



March 29, 2011

To the Honorable County Judge,  
And County Commissioners  
Williamson County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamson County, Texas (the County) for the year ended September 30, 2010, and have issued our report thereon dated March 29, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 22, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on overall compliance with such provisions. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with specific requirements applicable to major federal financial assistance programs for the purpose of expressing an opinion on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated June 22, 2010.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. During the year ended September 30, 2010 the County adopted the provisions of GASB statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51). GASB 51 requires that all intangible assets not excluded by its scope be classified as capital assets. The adoption of this standard did not have a material impact on the County's financial statements. The application of existing policies was not changed during the year ended September 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are management's estimates of the net pension asset (NPA), other post employment benefits (OPEB) liability, and incurred but not reported (IBNR) liability for self-insured health insurance claims. The NPA estimate is based on actuarial calculations provided by Texas County and District Retirement Systems (TCDRS). The OPEB and IBNR estimates are based on actuarial calculations performed by an independent third party. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 29, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the County Commissioners and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Summary of Passed Adjustments:

Governmental Funds:

**Proposed JE # 1**

To properly reclass cash not received until after  
year end

	ACCOUNTS		
0100-0000-106000	RECEIVABLE	195,553.02	
0100-0000-101001	AUDIT AJE CASH		195,553.02
<b>Total</b>		<b>195,553.02</b>	<b>195,553.02</b>

**Proposed JE # 8**

Entry to record current portion of compensated  
absences

	UNRESERVED FUND		
0100-0000-271000	BALANCE	57,667.00	
0100-0404-001100	F/T SALARIES	144,263.00	
0100-0000-216000	ACCRUED EXPENSES		201,930.00
<b>Total</b>		<b>201,930.00</b>	<b>201,930.00</b>

**Proposed JE # 9**

Properly record overdrawn sweep due to state  
funds related to UPL program as prepaids

0346-0000-134000	PREPAID EXPENSES	169,002.93	
0346-0346-004909	UPL PROGRAM		169,002.93
<b>Total</b>		<b>169,002.93</b>	<b>169,002.93</b>

**Proposed JE # 16**

To correct receivables related to CSCD

	ALLOWANCE FOR AR -		
0100-0000-107001	GASB 34	68,073.41	
	DEFERRED REV - GASB		
0100-0000-223002	34	22,691.14	
0100-0000-106001	AR - GASB 34		90,764.55
<b>Total</b>		<b>90,764.55</b>	<b>90,764.55</b>

<b>Proposed JE # 18</b>			
To reclassify unexpended funds to deferred revenue.			
	SEIZURES/CONFIS		
0410-0000-352111	JUSTICE FDS	150,271.00	
0410-0000-202000	A/P LIABILITY		150,271.00
<b>Total</b>		<b>150,271.00</b>	<b>150,271.00</b>

Government- Wide Statements:

<b>Proposed JE #2</b>			
Correct assets not properly recorded in the PY			
Land		5,917,288.41	
Infrastructure		7,133,527.69	
Intangible		564,813.62	
Equipment			57,789.07
Construction in Progress			10,294,813.92
Invested in capital assets - Net Assets			3,263,026.73
		<b>13,615,629.72</b>	<b>13,615,629.72</b>

<b>Proposed JE #3</b>			
To record impairment loss related to Dam			
Impairment			
Loss		375,000.00	
Land			375,000.00
		<b>375,000.00</b>	<b>375,000.00</b>

<b>Proposed JE #4</b>			
Correct deferred contribution retirement not recorded in the PY			
Invested in capital assets - Net assets		4,391,758.50	
Transportation expense			4,391,758.50
		<b>4,391,758.50</b>	<b>4,391,758.50</b>

## #5

**5,122,337.00**

## #6

**423,287.65**

## #7

**510,000.00**