailed information. Upon retirement or termination, the employee is paid for accumulated, unpaid vacation at their then current rate of pay. All vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirement or termination.

Sick Leave Accrual Table	
Up to five (5) years	= not eligible for payout
Five (5) years up to ten (10) years	= eligible for forty-five (45) hours payout
Ten (10) years up to fifteen (15) years	= eligible for ninety (90) hours payout
Fifteen (15) years up to twenty (20) years	= eligible for one-hundred thirty-five (135) hours payout
Twenty (20) years or greater	= eligible for one-hundred eighty (180) hours payout

Full-Time Employee Vacation Leave Accrual Table		
Years of Service	Hours Per Month	Maximum Accrual
0-3 Years	7 Hours	126 Hours
+3-5 Years	8 Hours	144 Hours
+5-8 Years	9 Hours	162 Hours
8+ Years	10 Hours	180 Hours

Part-Time Employee Vacation Leave Accrual Table		
Years of Service	Hours Per Month	Maximum Accrual
0-3 Years	3.5 Hours	63 Hours
+3-5 Years	4.0 Hours	72 Hours
+5-8 Years	4.5 Hours	81 Hours
8+ Years	5.0 Hours	90 Hours

5. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
6. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2010, the carrying amount of the County's deposits (cash, interest-bearing savings accounts, and certificates of deposit included in temporary investments) was \$14,253,430 and the bank balance was \$14,719,050.

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

The County's investments at September 30, 2010 were as follows:

	<u>Book Value</u>	<u>Fair Value</u>
TexPool	\$ 6,293,100	\$ 6,293,100
Texas Term	1,254,649	1,254,649
Texas Class	<u>1,137,660</u>	<u>1,137,660</u>
Total Investments	<u>\$ 8,685,410</u>	<u>\$ 8,685,410</u>

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In Addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is comprised equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Padgett Stratemann & Co., LLP, 515 Congress Avenue, Suite 1212, Austin, Texas 78701 performs the annual audit. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The TexasTERM Local Government Investment Pool was organized under a common investment contract on September 18, 2000. An elected Advisory Board is responsible for the overall management of the Pool, including formation and implementation of its investment and operating policies. The Pool is a non-taxable investment fund established for local governments in Texas under the provisions of the Texas Interlocal Cooperation Act. The Pool offers two investment portfolios including TexasTERM and TexasDAILY. TexasTERM portfolio and TexasDAILY portfolio are rated AA Af and AA Am, respectively by Standard and Poor's and are overseen by the TexasTERM and Advisory Board. The TexasTERM Local Government Investment Pool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Ernst & Young, LLP, Two Commerce Square, 2001 Market Street, Philadelphia, PA 19103 performs the annual audit. The 2009 annual report is available for review.

MBIA Municipal Investors Service Corp. (MBIA-MISC), an affiliate of the MBIA Insurance Corp. is registered with the SEC. The District participates in the Cooperative Liquid Assets Securities System (CLASS) external investment pools (the Pool) for state and local governments, which conform to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Custodial services are provided by Wells Fargo Bank, Texas. The Pool is subject to an annual review by an independent auditor consistent with the Public Funds Investment Act. Price Waterhouse Coopers, Denver, Colorado, performs the annual audit. The annual report is available at <http://texasclass.com>.

Policies Governing Deposits and Investments

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

Custodial Credit Risk: Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2010 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk: Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; therefore, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2009, TexPool's investment credit quality rating was AAAM (Standard & Poor's) and LOGIC's investment credit quality rating was AAAM (Standard & Poor's).

B. PROPERTY TAXES

Taxes are levied on October 1 and become delinquent on February 1. Property taxes attach as liens on property, as of January 1

The assessed value for the tax roll as of January 1, 2009, upon which the FY 2009/2010 levy was based was \$4,030,398,094. The County also levies a Farm-to-Market and Lateral Road Tax (FMLR) and a tax upon property within Bastrop County Road District No. 3. The assessed value for the FMLR tax at January 1, 2009, was \$4,030,398,094. The assessed value for the Bastrop County Road District No. 3 was \$13,369,639. The total tax levies on October 1, 2009, were \$24,956,225 (allocated \$16,681,818 to the General Fund and \$3,126,156 to the Debt Service Fund), \$5,112,247 for FMLR taxes, and \$36,004 for Bastrop County Road District No. 3 taxes, respectively.

The appraisal of property within the County is the responsibility of the countywide Bastrop Central Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must be reviewed at least every five years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

C. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2010, were as follows:

	Property and Sales Taxes	Other Receivables, net	Inter- governmental Receivables	Due From Other Funds	Total Receivables
Governmental Activities:					
General Fund	\$ 2,569,449	\$ 662,018	\$ 61,865	\$ 652,681	\$ 3,946,013
Road & Bridge	660,045	8,964	-	66,197	735,206
Interest & Sinking	452,010	-	-	39,482	491,492
Certificates of Obligation - 2010	-	157,912	-	-	157,912
Non-Major Governmental Funds	20,415	28,838	-	29,985	79,238
Total Governmental Activities	<u>\$ 3,701,919</u>	<u>\$ 857,732</u>	<u>\$ 61,865</u>	<u>\$ 788,345</u>	<u>\$ 5,409,861</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Payables at September 30, 2010, were as follows:

	Accounts Payable	Accrued Payroll Liabilities	Inter-governmental Payable	Due to Other Funds	Due to Others	Accrued Interest Payable	Total
Governmental Activities:							
General Fund	\$ 649,749	\$ 56,062	\$ 41,967	\$ 332,404	\$ 27,466	\$ -	\$ 1,107,648
Road & Bridge	1,422	-	-	28,555	-	-	29,977
Interest & Sinking	-	-	-	-	-	39,482	39,482
Certificates of Obligation - 2010	-	-	-	63,868	197,650	-	261,518
Non-Major Governmental Funds	-	-	-	63,868	197,650	-	261,518
Total Governmental Activities	\$ 651,171	\$ 56,062	\$ 41,967	\$ 488,695	\$ 422,766	\$ 39,482	\$ 1,700,143
Amounts not scheduled for payment during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

D. INTERFUND BALANCES AND ACTIVITY

	Due From	Due To
General Fund		
General Fund	\$ 268,675	\$ 262,090
Road & Bridge Fund	28,550	66,247
Certificates of Obligation - 2010	173,456	-
Other NonMajor Governmental Funds	139,094	4,067
Agency Funds	42,906	-
Total General Fund	652,682	332,405
Road & Bridge Fund		
General Fund	66,197	28,555
Total Road & Bridge Fund	66,197	28,555
Interest & Sinking Fund		
General Fund	40,579	173,456
Interest & Sinking Fund	-	39,482
Total Interest & Sinking Fund	40,579	212,938
Certificates of Obligation - 2010		
General Fund	28,888	-
Total Certificates of Obligation - 2010	28,888	-
Other NonMajor Governmental Funds		
General Fund	-	22,807
Other NonMajor Governmental Funds	-	41,061
Total Other NonMajor Governmental Funds	-	63,868
Agency Funds		
General Fund	-	94,413
Other NonMajor Governmental Funds	-	56,166
Total Agency Funds	-	150,579
Grand Total Due To / Due From	\$ 788,345	\$ 788,345

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

E. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Non-depreciable assets					
Land	\$ 4,670,349	\$ -	\$ -	\$ -	\$ 4,670,349
Construction in progress	-	1,299,276	-	-	1,299,276
Total non-depreciable assets	<u>4,670,349</u>	<u>1,299,276</u>	<u>-</u>	<u>-</u>	<u>5,969,625</u>
Depreciable assets:					
Infrastructure	39,790,742	-	-	-	39,790,742
Buildings and improvements	31,707,006	1,110,167	-	750,000	33,567,173
Machinery and equipment	14,833,381	1,527,504	(621,797)	-	15,739,088
Total depreciable assets	<u>86,331,129</u>	<u>2,637,671</u>	<u>(621,797)</u>	<u>750,000</u>	<u>89,097,003</u>
Totals at historic cost	<u>91,001,478</u>	<u>3,936,947</u>	<u>(621,797)</u>	<u>750,000</u>	<u>95,066,628</u>
Less accumulated depreciation:					
Infrastructure	(14,384,903)	(942,111)	-	-	(15,327,014)
Buildings and improvements	(8,383,950)	(759,793)	-	-	(9,143,743)
Machinery and equipment	(9,108,849)	(1,433,996)	555,742	-	(9,987,103)
Total accumulated depreciation	<u>(31,877,702)</u>	<u>(3,135,900)</u>	<u>555,742</u>	<u>-</u>	<u>(34,457,860)</u>
Capital assets, net	<u>\$ 59,123,776</u>	<u>\$ 801,047</u>	<u>\$ (66,055)</u>	<u>\$ 750,000</u>	<u>\$ 60,608,768</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,050,191
Public Safety	1,348,409
Health and Sanitation	233,764
Road and Bridge	483,409
Recreation	13,487
Conservation and development	6,640
	<u>\$ 3,135,900</u>

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

F. BONDS AND CAPITAL LEASES PAYABLE

Current requirements for indebtedness of the County are accounted for in the Debt Service Fund.

The following is a summary of long-term debt as of September 30, 2010:

Issue Description	Original Balance	Interest Rate Range %	Maturity Dates	Outstanding Balance
Bonds				
1987 Unlimited Tax Road Bonds	\$ 400,000	9.00-10.00%	1987-2024	\$ 120,000
2002A Certificates of Obligation	7,270,000	4.25-5.00%	2002-2023	6,230,000
2002B Certificates of Obligation	1,525,000	4.25-5.50%	2002-2016	1,280,000
2003 Combination Tax & Revenue Certificates of Obligation	5,800,000	3.00-4.00%	2003-2023	4,790,000
2005 Combination Tax & Revenue Certificates of Obligation	9,500,000	4.00-4.5%	2008-2025	8,390,000
2006 Combination Tax & Revenue Certificates of Obligation	9,500,000	4.00-4.75%	2007-2024	7,869,860
2009 Limited Tax Refunding Bonds	3,830,000	2.00-4.00%	2010-2019	3,647,255
2010 Combination Tax & Revenue	10,810,000	2.00-3.25%	2011-2030	10,986,472
Leases				
Capital Lease	207,208	3.9%		53,563
Panasonic Lease	414,720	11.7%		414,720
Other				
Compensated Absences	n/a	n/a	n/a	571,464
Other Post Employment Benefits	n/a	n/a	n/a	3,216,185
Total Long-Term Debt Payable				<u><u>\$ 47,569,519</u></u>

Debt service requirements for the bonds are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2011	\$ 2,210,000	\$ 1,794,435	\$ 4,004,435
2012	2,575,000	1,630,388	4,205,388
2013	2,875,000	1,532,412	4,407,412
2014	2,975,000	1,423,496	4,398,496
2015	3,020,000	1,317,046	4,337,046
2016-2020	13,035,000	5,047,546	18,082,546
2021-2025	12,300,000	2,323,226	14,623,226
2026-2030	4,035,000	462,904	4,497,904
	<u><u>\$ 43,025,000</u></u>	<u><u>\$ 15,531,453</u></u>	<u><u>\$ 58,556,453</u></u>

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Debt service requirements for the capital leases payable are as follows:

Governmental Activities			
Year Ended	Total		
September 30,	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2011	176,812	49,596	226,409
2012	191,240	35,168	226,409
2013	207,357	19,052	226,409
Totals	\$ 575,409	\$ 103,816	\$ 679,226

A summary of changes in long-term debt for the year ended September 30, 2010 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 34,035,000	\$10,810,000	\$ 1,820,000	\$ 43,025,000	\$ 2,210,000
Capital Leases Payable	122,598	414,720	69,035	468,283	176,812
Total Bonds, Notes and Leases Payable	34,157,598	11,224,720	1,889,035	43,493,283	2,386,812
Issuance Premium on 2006 Certificates of Obligation	63,851	-	3,991	59,860	
Issuance Premium on 2009 Limited Tax Refunding Bonds	58,061	-	5,806	52,255	
Issuance Premium on 2010 Tax & Revenue Certificates	-	176,472	-	176,472	
Compensated Absences	433,429	138,035	-	571,464	
OPEB Obligation	1,921,600	1,294,585	-	3,216,185	
Totals	\$ 36,634,539	\$12,833,812	\$ 1,898,832	\$ 47,569,519	\$ 2,386,812

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

G. EMPLOYEE RETIREMENT SYSTEM

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 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS (the “TCDRS Act”). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum, are not entitled to any amounts contributed by the County.

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

Funding Policy

The County has elected the annually determined contribution rate (“ADCR”) plan provision of the TCDRS Act. The Plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County’s contribution is based on the actuarially determined rate of 9.88% for the months of the accounting year in 2010 and 9.07% for the months of the accounting year in 2009.

The contribution rate payable by the employee members for the calendar years 2009 and 2010 is the rate of 7.0% as adopted by the Commissioners’ Court. This rate is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases were adopted was limited by statute to what the actuary determined could be adequately financed by the commitment of the employer to contribute the same amount as the employees. The statute specified that the actuary’s determination be based on a maximum period for amortizing the unfunded pension benefit obligation of 20 years.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Annual Pension Cost

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 20 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 88.17 percent funded. The actuarial accrued liability for benefits was \$41,254,637, and the actuarial value of assets was \$36,372,173, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,882,464. The covered payroll (annual payroll of active employees covered by the plan) was \$17,696,569, and the ratio of the UAAL to the covered payroll was 27.59 percent.

Actuarial Information

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
Actuarial Cost Method	entry age	entry age	entry age
Amortization Method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization Period in Years	15.0	20.0	20.0
Asset Valuation Method	SAF: 10-yr smoothed val. ESF: Fund value	SAF: 10-yr smoothed val. ESF: Fund value	SAF: 10-yr Smoothed val. ESF: Fund value
Assumptions:			
Investment Return	8.00%	8.00%	8.00%
Projected Salary Increases	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost of Living Adjustments	0.00%	0.00%	0.00%

Trend Information

For the Retirement Plan for the Employees of Bastrop County, Texas

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	1,457,635	100%	-
9/30/2009	1,417,161	100%	-
9/30/2010	1,842,929	100%	-

BASTROP COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010

H. OTHER POST EMPLOYMENT BENEFITS

Plan Description

In addition to the retirement system described in Note G stated above, the County also sponsors a Retiree Health Insurance Benefits Plan (the “Plan”). The Plan provides these other post employment benefits (“OPEB”) for eligible employees through a single-employer defined benefit plan. Employees who meet the following criteria will qualify for health insurance benefits on County-sponsored plans, as described below. The County will pay premiums for the retiree only; any dependent premiums shall be paid by the retiree. Qualifying retirees (and dependents, if applicable) will be required to switch to the County-sponsored post-Medicare health insurance plan when they reach Medicare eligibility; in addition, they may be required to enroll in specific Medicare plans (such as Parts A and B) in order to participate.

Eligibility

In order to be eligible for health insurance benefits, an employee must:

- Be eligible for retirement under TCDRS (see Note G – Employee Retirement System);
- Have served at least 8 continuous years as a regular, non-temporary employee of Bastrop County;
- Elect to participate in the insurance benefit within 30 days of retirement; and
- Begin drawing their TCDRS retirement annuity immediately after retiring from Bastrop County

Retiree health insurance benefits are based on a retiree’s hire date, retirement date, and/or years of service at Bastrop County, as follows:

- Retirees who were already retired as of August 8, 2010 or employees who were retirement eligible and retire on or before September 30, 2011 shall have group health and dental benefits paid 100% by Bastrop County.
- The benefit schedule shown in “Plan A” below applies to Bastrop County employees who:
 1. Were actively employed in a regular, non-temporary position as of September 30, 2010; AND
 2. Did not retire on or before September 30, 2011

Plan-A		
Years of Service* at Retirement	% of premium paid by County	
	Pre-Medicare	Post-Medicare
less than 8	0%	0%
8 to < 12	50%	50%
12 to < 16	60%	60%
16 to < 20	70%	70%
20 to < 24	80%	80%
over 24	100%	100%

**Years of Service at Bastrop County – employees must have a minimum of 8 continuous years to qualify for retiree health benefits*

BASTROP COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010

- The benefit schedule shown in “Plan B” below applies to Bastrop County employees who were hired on or after October 1, 2010:

Plan-B Years of Service* at Retirement	% of premium paid by County	
	Pre-Medicare	Post-Medicare
	less than 8	0%
8 to < 12	0%	0%
12 to < 16	0%	0%
16 to < 20	50%	0%
20 to < 24	75%	0%
over 24	100%	0%

**Years of Service at Bastrop County – employees must have a minimum of 8 continuous years to qualify for retiree health benefits*

Other Provisions

At the time of retirement, any optional insurance offered to retirees (such as Dental and Life) may be selected. Premiums will be paid by the retiree. Optional insurance is only offered at the time of retirement.

Retiree’s dependents may be enrolled in the County-sponsored Health Insurance Plan, subject to the following provisions and policies:

- The spouse/dependent must have been enrolled in a County health insurance plan since the retiree’s effective date of retirement, at a minimum, and;
- Medicare eligibility must be age-based in order to enroll in the Medicare Supplement Plan – being eligible for Medicare under other provisions, such as disability, does not qualify per TAC policy, and;
- All dependent coverage premiums are paid by the retiree.

Retirees and their dependent(s), if applicable, may remain on the Group Health Plan (GHP) until they are Medicare-eligible, at which time they will be transferred to the Medicare Supplement Plan (MSP). If a retiree’s covered dependents(s) is(are) not Medicare-eligible as of the date the retiree becomes Medicare-eligible, such dependent(s) will be allowed to remain on the GHP until he/she becomes Medicare-eligible.

A retiree’s spouse may enroll in the MSP (as long as the retiree is covered on a County health plan), when the spouse becomes Medicare-eligible (age based). Premiums for health coverage are based on age, and prescription drug coverage is based on the federal amount charged for Medicare Part-D. Existing coverage for a retiree’s spouse may be continued, at his/her expense, when the retiree dies.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Funding Policy

The Commissioners' Court, as the governing body of the County, approves Other Postemployment Benefits ("OPEB") on a year-to-year basis during the annual budget process and has not created a constitutionally valid obligation for OPEB beyond fiscal year 2010. While retirees have statutory authority to purchase continuing healthcare on the County employee healthcare plan, the County is under no legal obligation to pay or otherwise subsidize retiree premiums. To be eligible for this benefit in years where the benefit is provided one must be a County retiree. As of the most recent measurement date at December 31, 2008, there were 45 retirees; however based on the County's Substantive Plan only 39 retirees qualified for the fiscal year 2010 plan.

Annual OPEB Cost

The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the three most recent fiscal years is as follows:

	2008*	September 30, 2009	2010**
Annual required contribution	n/a	\$ 2,190,684	\$ 1,637,743
Interest on OPEB obligation	n/a	-	86,472
Adjustment to ARC	n/a	-	(80,115)
Annual OPEB cost (expense)end of year	n/a	2,190,684	1,644,100
Net estimated employer contributions	n/a	(269,095)	(349,504)
Increase in net OPEB obligation	n/a	1,921,589	1,294,596
Net OPEB obligation - as of beginning of year	n/a	-	1,921,589
Net OPEB obligation (asset) - as of end of year	n/a	\$ 1,921,589	\$ 3,216,185
Percentage contributed:	n/a	12.28%	21.26%

*Bastrop County implemented GASB No. 45 reporting standards for the 2009 fiscal year.

**The Cost for fiscal year ending September 30, 2010 reflects plan changes which were approved and communicated during the reporting year.

BASTROP COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010

Funding Status and Funding Progress

The funding status of the County's retiree health care plan, under GASB Statement No. 45 as of December 31, 2008 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL UAAL (b-a)	Funded Ratio (a/b)
12/31/2008	\$ -	\$ 12,108,465	\$ 12,108,465	0%

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$12,108,465 at December 31, 2008. The most recent actuarial valuation was completed as of December 31, 2008. The unfunded accrued liability shown above is based on the new plan provisions which were adopted in fiscal year ending September 30, 2010.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of payroll
Amortization period	30-year open amortization
Salary Growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 10.0% declining to an ultimate Rate of 4.50% after 11 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

I. CONTINGENCIES

The County has contingent liabilities with respect to pending claims and litigation that, in the opinion of the County, are not material and the possibility of an unfavorable outcome is remote. The ultimate effect, if any, that such litigation may have on the future financial position of the County is not presently determinable.

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of September 30, 2010.

J. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; and omissions; and natural disasters for which it carries commercial insurance. The County uses various commercial carriers to insure against these risks. Settled claims did not exceed the coverage for any of the past three fiscal years.

K. PRIOR PERIOD ADJUSTMENTS

Fund Basis Statements

Road District #3 Fund

During the year, it was noted that a Due to / Due from balance in the amount of \$39,000 between the General Fund and the Road District #3 fund had been recorded in error in a prior year. This balance has been removed from between the two funds with a prior period adjustment to the fund balance of each of these funds.

As a result of this prior period adjustment, the beginning fund balance of the General Fund was reduced by \$39,000 and the beginning fund balance of the Road District #3 fund was increased by \$39,000. Due to these amounts offsetting, there was no effect related to this adjustment in the government-wide financial statements.

Criminal Justice Planning Fund

The accounting treatment applied to funds received and temporarily held by the Criminal Justice Planning Fund on behalf of Bastrop County and other organizations was changed during the year. In previous years, incoming funds were recorded as revenue and disbursed funds were recorded as expenditures. Funds remaining at year end were recorded as fund balance. Due to this fund simply holding funds temporarily on behalf of other organizations, including Bastrop County, the accounting treatment for the receipt and disbursement of these funds has been changed to instead flow into, and out of, a Due to Others liability account. Prospectively, all remaining funds on hand at year will be reported in the Due to Others account.

BASTROP COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

L. PRIOR PERIOD ADJUSTMENTS (continued)

Criminal Justice Planning Fund (continued)

As a result of this accounting change, a prior period adjustment in the amount of \$256,165 has been applied as a reduction to the beginning fund balance of this fund, and all current receipts and disbursements were also reclassified to the Due to Others liability account. This adjustment is also reflected as a reduction in beginning net assets in the government-wide financial statements.

Boot Camp Fund

Bastrop County acts as custodian of the books for an organization that operates a boot camp facility for juveniles. In prior years, the activities of the Boot Camp were reported in a special revenue fund within Bastrop County's financial statements. Due to the Boot Camp neither being part of Bastrop County nor a component unit of Bastrop County, reporting the activities of the Boot Camp as a special revenue fund of the County is not appropriate. As a result, the Boot Camp fund has been removed from the financial statements of Bastrop County and a prior period adjustment in the amount of \$121,778 was applied as a reduction to the beginning fund balance of the governmental funds and to beginning net assets in the government-wide financial statements.

Government-Wide Statements

Governmental Activities – Communications Tower

During the year it was determined that the \$750,000 payment made by Bastrop County as a contribution to the Communications Tower project should have been capitalized and included within the value of the completed Communications Tower project. This amount has been applied as an increase to beginning net assets within the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BASTROP COUNTY, TEXAS
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM TREND DATA
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF THE COUNTY

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL UAAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll c	UAAL as a Percentage of covered Payroll ((b-a)/c)
12/31/2007	30,789,277	32,743,895	1,954,618	94.03%	13,771,337	14.19%
12/31/2008	31,524,483	36,402,698	4,878,215	86.60%	16,389,600	29.76%
12/31/2009	36,372,173	41,254,637	4,882,464	88.17%	17,696,569	27.59%

BASTROP COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES , AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(GAAP BASIS) (see note)	
REVENUES:				
Taxes:				
Property taxes	\$ 16,525,000	\$ 16,675,000	\$ 16,588,943	\$ (86,057)
Less: obligations under 381 agreements	-	-	(34,588)	(34,588)
General sales and use taxes	2,800,000	2,400,000	2,393,026	(6,974)
Less: obligations under 381 agreements	-	-	(94,448)	(94,448)
Selective sales and use tax	100,000	100,000	97,215	(2,785)
Penalty and interest on taxes	400,000	400,000	364,008	(35,992)
Licenses and permits	1,107,000	1,122,000	515,571	(606,429)
Intergovernmental revenue & grants	2,308,327	2,364,327	1,305,706	(1,058,621)
Charges for services	5,304,975	5,244,975	5,453,430	208,455
Fines and forfeits	1,199,000	984,000	989,522	5,522
Investment earnings	190,000	60,000	50,736	(9,264)
Contributions & donations	260,000	260,000	374,474	114,474
Other revenue	1,024,000	619,000	578,408	(40,592)
Total revenues	<u>31,218,302</u>	<u>30,229,302</u>	<u>28,582,003</u>	<u>(1,647,299)</u>
EXPENDITURES:				
Current:				
General government	14,495,548	14,731,425	13,352,777	1,378,648
Public safety	15,563,206	16,647,900	15,638,128	1,009,772
Health, sanitation, and welfare	1,951,627	2,352,637	2,336,722	15,915
Culture and recreation	197,841	180,841	169,204	11,637
Conservation and development	85,080	88,080	83,295	4,785
Capital outlay	-	-	97,543	(97,543)
Total expenditures	<u>32,293,302</u>	<u>34,000,883</u>	<u>31,677,669</u>	<u>2,323,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,075,000)</u>	<u>(3,771,581)</u>	<u>(3,095,666)</u>	<u>(3,970,513)</u>
OTHER FINANCING SOURCES (USES):				
Other resources	-	687,541	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,075,000)	(3,771,581)	(3,095,666)	(675,915)
Fund balance - October 1 (beginning)	7,886,588	7,886,588	7,886,588	-
Prior period adjustment	-	-	(39,000)	39,000
Fund balance - September 30 (ending)	<u>\$ 6,811,588</u>	<u>\$ 4,115,007</u>	<u>\$ 4,751,922</u>	<u>\$ (636,915)</u>

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

BASTROP COUNTY, TEXAS
BUDGETARY DATA NOTES

A. GENERAL BUDGET POLICIES

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures for the succeeding year and delivers the proposed budget, including the general revenue sharing budget, to Commissioners' Court, which makes any necessary modifications.
- The Commissioners' Court holds budget sessions with each department head.
- The Commissioners' Court holds budget hearings for the public.
- The Commissioners' Court formally adopts the budget in an open court meeting.
- The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.

The formally adopted budget may be legally amended by commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotate Civil Statutes.

An appropriations resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The county maintains its legal level of budgetary control at the department level. Amendments to the 2010 budget were approved by the Commissioners' Court as provided by law.

Unencumbered appropriations lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

B. ENCUMBRANCES

As part of formal budgetary control over governmental funds, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budget basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures for the governmental funds.

C. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts and disbursements.

BASTROP COUNTY, TEXAS
BUDGETARY DATA NOTES

The major differences between the budget basis and the GAAP basis are:

- Revenues are recorded when received (budget) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
- Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balance (GAAP).
- As budgetary/GAAP basis differences were immaterial; the Budgetary Comparison Schedule – General Fund is presented on the GAAP basis.

COMBINING SCHEDULES

BASTROP COUNTY, TEXAS
 COMBINING BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	225 Special Paving & Bridge Fund	250 Parks and Community Development	335 Mediation Services Fund	350 DA Hot Check Fund
ASSETS				
Cash and cash equivalents	\$ 2,416	\$ 273,884	\$ 59,671	\$ 149,075
Investments - current	-	-	-	-
Taxes receivable	-	-	-	-
Allowance for uncollectible taxes	-	-	-	-
Receivables, net	-	-	295	1,699
Due from other funds	-	-	1,097	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 2,416</u>	<u>\$ 273,884</u>	<u>\$ 61,063</u>	<u>\$ 150,774</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 39,749	\$ -	\$ -
Due to others	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>39,749</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Capital projects	-	-	-	-
Unreserved undesignated:				
Reported in special revenue funds	2,416	234,135	61,063	150,774
Total fund balances	<u>2,416</u>	<u>234,135</u>	<u>61,063</u>	<u>150,774</u>
Total liabilities and fund balances	<u>\$ 2,416</u>	<u>\$ 273,884</u>	<u>\$ 61,063</u>	<u>\$ 150,774</u>

351 DA Special Account	450 Road District #3 Fund	475 Houston Toad Fund	480 Boot Camp Fund	500 Law Library Fund	550 Criminal Justice Planning
\$ 8,274	\$ 16,360	\$ 138,823	\$ -	\$ 116,392	\$ 158,552
-	-	-	-	-	-
-	21,040	-	-	-	-
-	(625)	-	-	-	-
-	-	-	-	910	25,934
64	5	-	-	42	28,775
-	41,135	-	-	-	-
<u>\$ 8,338</u>	<u>\$ 77,915</u>	<u>\$ 138,823</u>	<u>\$ -</u>	<u>\$ 117,344</u>	<u>\$ 213,261</u>
\$ -	\$ -	\$ -	\$ -	\$ 982	\$ 20,363
-	-	-	-	-	192,898
-	20,224	-	-	-	-
-	20,224	-	-	982	213,261
-	-	-	-	-	-
8,338	57,691	138,823	-	116,362	-
8,338	57,691	138,823	-	116,362	-
<u>\$ 8,338</u>	<u>\$ 77,915</u>	<u>\$ 138,823</u>	<u>\$ -</u>	<u>\$ 117,344</u>	<u>\$ 213,261</u>

BASTROP COUNTY, TEXAS
 COMBINING BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	606 DA Law Enforcement Fund	609 Sheriff's Inmate Telephone	629 Elections Admin. Fund	Total Nonmajor Special Rev Funds
ASSETS				
Cash and cash equivalents	\$ 162,404	\$ 125,225	\$ 170,379	\$ 1,381,455
Investments - current	-	-	-	-
Taxes receivable	-	-	-	21,040
Allowance for uncollectible taxes	-	-	-	(625)
Receivables, net	-	-	-	28,838
Due from other funds	-	2	-	29,985
Prepaid items	-	-	-	41,135
Total assets	<u>\$ 162,404</u>	<u>\$ 125,227</u>	<u>\$ 170,379</u>	<u>\$ 1,501,828</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Due to other funds	\$ 21	\$ 2,423	\$ -	\$ 63,538
Due to others	-	-	-	192,898
Deferred revenues	-	-	-	20,224
Total liabilities	<u>21</u>	<u>2,423</u>	<u>-</u>	<u>276,660</u>
Fund balances:				
Reserved for:				
Capital projects	-	-	-	-
Unreserved undesignated:				
Reported in special revenue funds	<u>162,383</u>	<u>122,804</u>	<u>170,379</u>	<u>1,225,168</u>
Total fund balances	<u>162,383</u>	<u>122,804</u>	<u>170,379</u>	<u>1,225,168</u>
Total liabilities and fund balances	<u>\$ 162,404</u>	<u>\$ 125,227</u>	<u>\$ 170,379</u>	<u>\$ 1,501,828</u>

305 Certificates of Obligation 2002B	306 Tax Notes 2002	308 Certificates of Obligation 2005	309 Certificates of Obligation 2006	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 46,083	\$ 46,083	\$ 1,427,538
-	-	-	145,115	145,115	145,115
-	-	-	-	-	21,040
-	-	-	-	-	(625)
-	-	-	-	-	28,838
-	-	-	-	-	29,985
-	-	-	-	-	41,135
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,198</u>	<u>\$ 191,198</u>	<u>\$ 1,693,026</u>
\$ -	\$ -	\$ -	\$ 330	\$ 330	\$ 63,868
-	-	-	4,752	4,752	197,650
-	-	-	-	-	20,224
-	-	-	5,082	5,082	281,742
-	-	-	-	-	-
-	-	-	186,116	186,116	1,411,284
-	-	-	186,116	186,116	1,411,284
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,198</u>	<u>\$ 191,198</u>	<u>\$ 1,693,026</u>

BASTROP COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	225 Special Paving & Bridge Fund	250 Parks and Community Development	335 Mediation Services Fund	350 DA Hot Check Fund
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue and grants	-	-	-	-
Charges for services	-	-	13,297	25,110
Fines and forfeits	-	-	-	-
Investment earnings	-	-	391	227
Other revenue	-	-	724	-
Total revenues	-	-	14,412	25,337
EXPENDITURES:				
Current:				
General government	-	-	6,872	20,663
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
Capital outlay	-	-	-	-
Total expenditures	-	-	6,872	20,663
Excess (deficiency) of revenues over (under) expenditures	-	-	7,540	4,674
OTHER FINANCING SOURCES (USES):				
Other resources	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	7,540	4,674
Fund balance - October 1 (beginning)	2,416	234,135	53,523	146,100
Prior Period Adjustment	-	-	-	-
Fund balance - September 30 (ending)	\$ 2,416	\$ 234,135	\$ 61,063	\$ 150,774

351 DA Special Account	450 Road District #3 Fund	475 Houston Toad Fund	480 Boot Camp Fund	500 Law Library Fund	550 Criminal Justice Planning
\$ -	\$ 42,844	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	(876)	-	-	-
57,417	-	-	-	-	-
-	-	-	-	-	-
-	420	1,278	-	1,171	-
-	61	20,873	-	40,738	-
57,417	43,325	21,275	-	41,909	-
42,073	-	-	-	40,117	-
-	-	-	-	-	-
-	582	-	-	-	-
-	30,000	-	-	-	-
-	13,500	-	-	-	-
-	-	-	-	-	-
42,073	44,082	-	-	40,117	-
15,344	(757)	21,275	-	1,792	-
-	-	-	-	-	-
-	-	-	-	-	-
15,344	(757)	21,275	-	1,792	-
(7,006)	19,448	117,548	121,778	114,570	256,165
-	39,000	-	(121,778)	-	(256,165)
\$ 8,338	\$ 57,691	\$ 138,823	\$ -	\$ 116,362	\$ -

BASTROP COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	606 DA Law Enforcement Fund	609 Sheriff's Inmate Telephone	629 Elections Admin. Fund	Total Nonmajor Special Revenue Funds
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 42,844
Licenses and permits	-	-	-	-
Intergovernmental revenue and grants	-	-	-	(876)
Charges for services	-	207,956	40,101	343,881
Fines and forfeits	2,374	-	-	2,374
Investment earnings	1,619	1,812	1,437	8,355
Other revenue	(2,000)	-	-	60,396
Total revenues	1,993	209,768	41,538	456,974
EXPENDITURES:				
Current:				
General government	-	-	-	109,725
Public safety	40	714,730	-	714,770
Road and bridge	-	-	-	582
Debt service:				
Principal	-	-	-	30,000
Interest	-	-	-	13,500
Capital outlay:				
Capital outlay	-	24,267	-	24,267
Total expenditures	40	738,997	-	892,844
Excess (deficiency) of revenues over (under) expenditures	1,953	(529,229)	41,538	(435,870)
OTHER FINANCING SOURCES (USES):				
Other resources	-	414,720	-	414,720
Total other financing sources (uses)	-	414,720	-	414,720
Net change in fund balances	1,953	(114,509)	41,538	(21,150)
Fund balance - October 1 (beginning)	160,430	237,313	128,841	1,585,261
Prior Period Adjustment	-	-	-	(338,943)
Fund balance - September 30 (ending)	\$ 162,383	\$ 122,804	\$ 170,379	\$ 1,225,168

305 Certificates of Obligation 2002B	306 Tax Notes 2002	308 Certificates of Obligation 2005	309 Certificates of Obligation 2006	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,844
-	-	-	-	-	-
-	-	-	-	-	(876)
-	-	-	-	-	343,881
-	-	-	-	-	2,374
(328)	(23)	-	1,428	1,077	9,432
-	-	-	-	-	60,396
(328)	(23)	-	1,428	1,077	458,051
-	-	-	-	-	109,725
-	-	-	-	-	714,770
-	-	-	-	-	582
-	-	-	-	-	30,000
-	-	-	-	-	13,500
-	-	-	278,209	278,209	302,476
-	-	-	278,209	278,209	1,171,053
(328)	(23)	-	(276,781)	(277,132)	(713,002)
-	-	-	-	-	414,720
-	-	-	-	-	414,720
(328)	(23)	-	(276,781)	(277,132)	(298,282)
328	23	-	462,897	463,248	2,048,509
-	-	-	-	-	(338,943)
\$ -	\$ -	\$ -	\$ 186,116	\$ 186,116	\$ 1,411,284

BASTROP COUNTY, TEXAS
 COMBINING BALANCE SHEET
 ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2010

	221	222	223	224	Total
	Road & Bridge Pct. 1	Road & Bridge Pct. 2	Road & Bridge Pct. 3	Road & Bridge Pct. 4	Governmental Fund
ASSETS					
Cash and cash equivalents	\$ 302,433	\$ 177,638	\$ 484,651	\$ 1,063,214	\$ 2,027,936
Investments - current	230,898	63,876	230,524	578,928	1,104,226
Taxes receivable	129,817	223,544	183,335	143,212	679,908
Allowance for uncollectible taxes (credit)	(3,774)	(6,555)	(5,363)	(4,171)	(19,863)
Receivables, net	2,241	2,241	2,241	2,241	8,964
Due from other funds	2,579	38,739	22,789	2,090	66,197
Prepaid items	18,204	500	-	-	18,704
Total assets	<u>\$ 682,398</u>	<u>\$ 499,983</u>	<u>\$ 918,177</u>	<u>\$ 1,785,514</u>	<u>\$ 3,886,072</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable	\$ 365	\$ 359	\$ 356	\$ 342	\$ 1,422
Due to other funds	10,268	-	-	18,287	28,555
Deferred revenues	122,026	211,939	173,405	134,870	642,240
Total liabilities	<u>132,659</u>	<u>212,298</u>	<u>173,761</u>	<u>153,499</u>	<u>672,217</u>
Fund Balances:					
Reserved for:					
Roads and bridges	549,739	287,685	744,416	1,632,015	3,213,855
Total fund balances	<u>549,739</u>	<u>287,685</u>	<u>744,416</u>	<u>1,632,015</u>	<u>3,213,855</u>
Total liabilities and fund balances	<u>\$ 682,398</u>	<u>\$ 499,983</u>	<u>\$ 918,177</u>	<u>\$ 1,785,514</u>	<u>\$ 3,886,072</u>

BASTROP COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2010

	221 Road & Bridge Pct. 1	222 Road & Bridge Pct. 2	223 Road & Bridge Pct. 3	224 Road & Bridge Pct. 4	Total Governmental Funds
REVENUES:					
Taxes:					
Property taxes	\$ 967,128	\$ 1,686,106	\$ 1,349,361	\$ 1,071,263	\$ 5,073,858
Less: Obligation under 381 agreements	(2,054)	(3,581)	(2,867)	(2,281)	(10,783)
Penalty and interest on taxes	21,047	36,556	29,910	23,263	110,776
Licenses and permits	282,157	282,188	282,193	284,734	1,131,272
Investment earnings	5,049	5,371	8,211	15,440	34,071
Other revenue	136,852	14,264	7,786	28,990	187,892
Total revenues	1,410,179	2,020,904	1,674,594	1,421,409	6,527,086
EXPENDITURES:					
Current:					
Road and bridge	1,199,815	1,967,831	1,544,367	1,351,961	6,063,974
Debt Service:					
Principal	134,390	43,283	-	94,680	272,353
Interest	3,780	-	-	-	3,780
Total expenditures	1,337,985	2,011,114	1,544,367	1,446,641	6,340,107
Excess (deficiency) of revenues over (under) expenditures	72,194	9,790	130,227	(25,232)	186,979
OTHER FINANCING SOURCES (USES):					
Other resources	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	72,194	9,790	130,227	(25,232)	186,979
Fund balance - October 1 (beginning)	477,545	277,895	614,189	1,657,247	3,026,876
Fund balance - September 30 (ending)	\$ 549,739	\$ 287,685	\$ 744,416	\$ 1,632,015	\$ 3,213,855

SUPPLEMENTARY INFORMATION

BASTROP COUNTY, TEXAS
 SCHEDULE OF GOVERNMENTAL REVENUES BY SOURCE – GENERAL FUND
 LAST FIVE FISCAL YEARS
 (Unaudited)

Fiscal Year	Taxes	Charges/Fees for Services	Inter- Governmental	Fines & Forfeits	Interest	Miscellaneous	Totals
2006	\$ 15,679,245	\$ 2,630,985	\$ 800,039	\$ 1,087,579	\$ 477,070	\$ 1,328,076	\$ 22,002,994
2007	16,578,181	3,496,666	439,667	1,114,177	769,601	1,144,836	23,543,128
2008	17,680,546	4,799,446	752,364	1,032,407	366,325	920,255	25,551,343
2009	18,514,496	5,991,824	696,491	1,110,130	109,292	1,097,638	27,519,871
2010	19,465,719	5,453,430	1,305,706	989,522	50,736	1,316,890	28,582,003

BASTROP COUNTY, TEXAS
 SCHEDULE OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
 BONDED DEBT TO TOTAL GENERAL EXPENDITURES
 LAST FIVE FISCAL YEARS
 (Unaudited)

Fiscal Year	Principal	Interest	Debt Service	Total General Expenditures	Ratio of Total Debt Service to General Expenditures
2006	\$ 1,815,000	\$ 1,482,193	\$ 3,297,193	\$ 20,656,427	15.96%
2007	1,670,000	1,724,046	3,394,046	21,575,421	15.73%
2008	1,865,000	1,655,018	3,520,018	25,048,281	14.05%
2009	2,095,000	1,580,684	3,675,684	29,916,483	12.29%
2010	1,820,000	1,412,429	3,675,684	31,677,669	11.60%

BASTROP COUNTY, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST FIVE FISCAL YEARS
(Unaudited)

Fiscal Year	Assessed Value	Bonded Debt	Less: Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value
2005	\$ 2,991,951,875	\$ 31,465,000	\$ 836,696	\$ 30,628,304	1.0%
2006	3,224,808,212	39,630,000	1,115,641	38,514,359	1.2%
2007	3,443,472,539	37,755,000	1,343,625	36,411,375	1.1%
2008	3,616,768,347	35,915,000	1,136,419	34,778,581	1.0%
2009	3,856,359,650	33,885,000	1,046,458	32,838,542	0.9%
2010	4,030,398,162	42,905,000	1,044,358	41,860,642	1.04%

Note: Debt financed and paid for in the Bastrop County Road District No. 3 Special Revenue Fund is not included in the above figures.

BASTROP COUNTY, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST FIVE FISCAL YEARS
(Unaudited)

2009 Taxable Assessed Valuation (100% of estimated market value)	<u><u>\$ 4,030,398,162</u></u>
County Funded Debt Payable from Ad Valorem Taxes (as of 9/30/10):	
Certificates of Obligation - 2002A	6,230,000
Certificates of Obligation - 2002B	1,280,000
Certificates of Obligation - 2003	4,790,000
Certificates of Obligation - 2005	8,390,000
Certificates of Obligation - 2006	7,810,000
Limited Tax Refunding Bonds - 2009	3,595,000
Certificates of Obligation - 2010	10,810,000
Funded Debt Payable from Ad Valorem Taxes	<u><u>\$ 42,905,000</u></u>
 Interest and Sinking Fund (as of 9/30/10)	 <u><u>\$ 1,044,358</u></u>
 Ratio of Funded Debt to Taxable Assessed Valuation	 <u><u>1.04%</u></u>

Note: Debt financed and paid for in the Bastrop County Road District No.3
Special Revenue Fund is not included in the above figures.

BASTROP COUNTY, TEXAS
VALUATION AND FUNDED DEBT HISTORY
SEPTEMBER 30, 2010
(Unaudited)

2010 Estimated Population - 74,876
Per Capita Assessed Valuation - \$53,828
Per Capita Funded Debt - \$573
Land Area - 890 Square Miles

Fiscal Year Ended 9/30	Taxable Assessed Valuation	* Funded Debt Outstanding at End of Year	Ratio Funded Debt to Taxable Assessed Valuation
1990	\$ 989,006,882	\$ 8,540,000	0.86%
1991	932,958,441	8,330,000	0.89%
1992	951,792,471	8,050,000	0.85%
1993	914,983,108	9,255,000	1.01%
1994	922,867,695	8,785,000	0.95%
1995	1,012,333,193	8,335,000	0.82%
1996	1,071,100,804	7,850,000	0.73%
1997	1,290,007,525	7,750,000	0.60%
1998	1,439,225,538	7,140,000	0.50%
1999	1,530,344,447	14,650,000	0.96%
2000	1,692,712,600	13,700,000	0.81%
2001	1,934,033,379	12,245,000	0.63%
2002	2,328,086,351	20,590,000	0.88%
2003	2,717,093,763	25,125,000	0.92%
2004	2,929,383,081	23,740,000	0.81%
2005	2,991,951,875	31,465,000	1.05%
2006	3,224,808,212	39,400,000	1.22%
2007	3,443,472,539	37,755,000	1.10%
2008	3,616,768,347	35,915,000	0.99%
2009	3,856,359,650	33,885,000	0.88%
2010	4,030,398,162	42,905,000	1.06%

*Does not include Bastrop County Road District #3 Unlimited Tax Road Bonds in the amount of \$120,000.

BASTROP COUNTY, TEXAS
TAX RATE, LEVY AND COLLECTION HISTORY
SEPTEMBER 30, 2010
(Unaudited)

Fiscal Year Ended 9/30	Tax Rate	Road and Bridge	General Fund	Interest and Sinking Fund	Tax Levy (1)	% Current Collections	% Total Collections
1990	0.4340	0.1182	0.2364	0.0794	\$ 3,123,284	89.71%	99.21%
1991	0.5186	0.1370	0.2746	0.1070	3,560,169	87.99%	99.40%
1992	0.5186	0.1376	0.2936	0.0874	3,626,329	90.39%	98.05%
1993	0.5367	0.1434	0.3060	0.0873	3,598,629	91.20%	99.85%
1994	0.5817	0.1370	0.3574	0.0873	4,103,993	90.85%	96.99%
1995	0.5809	0.1481	0.3508	0.0820	4,381,378	92.86%	98.93%
1996	0.6042	0.1414	0.3750	0.0878	4,957,055	95.33%	101.20%
1997	0.5734	0.1259	0.3783	0.0692	5,772,784	92.84%	98.71%
1998	0.6000	0.1200	0.4102	0.0698	6,764,360	93.55%	99.00%
1999	0.5817	0.1150	0.4161	0.0506	7,121,344	93.08%	105.71%
2000	0.6441	0.1216	0.4161	0.1064	8,865,303	94.48%	100.00%
2001	0.5990	0.1110	0.4018	0.0862	11,317,388	94.21%	100.00%
2002	0.5850	0.1109	0.3951	0.0790	13,314,049	94.15%	100.00%
2003	0.6061	0.1135	0.4098	0.0828	16,261,624	93.79%	100.91%
2004	0.6061	0.1145	0.4037	0.0879	17,261,513	92.98%	96.79%
2005	0.6334	0.1158	0.4364	0.0812	15,869,982	93.73%	98.98%
2006	0.6383	0.1230	0.4080	0.1073	20,502,571	95.16%	99.91%
2007	0.6283	0.1250	0.4036	0.0997	21,140,762	96.85%	101.65%
2008	0.6192	0.1260	0.4076	0.0856	22,478,414	96.05%	100.52%
2009	0.6192	0.1265	0.4044	0.0883	23,812,546	96.74%	100.91%
2010	0.6192	0.1285	0.4139	0.0768	24,920,222	95.99%	99.47%

(1) Does not include the Bastrop County Road District No. 3 Levy

BASTROP COUNTY, TEXAS
 NINE LARGEST TAXPAYERS
 SEPTEMBER 30, 2010
 (Unaudited)

Name of Taxpayer	Nature of Property	FY2010 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Bastrop Energy Partners, LP	Electric Utility	\$ 71,654,125	57.62%
METS Properties, LP	Real Estate Development	7,211,515	5.80%
Forestar (USA) Real Estate Group, Inc.	Real Estate Development	6,471,261	5.20%
Six Walnut Ridge Apartments, LP	Rental Real Estate	6,365,328	5.12%
Bastrop Retail Partners, LP	Commercial	6,349,188	5.11%
Lowe's Home Centers, Inc.	Retail	6,123,750	4.92%
Wal-Mart	Retail	5,151,082	4.14%
Agilent Technologies, Inc.	Commercial	5,051,869	4.06%
First National Bank of Bastrop	Banking	5,023,580	4.04%
Flint Hills Resources	Commercial	4,946,970	3.98%
		<u>\$ 124,348,668</u>	<u>100.00%</u>

BASTROP COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING DEBT STATEMENT
SEPTEMBER 30, 2010
(Unaudited)

Other taxing units that have boundaries which overlap the County have outstanding debt paid from ad valorem taxes levied on property within the County. These taxing units are independent of the County and may incur borrowing to finance their expenditures. The following statement of direct and estimated overlapping ad valorem bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated below, and such entities may have programs requiring the future issuance of substantial amounts of additional bonds, the amounts of which cannot be determined. The following table reflects the estimated share of overlapping funded debt of these various taxing bodies.

Political Subdivision	Outstanding		Estimated % Overlapping	Amount Overlapping
	Tax Supported Gross Debt	As of		
Bastrop County Road District #3	\$ 120,000	9/30/10	100.00%	\$ 120,000
Bastrop County MUD #1	1,923,262	9/30/08	100.00%	1,923,262
Bastrop, City of	27,945,000	9/30/10	100.00%	27,945,000
Elgin, City of	12,709,996	9/30/08	83.11%	10,563,278
Bastrop ISD	181,743,932	6/30/09	100.00%	181,743,932
McDade ISD	1,195,000	8/31/10	100.00%	1,195,000
Elgin ISD	77,632,714	8/31/09	73.51%	57,067,808
Lexington ISD	2,853,267	8/31/09	0.38%	10,842
Smithville, City of	8,325,000	8/31/10	100.00%	8,325,000
Smithville ISD	13,574,991	8/31/10	98.76%	13,406,661
Total Net Overlapping Debt				<u>302,300,783</u>
Bastrop County	43,025,000	9/30/10	100.00%	<u>43,025,000</u>
Total Direct and Overlapping Debt				<u>\$ 345,325,783</u>
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation				8.57%
Per Capita Overlapping Funded Debt				\$ 4,612

BASTROP COUNTY, TEXAS
GENERAL FUND COMPARATIVE STATEMENT OF
REVENUES AND EXPENDITURES
SEPTEMBER 30, 2010
(Unaudited)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Total Fund Balance at Beginning of Year	\$ 7,886,589	\$ 10,705,236	\$ 10,096,229	\$ 7,644,711	\$ 6,289,491
<u>Revenues</u>					
Taxes	19,314,156	18,514,496	17,680,546	16,578,181	15,679,245
Intergovernmental	1,305,706	696,491	752,364	439,667	800,039
Charges for Services	5,453,430	5,991,824	4,799,446	3,496,666	2,630,985
Fines and Forfeits	989,522	1,110,130	1,032,407	1,114,177	1,087,579
Miscellaneous	1,519,189	1,206,930	1,392,525	1,914,437	1,805,146
Total Revenues	<u>28,582,003</u>	<u>27,519,871</u>	<u>25,657,288</u>	<u>23,543,128</u>	<u>22,002,994</u>
<u>Expenditures</u>					
General Government	13,352,777	12,508,932	10,848,221	9,031,383	9,311,162
Public Safety	15,638,128	14,314,245	11,547,336	9,354,474	9,131,541
Conservation	83,295	70,403	-	-	-
Health and Welfare	2,336,722	2,859,611	2,503,665	3,042,419	2,075,121
Culture and Recreation	169,204	163,292	149,061	147,145	-
Miscellaneous	97,543	-	-	-	135,603
Total Expenditures	<u>31,677,669</u>	<u>29,916,483</u>	<u>25,048,283</u>	<u>21,575,421</u>	<u>20,653,427</u>
Excess (Deficit) Revenues Over Expenditures	<u>(3,095,666)</u>	<u>(2,396,612)</u>	<u>609,005</u>	<u>1,967,707</u>	<u>1,349,567</u>
Other Resources	-	15,511	-	-	-
Prior Period Adjustments	<u>(39,000)</u>	<u>(437,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Fund Balance at End of Year	<u><u>\$ 4,751,923</u></u>	<u><u>\$ 7,886,589</u></u>	<u><u>\$ 10,705,234</u></u>	<u><u>\$ 9,612,418</u></u>	<u><u>\$ 7,639,058</u></u>

Fiscal Year Ended September 30,				
2005	2004	2003	2002	2001
\$ 4,637,839	\$ 4,571,319	\$ 3,783,314	\$ 3,670,261	\$ 3,214,415
15,449,380	13,723,745	13,127,786	10,912,798	9,290,054
442,722	476,593	1,070,055	894,075	904,227
3,384,140	2,455,060	2,606,534	2,343,059	3,101,860
1,034,604	1,010,952	1,779,440	1,489,762	689,381
1,136,035	974,236	368,943	153,194	759,177
<u>21,446,881</u>	<u>18,640,586</u>	<u>18,952,758</u>	<u>15,792,888</u>	<u>14,744,699</u>
8,490,087	6,123,990	6,688,420	5,830,863	6,999,771
8,753,861	10,066,846	9,411,425	8,351,299	6,158,491
-	110,235	105,910	-	-
1,987,048	1,916,647	1,592,153	1,199,731	994,560
-	-	-	-	-
125,489	430,583	350,171	402,359	199,822
<u>19,356,485</u>	<u>18,648,301</u>	<u>18,148,079</u>	<u>15,784,252</u>	<u>14,352,644</u>
2,090,396	(7,715)	804,679	8,636	392,055
-	74,228	(16,666)	169,610	63,791
-	-	-	(97,397)	-
<u>\$ 6,728,235</u>	<u>\$ 4,637,832</u>	<u>\$ 4,571,327</u>	<u>\$ 3,751,110</u>	<u>\$ 3,670,261</u>

FEDERAL AWARDS SECTION



930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
Phone(512) 310-5600 Fax (512) 310-5689

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

Honorable Judge and Members
of the Commissioners Court of
Bastrop County, Texas

We have audited the financial statements of Bastrop County , Texas (the “County”) as of and for the year ended September 30, 2010, and have issued our report thereon dated April 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County’s financial statements that is more than inconsequential will not be prevented or detected by the County’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County’s internal control.

Our consideration of internal control over financial reporting was for the limited purposed described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bastrop County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 test disclosed certain instances of noncompliance that are required to be reported under *Government Auditing Standards* and which have been reported in a separate letter dated February 23, 2011.

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

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas



930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
Phone(512) 310-5600 Fax (512) 310-5689

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

Honorable Judge and Members
of the Commissioners Court of
Bastrop County, Texas

We have audited the financial statements of the Bastrop County, Texas, (“the County”) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 23, 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

BASTROP COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
<u>Passed through Governor's Division of Emergency Mgmt.</u>			
Emergency Management Performance	97.042	2009-EP-E9-0005	\$ 19,278
Citizens CORPS VIPS Grant	97.067	2009-SS-T9-0064	3,917
Homeland Security Grant	97.008	2006-GE-T6-0068	13,603
Total Passed through Governor's Division of Emergency Mgmt.			36,798
Total U.S. Department of Homeland Security			36,798
<u>U.S. Department of Justice</u>			
<u>Direct Programs</u>			
Family Crisis Center	16.590		98,410
Total Direct Programs			98,410
Total U.S. Department of Justice			98,410
<u>U.S. Department of Commerce</u>			
<u>Passed through Governor's Division of Emergency Mgmt.</u>			
Public Safety Interoperable Communications (PSIC) Grant	11.555	2007-GS-H7-0044	826,776
Total Passed through Governor's Division of Emergency Mgmt.			826,776
Total U.S. Department of Commerce			826,776
<u>U.S. Department of the Interior</u>			
<u>Passed through Texas Department of Parks & Wildlife</u>			
Partnership for Fish & Wildlife	15.631	1448-20181-09-G590	21,168
Total Passed through Texas State Office of Rural Com. Affairs			21,168
Total U.S. Department of the Interior			21,168
Total Expenditures of Federal Awards			\$ 983,152

BASTROP COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

1. For all Federal programs, the County uses the fund types specified by the Governmental Accounting Standards Board. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund, which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are 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.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

BASTROP COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major program(s): Homeland Security Grant Program, CFDA# 97.067, passed through the Governor’s Division of Emergency Management.

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

BASTROP COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Not Applicable.

BASTROP COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Not Applicable.