

IV. DETAILED NOTES ON ALL FUNDS (Continued)

L. Risk Management (Continued)

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

M. Commitments and Contingencies

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2012, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

N. Subsequent Event

On November 1, 2012 the County issued \$24,205,000 Unlimited Tax Road Bonds, Series 2012A. The bonds carry interest rates of 2.125-5.00% and mature in fiscal year 2033. The proceeds are for construction, maintenance and operation of various road projects within the County.

O. Prior Period Adjustment

The County is partially funding several road projects with TxDOT that will result in TxDOT owning and maintaining the road. The projects had been included with the County's construction in progress. Since the County does not own these roads, a prior period adjustment is required to remove these projects from the construction in progress ledger. This prior period adjustment resulted in a \$9,454,212 decrease to the County's net assets.

The County had been reporting court fines receivable with a date range of the fiscal year rather than as of the year-end date. This prior period adjustment resulted in an increase of \$1,272,349 to the County's net assets.