

# **MONTGOMERY COUNTY TEXAS**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
September 30, 2016**



**MONTGOMERY COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2016**

**Prepared by**  
**THE MONTGOMERY COUNTY AUDITOR'S OFFICE**  
**Phyllis L. Martin**  
**County Auditor**



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# INTRODUCTORY SECTION





**Montgomery County, Texas**  
**Office of the County Auditor**  
501 North Thompson, Suite 205, Conroe, Texas 77301  
P. O. Box 539, Conroe, Texas 77305

Phyllis L. Martin  
County Auditor

Angela H. Blocker  
1<sup>st</sup> Assistant County Auditor

March 28, 2017

The Board of District Judges  
The Commissioners' Court  
Montgomery County, Texas

Honorable Judges and Commissioners:

The Comprehensive Annual Financial Report (CAFR) of Montgomery County, Texas, for the year ended September 30, 2016, is submitted herewith. This report was prepared by the County Auditor in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board, and is in compliance with Chapter 114.025 and Chapter 115.045 of the Local Government Code.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To provide a reasonable basis for making this representation, Montgomery County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Montgomery County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of Montgomery County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Montgomery County's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of Montgomery County for the year ended September 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Montgomery County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal and state awards. This Single Audit Report is available as a separate report from Montgomery County.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. Montgomery County's MD&A can be found immediately following the report of the independent auditors.

## **Profile of Montgomery County**

Montgomery County was created on December 14, 1837 by an act of the Congress of the Republic of Texas. It is bisected by Interstate 45, and located approximately forty miles north of downtown Houston. Montgomery County is officially the birthplace of the Texas flag. The actual design of the Lone Star Flag remained a mystery until the Texas House of Representative passed House Resolution 1123 in 1997 commemorating Montgomery County as the flag's official birthplace. Dr. Charles B. Stewart is credited with creating the inspirational banner of the State of Texas. The County provides a full range of services, including police protection, legal and judicial services, construction and maintenance of roads and bridges, public health service, and facilities for recreational and cultural use. The County operates a full service airport as a reliever to nearby Bush Intercontinental Airport. Three major rail lines intersect in the county seat of Conroe. The Lone Star College System offers both 2- and 4-year degree plans in partnership with several universities throughout the state. Scenic Lake Conroe sits among some 1,090 square miles of rolling hills and grassy meadows to create an atmosphere of rural America nestled securely beside its urban neighbors.

The County operates as specified under the Constitution of the State of Texas, and in accordance with the provisions of the State Statutes of Texas, which provide for a Commissioners' Court consisting of the County Judge, elected at-large to a four-year term and four Commissioners, each of whom is elected from four geographical precincts to four-year staggered terms. The Commissioners' Court serves as the governing body of the County.

The U.S. Census Bureau reported the 1990 population for Montgomery County to be 180,394 and the year 2000 population to be 293,768. The most recent census reported the population of Montgomery County to be 455,746. At each census, the County has experienced growth in excess of 50%, with no sign of slowing down. At September 30, 2016 the estimated population was 537,559. Despite the turbulent economic times, the County's population has continued to grow, albeit at a slower rate, during the past year and is evident in the increased demand for service at the county level. The main impetus for growth in the past two decades has come from the expansion of nearby metropolitan Houston. Many Montgomery County residents now work in Houston, and the spread of the city's suburbs into the County has led to a rapid rise in population. The governing body's active involvement in infrastructure improvements has been instrumental in this explosive growth in population. In recent years Montgomery County has become a recreation destination for many Houston residents. The area, with its abundant lakes and the Sam Houston National Forest, offers numerous opportunities for hunting, boating, fishing, and hiking.

Montgomery County maintains strict budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the governing body. Activities of the General Funds, the Special Revenue Funds, and the Debt Service Funds are included in the annual appropriated budget. Budget to actual comparisons are provided in this report for all funds for which an annual appropriated budget is adopted. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund. The County Auditor is responsible for compiling and presenting a budget to Commissioners' Court for their consideration and approval, adhering to a calendar established by the statutes of the State of Texas. In keeping with those statutes, the ad valorem tax levy cannot be established until the budget is adopted. In Montgomery County, the budget is adopted by September 30<sup>th</sup> of each year. Once adopted, the budget is enforced by the County Auditor, as provided by statute.

## **Factors Affecting Financial Condition**

The information presented in the financial statements of Montgomery County is best understood when it is considered from the broader perspective of the specific environment within which Montgomery County operates.

**Local economy** – Historically, the County’s economy has been based on mineral production (oil, gas, sand, and gravel), agriculture (horses, cattle, and greenhouse nurseries), and lumbering (timber products). Today, the economy has shifted towards an urban-rural mix. In recent years, the largest industries have been energy, education, health and social services, with retail trade and manufacturing following. Investments made in Texas highways recently have assisted in attracting new and diverse businesses to the County. A favorable taxing environment has drawn many companies to relocate corporate headquarters to Montgomery County. The Woodlands, a planned community in south Montgomery County, is home to energy, biomedical, and technology businesses. This is causing ever-continued growth in the southern part of the County. As Houston and Harris County, directly to the south, run out of developable land, business and residential growth in Montgomery County is expected to continue.

Recent developments that have contributed to the continued upturn in the local economy in Montgomery County include the construction of a nascent medical compound, centered around the busy intersection of Interstate 45 and State Highway 242, anchored by Texas Children’s Hospital, St. Luke’s and Methodist Hospital. Canopy, a cancer survivorship center, opened its doors in July 2016, marking the first center of its kind in the County. The relocation of ExxonMobil’s corporate headquarters to northern Harris County has further driven growth to the southern part of Montgomery County. The former Boy Scout camp at Camp Strake was sold to Johnson Development Corporation with the intent of creating a new master planned community, Grand Central Park, on 2,046 acres. Construction began in 2016; the 336 Marketplace located in the community is anticipated to open in 2017.

**Long-term financial planning** – The Commissioners’ Court continues to be very active in infrastructure development, specifically road improvements, to help ensure economic growth. In the second half of calendar year 2005, the County executed an agreement with the Texas Department of Transportation that is facilitating the improvement of five separate state-owned roads. This Pass-Through Toll Agreement provides for the County to pledge local funds to improve these roads, with a partial reimbursement from highway funds at a later date. The County pledged \$100 million of the Series 2006 \$160 million voter-approved road bonds, as well as an additional \$88 million of future bonds to leverage the federal funds for the projects in the hopes of gaining an estimated \$232 million in improvements for the citizens of Montgomery County. In the same spirit of infrastructure development, voters in the County approved a ballot measure in November 2015 for a series of bond offerings that will raise \$280 million for a multitude of road projects throughout Montgomery County. The second bond offering of \$73,725,000, was issued in December 2016 and will be used to continue work on a myriad of the most critical projects around the County.

As part of this future planning, the Commissioners’ Court created the Montgomery County Toll Road Authority (MCTRA) in August 2006. The MCTRA is charged with the task of collecting tolls from vehicles traveling on the portion of State Highway 242 which connects with Interstate 45 in southern Montgomery County. SH 242 opened to the public in July 2015. Revenues generated by the authority are anticipated to be used to either retire a portion of the debt related to the construction and/or to fund future improvements.

**Energy innovations** – Various energy saving ventures have been planned for county owned facilities. Lighting retrofits and solar charging panels have been installed in the County’s parking garages to recycle energy produced back into the county’s building grid. Infrastructure projects that replaced outdated windows and air conditioning units in the Montgomery County Courthouse and old Administration

Building are already showing a marked reduction in energy consumption. The ongoing support by the Commissioners' Court of various energy saving projects and small scale remodeling projects has allowed for even greater savings now and for the future. Management has taken an active interest in reducing both the County's carbon footprint and energy costs.

**New developments** – As part of the continuing effort in the County to alleviate traffic congestion in the southern part of the County, the Commissioners' Court awarded a contract to construct an interchange facility and direct connectors from State Highway 242 to Interstate 45. This project, approved by the governing body in February 2013, opened in July of 2015 and has improved the flow of traffic in the heavily congested south county area. The County is continuing in its endeavors to face transportation issues by exploring the expansion of the MCTRA to the western part of the County and specifically the Tomball Parkway. Working in conjunction with the Harris County Toll Road Authority (HCTRA), MCTRA is in the beginning stages of widening and improving Tomball Parkway.

**Financial Transparency** – During the fiscal year, an initiative to make the County's financial transactions more transparent to the citizens was undertaken. In March 2015, the County launched a new web-based financial transparency platform. This application has enabled the County's citizens to access both historical and live financial data in a more user friendly fashion. The County strives to embrace technology advances that will allow for even more transparency.

#### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery County for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the twenty-eighth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of all County departments. I want to express my appreciation to the entire staff of the Office of County Auditor for their continued efforts. I also wish to commend the members of the Commissioners' Court for conducting the financial operations of Montgomery County in a responsible manner, while meeting the increasing demands for public service.

Respectfully submitted,

Phyllis L. Martin  
Montgomery County Auditor

PLM/kgd





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Montgomery County  
Texas**

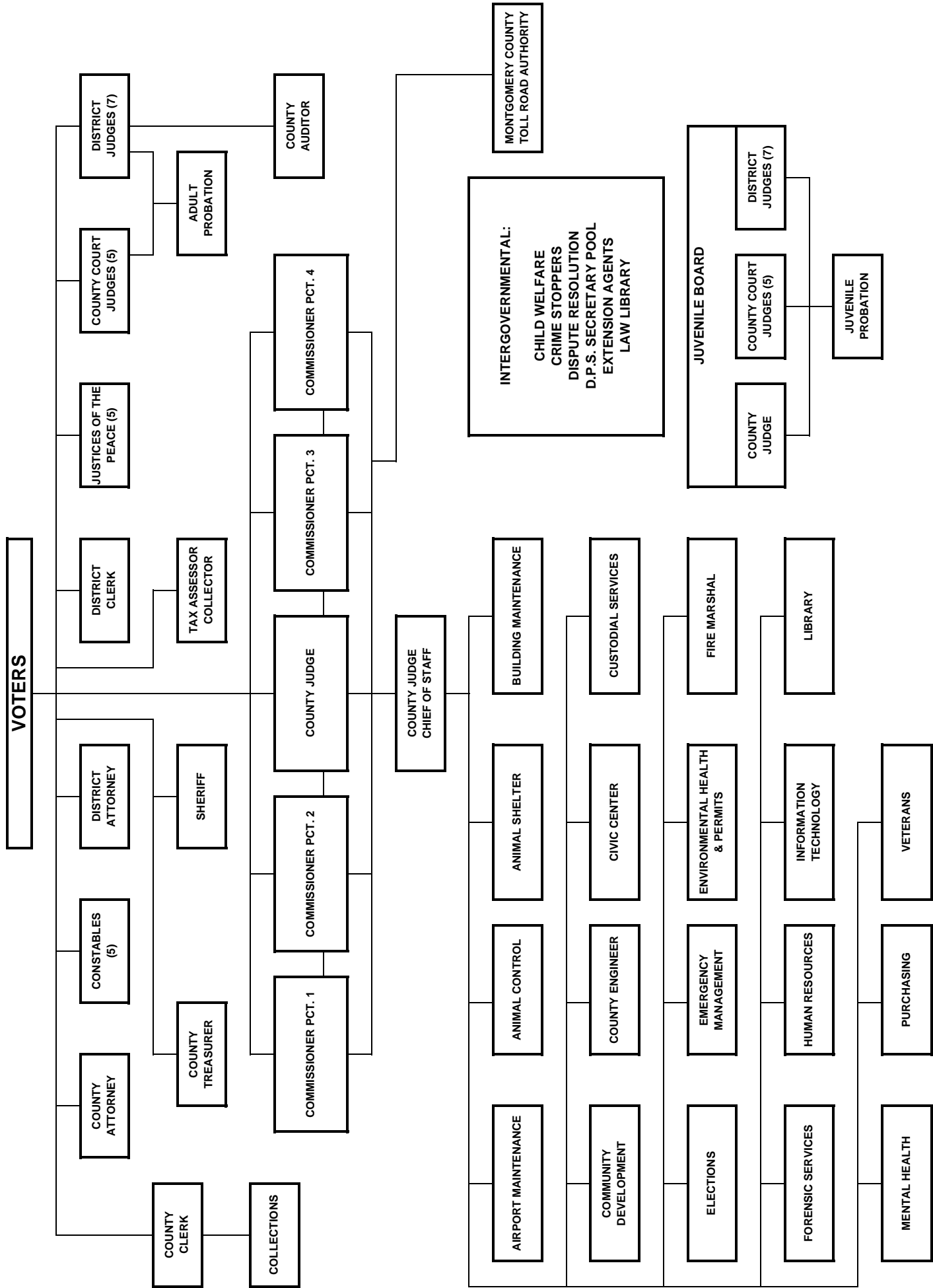
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO



MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART





MONTGOMERY COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
SEPTEMBER 30, 2016

COMMISSIONERS' COURT:

Craig Doyal  
Mike Meador  
Charlie Riley  
James L. Noack, Jr.  
Jim Clark

County Judge  
Commissioner, Precinct #1  
Commissioner, Precinct #2  
Commissioner, Precinct #3  
Commissioner, Precinct #4

DISTRICT COURTS:

Phil Grant  
Lisa Michalk  
Cara Wood  
Kathleen Hamilton  
K. Michael Mayes  
Tracy Gilbert  
Patty Maginnis  
Brett Ligon  
Barbara G. Adamick

Judge, 9<sup>th</sup> Judicial District  
Judge, 221<sup>st</sup> Judicial District  
Judge, 284<sup>th</sup> Judicial District  
Judge, 359<sup>th</sup> Judicial District  
Judge, 410<sup>th</sup> Judicial District  
Judge, 418<sup>th</sup> Judicial District  
Judge, 435<sup>th</sup> Judicial District  
District Attorney  
District Clerk

COUNTY COURTS AT LAW:

Dennis Watson  
Claudia Laird  
Patrice McDonald  
Mary Ann Turner  
Keith Stewart  
JD Lambright  
Mark Turnbull

Judge, County Court at Law #1  
Judge, County Court at Law #2  
Judge, County Court at Law #3  
Judge, County Court at Law #4  
Judge, County Court at Law #5  
County Attorney  
County Clerk

JUSTICE COURTS:

Wayne L. Mack  
Grady Trey Spikes  
Mary E. Connelly  
James Metts  
Matthew Masden

Justice of Peace, Precinct #1  
Justice of Peace, Precinct #2  
Justice of Peace, Precinct #3  
Justice of Peace, Precinct #4  
Justice of Peace, Precinct #5

LAW ENFORCEMENT:

Tommy Gage  
Donnie O. Chumley  
Gene DeForest  
Ryan Gable  
Kenneth "Rowdy" Hayden  
David H. Hill

Sheriff  
Constable, Precinct #1  
Constable, Precinct #2  
Constable, Precinct #3  
Constable, Precinct #4  
Constable, Precinct #5

FINANCIAL ADMINISTRATION:

Tammy McRae  
Stephanne Davenport  
Phyllis L. Martin  
Darlou Zenor

Tax Assessor-Collector  
County Treasurer  
County Auditor<sup>1</sup>  
Purchasing Agent<sup>1</sup>

<sup>1</sup> Designates appointed official. All others are elected.



## FINANCIAL SECTION





## **Independent Auditor's Report**

To The Honorable County Judge  
and County Commissioners and Management of  
Montgomery County  
P.O. Box 539  
Conroe, Texas 77305-0539

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas (County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas, as of September 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund and Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 18, the County restated net position and fund balance for inclusion of Adult Probation to Non-major Special Revenue Fund from Agency Funds. Our opinion is not modified with respect to this matter.

To The Honorable County Judge and  
County Commissioners and Management of  
Montgomery County, Texas

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Texas's basic financial statements. The Introductory Section, Supplementary Information and Statistical Section, as 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 Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017 on our consideration of Montgomery County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County, Texas's internal control over financial reporting and compliance.

Yours truly,

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

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
March 22, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis provides readers of the financial statements of Montgomery County, Texas (the County) with a narrative overview and analysis of the County's financial activities for the fiscal year ended September 30, 2016. The intent of this discussion and analysis is to evaluate the current activities, resulting changes, and currently known facts of the County as a whole. Readers of this discussion and analysis should consider the information presented here in conjunction with additional information that is furnished in the accompanying letter of transmittal, which can be found on pages 1-4 of this report. This discussion should also be read in conjunction with the basic financial statements and the notes to those financial statements (which immediately follow this discussion). The discussion and analysis includes comparative data from the prior year.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$575,712,069 (net position). Of this amount, \$63,131,106 is restricted for specific purposes. With the presentation of the net investment in capital assets, unrestricted net position becomes \$65,567,329.
- The County's total net position increased by \$68,561,052. This is due to the rapid growth experienced throughout the County as well as an increase in net investment in capital assets in business-type activities of \$14,366,474.
- At September 30, 2016, the County's governmental funds reported combined ending fund balances of \$278,878,491, an increase of \$70,406,085 from operations in comparison with the prior year. From the ending fund balances, \$106,290 is non-spendable, \$136,956,785 is restricted, \$40,783,360 is committed and \$60,412,232 is assigned. Approximately 14.6% of the ending balances, \$40,619,824 is unassigned and available for spending at the government's discretion. Details on these balances can be found in the chart included in Note 11.
- At September 30, 2016, unassigned fund balance for the General Fund was \$40,619,824, or 18.8% of total General Fund expenditures.
- The County's total bonded debt increased by \$25,470,000 (6.4%) during the current fiscal year. This increase was primarily due to the combination of the issuance of a series of refunding debt which defeased certain obligations as well as the issuance of road bonds during the current fiscal year.
- As of fiscal year 2016, the County reported a net pension liability of \$48,212,157.
- As of fiscal year 2016, the County reported other post-employment benefit obligations (OPEB) of \$69,425,543.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Montgomery County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information to the financial statements themselves.

### *Government-Wide Financial Statements*

The Statement of Net Position and the Statement of Activities, the two government-wide financial statements, are designed to provide readers with a broad overview of Montgomery County's finances, similar to the financial statements of a private-sector business. Both of these statements are presented using the full accrual basis of accounting; therefore, revenues are reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of cash being received or disbursed. These statements include capital assets of the County (including infrastructure added since implementing GASB Statement No. 34 in fiscal year 2003 and the portion of GASB Statement No. 34 as it pertains to retroactive infrastructure reporting) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The Statement of Net Position presents information on all of Montgomery County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two groups being reported as net position. This statement is similar to that of the balance sheet of a private-sector business (with primary sections in a business balance sheet being assets, liabilities, and equity). The GASB believes that, over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents the County's revenues and expenses for the year, with the difference between the two resulting in the change in net position for the fiscal year ended September 30, 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Because the statement of activities separates program revenue (revenue generated by specific programs through fees, fines, forfeitures, charges for services, or grants received) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each function has to rely on general revenues for funding. The governmental functions of the County include general administration, judicial, legal services, elections, financial administration, public facilities, public safety, health and welfare, culture and recreation, conservation, public transportation, and debt service.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of a legally separate component unit: the Montgomery County Toll Road Authority. The County Commissioners' Court acts as the Board of Directors for the component unit whose activities are blended with those of the primary government because they function as part of the County government. Montgomery County's government-wide financial statements distinguish functions of the County that are principally supported by tax and intergovernmental revenues (*governmental activities*) from those that are intended to recover all or a significant portion of their costs through fees and charges (*business-type activities*).

The government-wide financial statements can be found on pages 32-33 of this report.

### ***Fund Financial Statements***

The fund financial statements focus on the County's most significant funds (major funds) rather than fund types, or the County as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Montgomery County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- 1) Governmental funds are maintained to account for the government's operating and financing activities. The measurement focus is on available resources.
- 2) Proprietary funds are utilized to account for internal service funds and enterprise funds. Internal service funds are an accounting tool used to accumulate and allocate costs amongst the County's functions. Enterprise funds are used to report an activity for which a fee is charged to external users for goods and services.
- 3) Fiduciary funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

**Governmental funds** are used to account for those functions reported as governmental activities in the government-wide financial statements. As mentioned earlier, government-wide financial statements are reported using full accrual accounting; governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as balances of available resources. In other words, revenue is reported when earned, provided it is collectible within the reporting period or soon enough afterward to be used to pay liabilities of the current period. Likewise, liabilities are recognized as expenditures only when payment is due since they must be liquidated with available cash. Such information is useful in comparing a government's near-term financing requirements to near-term resources available.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers should better understand the results and long-term impact of the government's near-term financing decisions. The user is assisted in this comparison between the two bases of accounting by way of a reconciliation statement between the governmental fund balance sheet and the government-wide statement of net position, as well as a reconciliation statement between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

Montgomery County maintained 46 individual governmental funds during the fiscal year ended September 30, 2016. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Road Bonds Series 2016 Fund, all of which are considered to be major funds. Data from the remaining governmental funds (i.e., nonmajor funds) is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining schedules, which are included in the Supplementary Information section following the notes to the financial statements.

Montgomery County utilizes and maintains budgetary controls over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and, by County policy, are adopted at the department level for the General Fund, all Special Revenue Funds, and the Debt Service Fund using the primary categories of salaries, benefits, supplies, services, and capital outlay. A budgetary comparison statement is provided in the financial section for the General Fund and the Road and Bridge Special Revenue Fund. Budgetary comparison schedules for all nonmajor

special revenue funds are provided as supplementary information. These budgetary comparisons can be used to demonstrate compliance with the budget both in its original and final forms.

The basic governmental fund financial statements can be found on pages 34-43 of this report.

**Proprietary Funds** are utilized as an accounting device to accumulate and allocate costs internally among the County's various functions. The County maintains four Internal Service funds to account for its employee health benefits, accident and liability, worker's compensation, and the County's Wellness Clinic. Since the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The County also maintains an Enterprise Fund to account for activity in the Montgomery County Toll Road Authority. The projects are in the beginning stages, the operations are primarily dependent on taxes rather than user fees; however, the intention is for these funds to ultimately become fully supported by user fees. This fund is reported as a business-type activity in the financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are also presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 45-47 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties other than the County itself. Agency funds are the only fiduciary fund type used by Montgomery County, and they are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs and expenses of the County. The basis of accounting used for fiduciary funds is the full accrual basis, much like that of the government-wide statements.

The basic fiduciary fund financial statements can be found on page 48 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. As such, the notes are an integral part of the basic financial statements. They focus on the primary government's governmental activities, major funds, and nonmajor funds in the aggregate.

The notes to the financial statements can be found on pages 49-83 of this report.

Required supplementary information provides information on the County's participation in the agent multiple-employer defined benefit pension plan as well as information on other post-employment benefits. The required supplementary information can be found on pages 84-86.

**Supplementary information** is comprised of the General Fund final budget versus actual at the department level. This comparative data can be found on pages 89-102 of this report.

**Supplementary information** also includes combining financial statements for non-major governmental, proprietary and fiduciary funds. These funds are totaled by fund type and presented in a single column in the basic financial statements. They are not reported individually, as with major funds, on the governmental fund financial statements.

Supplementary information can be found on pages 104-173 of this report.

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, the GASB believes that net position may serve over time as a useful indicator of a government's financial position. Montgomery County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$575,712,069 at September 30, 2016, as shown in the table below. The County also reported a prior period adjustment for the inclusion of Adult Probation funds which resulted in an increase of \$2,923,136.

Montgomery County, Texas Net Position						
	Governmental Activities		Business-type activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Current and other assets	\$ 344,959,458	\$ 292,666,687	\$ (4,254,205)	\$ (831,187)	\$ 340,705,253	\$ 291,835,500
Capital assets	760,415,572	702,997,911	60,315,827	45,949,353	820,731,399	748,947,264
Total assets	1,105,375,030	995,664,598	56,061,622	45,118,166	1,161,436,652	1,040,782,764
Deferred outflow of resources	64,967,783	31,837,350	-	-	64,967,783	31,837,350
Long-term liabilities outstanding	612,687,988	534,344,203	-	-	612,687,988	534,344,203
Other liabilities	34,459,362	33,814,335	381,575	233,695	34,840,937	34,048,030
Total liabilities	647,147,350	568,158,538	381,575	233,695	647,528,925	568,392,233
Deferred inflow of resources	3,163,441	-	-	-	3,163,441	-
Net Position:						
Net Investment in Capital Assets	386,697,807	314,750,807	60,315,827	45,949,353	447,013,634	360,700,160
Restricted	63,131,106	54,197,228	-	-	63,131,106	54,197,228
Unrestricted	70,203,109	90,395,375	(4,635,780)	(1,064,882)	65,567,329	89,330,493
Total net position	\$ 520,032,022	\$ 459,343,410	\$ 55,680,047	\$ 44,884,471	\$ 575,712,069	\$ 504,227,881

The County's total assets of \$1,161,436,652 are largely comprised of investments of \$209,205,728, or 18%, and capital assets net of accumulated depreciation of \$820,731,399, or 70.7%. The capital assets of the County include land, buildings, improvements other than buildings, equipment, intangibles, and infrastructure (roads, bridges, signs, etc.). Capital assets are non-liquid assets that provide services to citizens; as a result, these assets cannot be utilized to satisfy County obligations.

As in last year, long-term debt of \$612,687,988 comprises the largest portion of the County's total liabilities of \$647,528,925 at 94.5%. Of total long-term liabilities, \$41,543,464 is due within one year, with the remainder of \$571,144,524 being due over a period of time greater than one year. A more in-depth discussion of long-term debt can be found in the notes to the financial statements.

The County's assets and deferred outflows of resources exceeded its liabilities by \$575,712,069 (net position) as of September 30, 2016. Roughly 11%, or \$63,131,106, of the County's net position represents restricted net position. These resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. Of the restricted net position, \$30,239,377 is restricted for capital projects and \$32,891,729 is restricted for debt service. The most significant portion (\$447,013,634) of the County's net position reflects its net investment in capital assets.

**Montgomery County, Texas**  
**Statement of Activities**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Revenues:</b>						
<i>Program revenues:</i>						
Fees, fines, forfeitures, and charges for services	\$ 146,981,482	\$ 130,389,759	\$ 1,419,725	\$ 261,039	\$ 148,401,207	\$ 130,650,798
<i>Operating grants and contributions:</i>						
Federal grants and contributions	4,442,670	3,374,151	-	-	4,442,670	3,374,151
State grants and contributions	6,844,650	4,472,923	-	-	6,844,650	4,472,923
Other grants and contributions	1,850,703	1,715,124	-	-	1,850,703	1,715,124
<i>Capital grants and contributions:</i>						
Federal grants and contributions	4,010,112	11,223,008	-	-	4,010,112	11,223,008
State grants and contributions	450,903	89,514	10,882,724	49,534,511	11,333,627	49,624,025
Other grants and contributions	85,066,640	83,595,794	-	-	85,066,640	83,595,794
<i>General revenues:</i>						
Property taxes	229,719,148	203,539,676	-	-	229,719,148	203,539,676
Other taxes	2,757,791	2,804,782	-	-	2,757,791	2,804,782
Other general revenues	2,718,693	1,118,988	-	-	2,718,693	1,118,988
Total revenues	484,842,792	442,323,719	\$ 12,302,449	\$ 49,795,550	497,145,241	492,119,269
<b>Expenses:</b>						
General administration	57,650,555	57,411,391	-	-	57,650,555	57,411,391
Judicial	34,705,287	32,772,811	-	-	34,705,287	32,772,811
Legal services	4,074,382	3,456,782	-	-	4,074,382	3,456,782
Elections	2,431,498	2,025,750	-	-	2,431,498	2,025,750
Financial administration	7,545,414	6,885,418	-	-	7,545,414	6,885,418
Public facilities	72,057,612	63,860,067	-	-	72,057,612	63,860,067
Public safety	110,534,947	70,860,690	-	-	110,534,947	70,860,690
Health and welfare	27,909,010	25,349,849	-	-	27,909,010	25,349,849
Culture and recreation	10,445,137	9,949,881	-	-	10,445,137	9,949,881
Conservation	1,480,246	1,279,756	-	-	1,480,246	1,279,756
Public transportation	80,106,170	74,721,871	-	-	80,106,170	74,721,871
Debt service interest and fiscal charges	18,137,058	18,147,345	-	-	18,137,058	18,147,345
Toll Road	-	-	1,506,873	4,572,677	1,506,873	4,572,677
Total expenses	427,077,316	366,721,611	1,506,873	4,572,677	428,584,189	371,294,288
Increase (decrease) in net position before transfers	57,765,476	75,602,108	10,795,576	45,222,873	68,561,052	120,824,981
Transfers	-	338,402	-	(338,402)	-	-
Increase (decrease) in net position	57,765,476	75,940,510	10,795,576	44,884,471	68,561,052	120,824,981
Net Position - beginning	459,343,410	398,233,826	44,884,471	-	504,227,881	398,233,826
Prior period adjustment	2,923,136	(14,830,926)	-	-	2,923,136	(14,830,926)
Net Position - Beginning, as restated	462,266,546	383,402,900	44,884,471	-	507,151,017	383,402,900
Net Position - Ending	\$ 520,032,022	\$ 459,343,410	\$ 55,680,047	\$ 44,884,471	\$ 575,712,069	\$ 504,227,881

However, the County's overall net position increased from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

### ***Governmental Activities***

During the current fiscal year, net position for governmental activities increased by \$57,765,476 from the prior fiscal year, in addition to a prior period adjustment of \$2,923,136, attributing to the ending balance of \$520,032,022. Despite the requirement of GASB 68 to report a net pension liability of \$48,212,157, the government wide activities experienced an increase. This is in part due to a continued growth throughout the County which contributes to the boost in ad valorem tax receipts.

The County's total revenues of \$484,842,792 is an increase from the prior year. Property tax revenue accounts for \$229,719,148, or 47.4%, and is an increase over last year of \$26,179,472. Montgomery County continues to see increased population and commercial development. These both contribute greatly to increase appraisal values and subsequent tax collections.

Program revenues of fees, fines, forfeitures, and charges for services comprise \$146,981,482, or 30.3%; and grants and contributions encompass \$102,665,678, or 21.2% of total revenues of governmental



activities. This represents an increase in program revenues of \$16,591,723. State Operating Grants and Contributions were \$6,844,650, an increase of \$2,371,727 largely due to the inclusion of Adult Probation. Federal Capital Grants and Contributions experienced a decrease in the amount of \$7,212,896 primarily due to grant revenue received during 2015 from Texas Department of Transportation for the runway extension at North Houston Regional Airport that was not received in the current fiscal year.

Expenses for the year totaled \$427,077,316. The Public Transportation function accounted for \$80,106,170, or 18.8% of the total expenses in governmental activities. The increase in spending in the public transportation function (\$5,384,299) is due to several large road construction projects undertaken by the County during the fiscal year. These projects are primarily for widening and improvement of State-owned roads, creating expenditures with no offsetting asset capitalization.

The Public Safety function experienced an increase in expenses of \$39,674,257 over the previous year. The primary increase in expenses in this function is the result of the inclusion of Adult Probation expenses. Further contributing to the upturn in Public Safety expenses are increased Homeland Security grants, a more robust police force, and more comprehensive Fire Marshal efforts.

The Public Facilities function experienced an increase in expenses of \$8,197,545 over last year to \$72,057,612. This is primarily due to the increase of funding for the Joe Corley Detention Facility Contract, which is operating at near capacity year-round.

The Health and Welfare function expenses increased to \$27,909,010, an increase of \$2,559,161. This is due to an increase in funding for a vehicle emissions program in the amount of \$1,366,787. Also, during the current fiscal year, the County terminated the management and operations contract for the Animal Shelter. The Animal Shelter is currently managed by the County and is reported in the Health and Welfare function. This represents an increase in expenses of \$463,617 from the prior year.

### ***Business-type Activities***

For the County's business-type activities, the results for the current year were positive in that overall net position was \$55,680,047. Capital Grants and Contributions of \$10,882,724 comprised 88.5% of total revenues for business-type activities. Included in this amount is the purchase of toll gantries for the SH242 flyovers. MCTRA is in the beginning stages of expansion of a portion of Tomball Parkway to be used as a toll road. The SH242 Direct Connectors have been in service since July 2016. During fiscal year 2016 MCTRA receipted \$1,419,725 in toll revenue.

The government's ending net position of \$575,712,069 represents an increase of \$71,484,188 from the prior year's net position, inclusive of the prior period adjustments discussed earlier. The County's change in net position for governmental activities is summarized by the following chart:

**Montgomery County, Texas**  
**Change in Net Position**

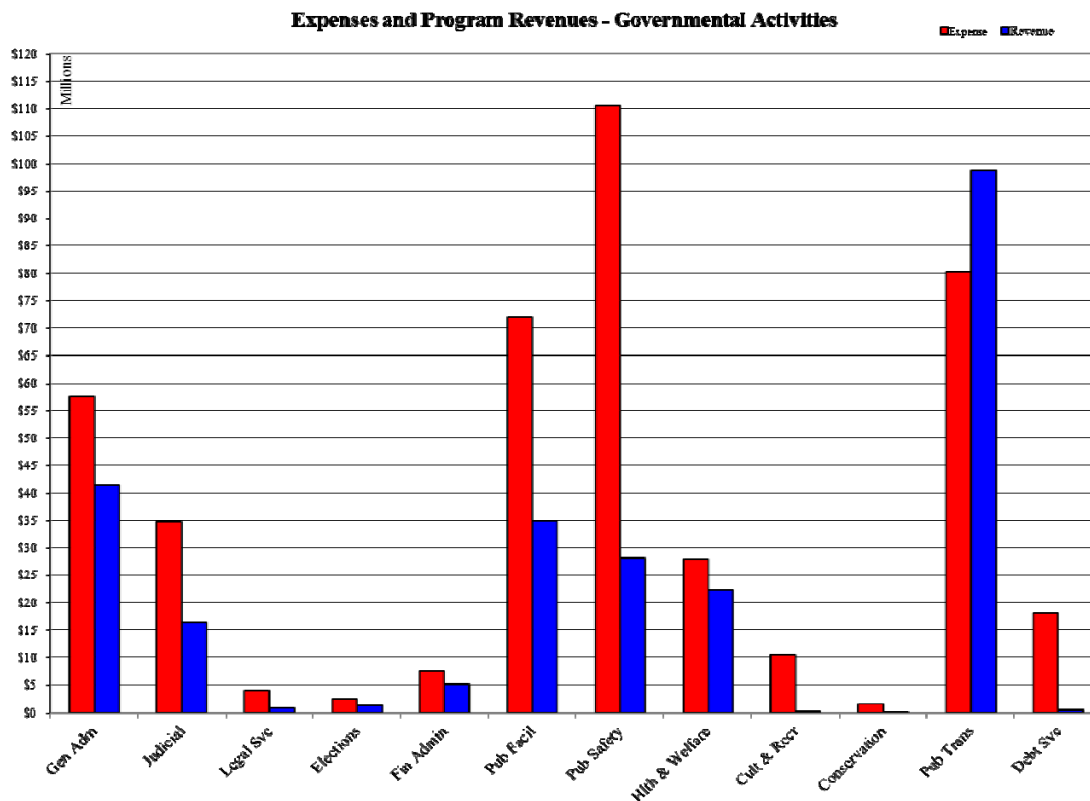
	<b>Governmental Activities</b>	
	<b>FY 2016</b>	<b>FY 2015</b>
<i>Governmental funds activity:</i>		
Total revenues	\$ 378,755,693	\$ 348,518,374
Total expenditures	370,086,406	344,337,728
Excess (Deficiency) of revenues over expenditures	8,669,287	4,180,646
Capital lease financing	595,566	622,106
Grant funds not reimbursed	(6,862)	
Issuance of Refunding Bonds	60,402,677	-
Issuance of general obligation bonds	51,662,323	-
Payment to refunded bond escrow agent	(73,331,090)	-
Premiums on obligations	22,414,184	(86,598)
Net change in fund balance	70,406,085	4,716,154
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	(8,013,118)	(14,564,001)
Expenditures made in addition to the annual required		
Net effect of capital asset sales, donations, trade-ins, etc.	65,446,003	58,107,897
Revenues not reported in funds because they do not provide current-period financial resources	(22,361,420)	4,094,322
Internal Service Funds which are not reported in funds but are reported in government wide activity	405,730	3,630,409
Enterprise Funds which are not reported in funds do not affect the current period	-	45,309,471
Long-term debt not reported in funds because it does not affect the current period	(39,294,610)	22,362,603
Expenses not reported in the funds because they do not use current-period financial resources	(8,823,194)	(2,831,874)
Total change in net position	\$ 57,765,476	\$ 120,824,981

This change in net position begins with the current year's differences between governmental revenues and expenditures (\$8,669,287) along with other financing sources and uses (\$61,736,798). Differences between capital assets added during the year and the depreciation related to all capital assets recorded, along with the effect of various capital assets transactions, such as dispositions and donations (\$57,432,885) also affect this change.

Other factors influencing the change in net position are those revenues and expenses that do not provide or require the use of current financial resources (\$31,184,614). GASB Statement No. 34 dictates that the County record an allowance for accounts that are unlikely to be collected. These allowances for doubtful accounts combine with items, such as deferrals of long-term balances not being paid in the current year, to constitute further changes in net position. Additionally, long-term debt, whether being issued or retired, has an effect on the change in net position (\$39,294,610). During the fiscal year, the County issued road bonds and an issuance of refunding debt. The County also reports a net pension liability (\$48,212,157) on the balance sheet.

The overall financial position of the County has improved over the last year. As mentioned earlier, there is an increase in net position of \$57,765,476. Moreover, the increase of \$5,463,047 in the combined fund balance of Montgomery County's two major operating funds, the General Fund and the Road and Bridge Fund, indicates continued improvement in overall financial position. As part of long-range planning, management has pledged to continue maintaining the level of the General fund's unassigned fund balance at an amount between 10 and 15 percent of annual operating expenditures.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2016 for governmental activities.

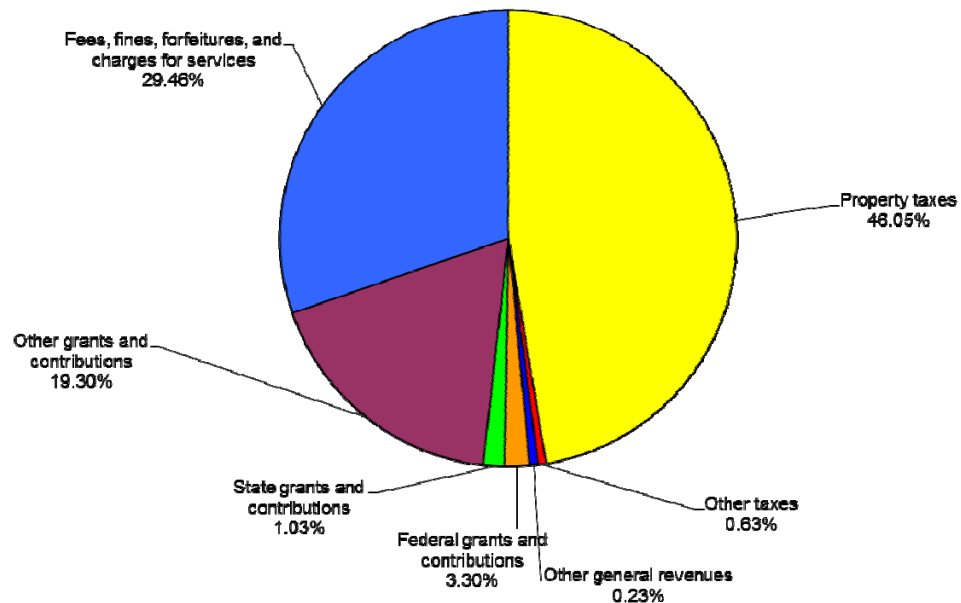


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$249,647,160 are comprised in large part (39.5%) of public transportation's revenues of \$98,683,599 and general administration's revenues of \$41,457,385 (16.6%). The public facilities function comprises 14% of program revenues with \$34,841,695, public safety makes up 11.3% of program revenues with \$28,102,504, and Health and Welfare covers 8.9% of program revenues with \$22,306,666. The expenses of these functions account for 18.8%, 13.5%, 16.9%, 25.9%, and 6.5%, respectively. As expected, general revenues provided the required support and coverage in areas where expenses exceeded revenues.
- The public transportation function experienced an increase in expenses of \$5,384,299 while also realizing a decrease in revenues of \$3,678,539. The increase in expenses is the result of an aggressive effort on the part of the Commissioners to complete road way projects, many of which are state-owned, located in the County. The continued and explosive growth in the County, sparked by the energy boom, provides the impetus for the Commissioners' actions. The decrease in revenues is due to a decrease in the amount of donations of roads received by the County.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2016.

**Revenues by Source - Governmental Activities**



## GOVERNMENTAL FUND FINANCIAL ANALYSIS

Montgomery County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are a means of providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Montgomery County's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2016, the County's governmental funds reported combined ending unassigned fund balances of \$40,619,824 that are available for spending at the County's discretion. The remainder of fund balances are categorized as non-spendable (\$106,290), restricted (\$136,956,785), committed (\$40,783,360) or assigned (\$60,412,232) to reflect the varying levels of liquidity.

Total assets and deferred outflows of resources in the General Fund amounted to \$196,781,476, accounting for 47.4% of total governmental fund assets. The total assets of other major funds, which include Road and Bridge Special Revenue Fund (\$32,086,153), the Debt Service Fund (\$49,914,654), and the Road Bonds, Series 2016 (\$55,528,716). Together, all major funds account for \$334,310,999 (80.6%) of the County's \$414,968,907 in total assets.

The County's General Fund balance increased by \$13,615,668 during the current fiscal year. Key factors in this increase are as follows:

- An increase in the appraised value of real and personal property, sparked by the influx of new residents, boosted current ad valorem tax revenues by \$19,469,457.
- Conservative spending policies and practices of the Commissioners' Court encouraged all aspects of the organization to reduce spending where possible.

The Road and Bridge Special Revenue Fund has a total fund balance of \$16,282,862 which is reported as \$3,559,105 restricted, \$4,444,582 as committed, and \$8,279,175 as assigned. The fund balance decreased by \$8,152,621 during the current year due to the increased focus of funding through the operating budgets of the Commissioners of various road maintenance projects to improve mobility.

The fund balance of \$48,577,323 in the Debt Service Fund is presented as fund balance restricted for debt service. The fund balance increased due to the receipt of funds from Texas Department of Transportation for the Pass-Through Toll Agreement.

The entire fund balance of the Road Bonds, Series 2016, \$42,942,760 is classified as restricted and represents amounts that are for specifically for Commissioners' Court approved road improvement projects.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The published budget of Montgomery County for fiscal 2016 was prepared on a modified accrual basis, and includes all elements required by Texas Local Government Code Section 111.034, applicable to counties of population more than 225,000 that do not have an appointed County Budget Officer. The original adopted budget of the General Fund includes revenues of \$225,005,825 and expenditures of \$214,755,015. The General Fund's final budget, as amended, contains revenues and other financing sources of \$250,511,689 and expenditures and other financing uses of \$253,279,385.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2016.

<b>General Fund Budget Variances Year Ended September 30, 2016</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance with Original Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 174,673,260	\$ 174,673,260	\$ -
Licenses and Permits	2,009,000	2,009,000	-
Fees	14,598,120	14,741,959	143,839
Intergovernmental	1,065,000	5,274,952	4,209,952
Charges for Services	2,865,350	3,267,269	401,919
Interest	332,910	333,154	244
Contract Reimbursements	13,047,185	14,763,607	1,716,422
Inmate Housing	15,800,000	32,712,111	16,912,111
Fines and Forfeitures	40,000	40,000	-
Miscellaneous	575,000	1,486,506	911,506
Total Revenues	<u>225,005,825</u>	<u>249,301,818</u>	<u>24,295,993</u>
Expenditures:			
General Administration	42,824,012	29,885,843	12,938,169
Judicial	20,664,231	21,736,219	(1,071,988)
Legal Services	3,281,599	3,351,311	(69,712)
Elections	1,341,836	1,496,173	(154,337)
Financial Administration	7,921,800	7,833,025	88,775
Public Facilities	48,436,946	67,143,540	(18,706,594)
Public Safety	70,786,429	80,727,558	(9,941,129)
Health and Welfare	7,512,425	11,317,475	(3,805,050)
Culture and Recreation	9,176,753	9,678,634	(501,881)
Conservation	655,224	689,776	(34,552)
Public Transportation	698,465	3,679,782	(2,981,317)
Miscellaneous	1,455,295	1,236,594	218,701
Total Expenditures	<u>214,755,015</u>	<u>238,775,930</u>	<u>(24,020,915)</u>
Excess Revenues Over Expenditures	<u>10,250,810</u>	<u>10,525,888</u>	<u>275,078</u>
Other Financing Sources/(Uses):			
Transfers In	-	968,256	968,256
Transfers Out	-	(14,503,455)	(14,503,455)
Capital Lease Financing	-	241,615	241,615
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(13,293,584)</u>	<u>(13,293,584)</u>
Net Change in Fund Balances	<u>10,250,810</u>	<u>(2,767,696)</u>	<u>(13,018,506)</u>
Fund Balance - Beginning	<u>87,974,383</u>	<u>97,598,977</u>	<u>9,624,594</u>
Fund Balance - Ending	<u>\$ 98,225,193</u>	<u>\$ 94,831,281</u>	<u>\$ (3,393,912)</u>

Final budgeted revenues were higher than originally planned by \$24,295,993. Intergovernmental revenue contained \$4,209,952 more in the final budget than in the original budget. This increase is largely due to the receipt of several large federal and state grants during the year that were not foreseen at the time the original budget was adopted.

The final budget for contract reimbursements was \$1,716,422 more than the original budget. During the original budget process, Commissioners' Court does not budget for funds that are not at the discretion of the County to spend. Additionally, during the course of the fiscal year, the County entered into several contracts for law enforcement services with local agencies. These contracts were also contributing factors to the increase in the budget for contract reimbursements.

The County has entered into agreements with the United States Marshals Service (USMS) and Immigration and Customs Enforcement (ICE) to house federal detainees. Fluctuations in the number of detainees throughout the fiscal year contributed to the increase of \$16,912,111 in the final budget over the original budget.

The originally unanticipated revenue partially offsets the expenditure differences of \$24,020,915 between the original budget and the final amended budget. The Public Transportation function had a final expenditure budget that is \$2,981,317 higher than the original budget. Contributing to this increase in budgeted expenditures are amounts allocated by the Commissioners' Court for the construction of The Federal Customs facility, opened in September 2016.

Funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2016. This practice reflects the County's policy of letting encumbrances lapse at year-end and re-appropriating them in the current year. This policy created increases in the amended budget for carryovers from the prior year in the Legal, Elections, Culture and Recreation and Conservation functions.

The General Administration function experienced a drop of \$12,938,169 in expenditures between the original and final amended budget. The County budgets its utility costs for the entire county in a cost center and allocates an estimated amount to each department at the beginning of the fiscal year. Fiscal year 2016 marked the first year that the County set aside funds for capital improvements. A budget of \$13,295,000 was established and transferred to an appropriate capital improvement fund as projects were identified.

The Health and Welfare function experienced a \$3,805,050 increase from the original budget primarily due to a grant awarded to the County during fiscal year 2016 for the repair of vehicles owned by low income individuals that fail emissions testing.

A \$9,941,129 increase in the final budget over the original budget for expenditures in the Public Safety function was the result of several factors, including encumbrance carryovers as mentioned above. Also contributing to the budgeted variances for the Public Safety function, is the County's participation in several contracts with the Federal government as well as local agencies for law enforcement services. During the course of the fiscal year, additional inter-local agreements were created with local agencies for the performance of security services. These additional contracts created increased expenditures for the County, but also created an increase in the revenue line supporting the associated expenditure.

The Public Facilities function had final budgeted expenditures \$18,706,594 higher than the original budget. This is directly related to the agreements that the County has entered into with the USMS and ICE for the care and custody of federal inmates, and the increase in the number of those inmates throughout the year.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2016.

<b>General Fund Budget Variances Year Ended September 30, 2016</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 174,673,260	\$ 173,161,197	\$ (1,512,063)
Licenses and Permits	2,009,000	2,269,367	260,367
Fees	14,741,959	17,681,015	2,939,056
Intergovernmental	5,274,952	5,658,070	383,118
Charges for Services	3,267,269	3,171,330	(95,939)
Investment Earnings	333,154	1,327,076	993,922
Contract Reimbursements	14,763,607	14,007,558	(756,049)
Inmate Housing	32,712,111	32,712,111	-
Fines and Forfeitures	40,000	78,244	38,244
Miscellaneous	1,486,506	2,970,962	1,484,456
Total Revenues	<u>249,301,818</u>	<u>253,036,930</u>	<u>3,735,112</u>
Expenditures:			
General Administration	29,885,843	23,183,539	6,702,304
Judicial	21,736,219	20,791,887	944,332
Legal Services	3,351,311	3,191,423	159,888
Elections	1,496,173	1,428,015	68,158
Financial Administration	7,833,025	7,067,579	765,446
Public Facilities	67,143,540	66,175,394	968,146
Public Safety	80,727,558	72,330,534	8,397,024
Health and Welfare	11,317,475	9,005,352	2,312,123
Culture and Recreation	9,678,634	9,329,041	349,593
Conservation	689,776	678,534	11,242
Public Transportation	3,679,782	3,216,633	463,149
Miscellaneous	1,236,594	-	1,236,594
Total Expenditures	<u>238,775,930</u>	<u>216,397,931</u>	<u>22,377,999</u>
Excess Revenues Over Expenditures	<u>10,525,888</u>	<u>36,638,999</u>	<u>26,113,111</u>
Other Financing Sources/(Uses):			
Transfers In	968,256	2,296,329	1,328,073
Transfers Out	(14,503,455)	(25,319,660)	(10,816,205)
Capital Lease Financing	241,615	-	(241,615)
Total Other Financing Sources/(Uses)	<u>(13,293,584)</u>	<u>(23,023,331)</u>	<u>(9,729,747)</u>
Net Change in Fund Balances	<u>(2,767,696)</u>	<u>13,615,668</u>	<u>16,383,364</u>
Fund Balance - Beginning	97,598,977	97,598,977	-
Fund Balance - Ending	<u>\$ 94,831,281</u>	<u>\$ 111,214,645</u>	<u>\$ 16,383,364</u>

Actual revenues exceeded budgeted revenues by \$3,735,112. Fee increases approved by the State Legislature and an increase in investment earnings comprise a share of the increase (\$3,932,978) and serve to offset the shortfall in taxes, charges for service and contract reimbursements.



Actual expenditures were \$22,377,999 lower than final budgeted expenditures. The General Administration function contributed \$6,702,304 toward that amount. The County's policy for multiple year grants is to budget the entire grant in the year in which it is awarded, even though all expenditures may not be realized in the initial year. This can lead to a seemingly large, unspent budget. Additionally, funding for capital improvement projects was budgeted in 2016 but not spent during the year amounting to \$5,184,702.

All departments in the Public Safety function of the General Fund expended less than was approved in the final amended budget by \$8,397,024. The difference is primarily due to the fact that grants, most notably grants awarded by the Department of Homeland Security, which span multiple County fiscal years or are awarded late in the fiscal year contain monies that are spent in subsequent years. Additionally, unanticipated turnover in the Sheriff's office left the department with excess salary and benefits funds as well as the supplies needed for those positions.

The Health and Welfare function showed actual expenditures less than the final budget by \$2,312,123, primarily due to the grant awarded by the Texas Commission on Environmental Quality (TCEQ), Low Income Repair Assistance Program (LIRAP), spanning multiple fiscal years.

The actual net change in fund balance was \$16,383,364 more than anticipated with the final budget. This is the result of a reduction in actual expenditures that included sufficient amounts to cover transfers to other funds as well as the decrease in actual revenues. The Jury Special Revenue Fund received \$9,268,602 more than shown in the final budget. In the Jury Special Revenue Fund the emphasis is on providing a service. That service is in the form of a court system. This fund is not expected in any year to provide enough revenues to adequately fund its own services. Therefore, it is anticipated that the General Fund will service the expenditures of this fund every year. Transfers in and out simply provide a mechanism to move funds from one self-balancing set of accounts (a fund) to another self-balancing set of accounts.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

Montgomery County's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounted to \$820,731,399 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, improvements, equipment, intangibles, infrastructure that was purchased, completed or donated since the fiscal year 1981, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Additions to the buildings category of \$5,360,253 consisted primarily of the purchase of the federal customs building at the Conroe North Houston Regional Airport, improvements to barn in Precinct 3, HVAC upgrade at the East County Courthouse, improvements to the Lone Star Convention Center.
- Vehicles and other various equipment items were acquired at a cost of \$2,746,111.
- A variety of projects for both new infrastructure construction and for expansion or updating of existing infrastructure were ongoing during the year. Infrastructure projects completed in 2016 amounted to \$16,484,292.

- Montgomery County continues to grow; it is continually ranked in the top 100 fastest growing counties in the nation<sup>1</sup>. This brisk growth brings with it a need for vast improvements to a rural infrastructure system that must also cope with an influx of traffic. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$64,779,596.
- Expenditures of \$3,725,974 were incurred for construction that was in progress throughout the year. Projects that were capitalized from ongoing construction throughout the year totaled \$4,909,464. These include the federal customs building at the Conroe North Houston Regional Airport, clinic expansion at the East County Community Development Center, building purchase used for patrol and future fleet ops among various other projects.
- Increases in assets for governmental and business-type activities were offset by depreciation expense of \$52,520,794.

**Montgomery County, Texas**  
**Capital Assets**  
**(net of depreciation)**  
**September 30, 2016**  
**with Comparative Totals for September 30, 2015**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
Land	\$ 80,953,544	\$ 60,276,253	\$ 60,315,827	\$ 45,949,353	\$ 141,269,371	\$ 106,225,606
Buildings	139,136,955	138,838,661	-	-	139,136,955	138,838,661
Improvements	7,903,750	8,959,953	-	-	7,903,750	8,959,953
Equipment	33,866,025	30,591,047	-	-	33,866,025	30,591,047
Infrastructure	497,961,290	462,554,499	-	-	497,961,290	462,554,499
Construction in Progress	594,008	1,777,498	-	-	594,008	1,777,498
Total	<u>\$ 760,415,572</u>	<u>\$ 702,997,911</u>	<u>\$ 60,315,827</u>	<u>\$ 45,949,353</u>	<u>\$ 820,731,399</u>	<u>\$ 748,947,264</u>

Efforts to assist constituents in obtaining services and the County's obligation to provide those services in a rapidly growing county come with many challenges. During the fiscal year, the County completed several major remodeling projects including, but not limited to, an HVAC upgrade at East County Courthouse, floor replacement at the Lone Star Convention Center, and various audio visual equipment installations. In addition, various construction projects and renovations are underway in the County and include the expansion at the Meador Library, district one building remodel and HVAC upgrade at the Animal Shelter. Furthermore, the County began the massive undertaking of a jail expansion/construction to serve the needs of the County now and in the future.

More information on the County's capital assets can be found in Note 7 starting on page 64 of this report.

<sup>1</sup> <http://www.census.gov>

### ***Long-Term Debt***

At September 30, 2016, Montgomery County had total bonded debt outstanding of \$426,470,000. Commissioners' Court keeps maturity dates confined to no more than 30 years. Moody's increased the County's underlying rating to "AAA" during 2016. The County has maintained an underlying rating by Standard & Poor's of "AA+".

The County issues three types of debt; general obligation bonds are approved by the voters of the County while revenue bonds and certificates of obligation are approved by Commissioners' Court. Of the County's total debt, \$315,110,000 corresponds to general obligation debt, \$52,825,000 is in the form of revenue bonds and \$58,535,000 represents certificates of obligation. Montgomery County's total bonded debt had an increase of \$25,470,000 during 2016 due to the issuance of road bonds and refunding bonds.

The following table represents the entire long-term debt of the County at September 30, 2016 on a comparative basis.

**Montgomery County, Texas  
Governmental Activities  
Outstanding Long-Term Debt**

	<b>FY 2016</b>	<b>FY 2015</b>
General obligation bonds	\$ 315,110,000	\$ 269,415,000
Lease Revenue Bonds	52,825,000	60,585,000
Certificates of obligation	58,535,000	71,000,000
Capital Leases	5,893,321	7,694,658
Premiums, net of discounts	43,468,294	26,085,333
Compensated absences	14,255,347	13,019,590
Medical Obligation	3,616,159	3,622,386
Worker's Comp Obligation	1,347,167	977,932
Net Pension Liability	48,212,157	24,229,025
OPEB Liability	69,425,543	57,715,279
Total	<u>\$ 612,687,988</u>	<u>\$ 534,344,203</u>

The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds that may be issued is limited to 25% of the assessed valuation of real property in the County. The current debt limitation for the County is \$12,328,827,266, which is significantly greater than the County's outstanding debt obligation.

Additional information on Montgomery County's long-term debt can be found in Note 9 beginning on page 66 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for the County is currently 4.3%<sup>2</sup>, which is consistent of a rate of 4.3% a year ago. This compares favorably to the State's average unemployment rate of 4.9%<sup>3</sup> and the national average rate of 4.9%<sup>4</sup>.
- The estimated debt service obligation increased by \$4,361,948 in fiscal year 2017 to \$55,421,672. This increase is due entirely to the County's efforts to reduce the reliance on the state's pass through toll reimbursements which are scheduled to end during fiscal year 2017.
- The County began budgeting for various capital improvements through the annual budget process rather than relying on the issuance of debt. Contained within the fiscal year 2017 budget is funding in the amount of \$8,080,778 for this endeavor.
- The County created a budget review committee that studied ways to build a more fiscally conservative budget while striving to maintain services for the citizenry.

All of these factors were considered in preparing the Adopted Budget of Montgomery County, Texas for the fiscal year ending September 30, 2017.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Montgomery County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Montgomery County Auditor, P. O. Box 539, Conroe, Texas 77305-0539.

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<sup>2</sup> The Work Source. <http://www.wrksolutions.com/Documents/Employer/LMI/unemploymentrates/LAUSHISTORY.pdf>.

<sup>3</sup> The Work Source. <http://www.wrksolutions.com/Documents/Employer/LMI/unemploymentrates/LAUSHISTORY.pdf>.

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics. <http://data.bls.gov/timeseries/LNS14000000>.

## **BASIC FINANCIAL STATEMENTS**

**MONTGOMERY COUNTY, TEXAS**

**Statement of Net Position**

**September 30, 2016**

EXHIBIT I

	Governmental Activities	Business -Type Activities	Total
<b>ASSETS:</b>			
Cash	\$ 87,713,317	\$ 762,757	\$ 88,476,074
Investments	209,205,728	-	209,205,728
Cash, Restricted for Retainage	760,621	-	760,621
Receivables:			
Taxes (net)	6,295,480	-	6,295,480
Accounts (net)	3,818,695	90,777	3,909,472
Interest	285,417	-	285,417
Internal Balances	5,107,790	(5,107,790)	-
Due from Other Governments	31,666,120	51	31,666,171
Prepaid Items	106,290	-	106,290
Capital Assets, net of accumulated depreciation:			
Land	80,953,544	-	80,953,544
Buildings	139,136,955	-	139,136,955
Improvements	7,903,750	-	7,903,750
Equipment	33,866,025	-	33,866,025
Infrastructure	497,961,290	60,315,827	558,277,117
Construction in Progress	594,008	-	594,008
Total Assets	<u>1,105,375,030</u>	<u>56,061,622</u>	<u>1,161,436,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows from Pensions	48,485,525	-	48,485,525
Deferred Charge on Refunding	16,482,258	-	16,482,258
Total Deferred Outflows of Resources	<u>64,967,783</u>	<u>-</u>	<u>64,967,783</u>
<b>LIABILITIES:</b>			
Accounts Payable	24,026,609	366,275	24,392,884
Retainage Payable	841,404	-	841,404
Accrued Interest Payable	1,658,177	-	1,658,177
Due to Other Governments	7,761	-	7,761
Unearned Revenue	7,925,411	15,300	7,940,711
Noncurrent Liabilities:			
Due within one year	41,543,464	-	41,543,464
Due in more than one year	571,144,524	-	571,144,524
Total Liabilities	<u>647,147,350</u>	<u>381,575</u>	<u>647,528,925</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows from Pensions	3,163,441	-	3,163,441
Total Deferred Inflows of Resources	<u>3,163,441</u>	<u>-</u>	<u>3,163,441</u>
<b>NET POSITION:</b>			
Net investment in capital assets	386,697,807	60,315,827	447,013,634
Restricted for:			
Capital Projects	30,239,377	-	30,239,377
Debt Service	32,891,729	-	32,891,729
Unrestricted	70,203,109	(4,635,780)	65,567,329
Total Net Position	<u>\$ 520,032,022</u>	<u>\$ 55,680,047</u>	<u>\$ 575,712,069</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Activities**  
**Year Ended September 30, 2016**

EXHIBIT II

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, Forfeitures, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Current:							
General Administration	\$ 57,650,555	\$ 41,420,399	\$ 36,986	\$ -	\$ (16,193,170)	\$ -	\$ (16,193,170)
Judicial	34,705,287	14,825,718	1,520,557	58,380	(18,300,632)	-	(18,300,632)
Legal Services	4,074,382	541,310	156,781	-	(3,376,291)	-	(3,376,291)
Elections	2,431,498	144,118	993,001	-	(1,294,379)	-	(1,294,379)
Financial Administration	7,545,414	5,154,306	-	-	(2,391,108)	-	(2,391,108)
Public Facilities	72,057,612	34,745,935	95,760	-	(37,215,917)	-	(37,215,917)
Public Safety	110,534,947	21,269,829	4,714,388	2,118,287	(82,432,443)	-	(82,432,443)
Health and Welfare	27,909,010	16,628,893	5,299,393	378,380	(5,602,344)	-	(5,602,344)
Culture and Recreation	10,445,137	156,840	134,781	-	(10,153,516)	-	(10,153,516)
Conservation	1,480,246	172,656	-	-	(1,307,590)	-	(1,307,590)
Public Transportation	80,106,170	11,921,478	186,376	86,575,745	18,577,429	-	18,577,429
Debt Service Interest and						-	
Fiscal Charges	18,137,058	-	-	396,863	(17,740,195)	-	(17,740,195)
Total Governmental Activities	<u>\$ 427,077,316</u>	<u>\$ 146,981,482</u>	<u>\$ 13,138,023</u>	<u>\$ 89,527,655</u>	<u>(177,430,156)</u>	<u>-</u>	<u>(177,430,156)</u>
Business-type activities:							
Toll Road	\$ 1,506,873	\$ 1,419,725	\$ -	\$ 10,882,724	-	10,795,576	10,795,576
Total business-type activities	<u>\$ 1,506,873</u>	<u>\$ 1,419,725</u>	<u>\$ -</u>	<u>\$ 10,882,724</u>	<u>-</u>	<u>10,795,576</u>	<u>10,795,576</u>
General Revenues:							
Property Taxes					229,719,148	-	229,719,148
Other Taxes					114,183	-	114,183
Mixed Beverage Taxes					2,132,485	-	2,132,485
Bingo Taxes					164,756	-	164,756
Vehicle Weight Tax					346,367	-	346,367
Unrestricted Investment Earnings					2,179,522	-	2,179,522
Gain on Sale of Capital Assets					539,171	-	539,171
Total General Revenues					<u>235,195,632</u>	<u>-</u>	<u>235,195,632</u>
Change in Net Position					<u>57,765,476</u>	<u>10,795,576</u>	<u>68,561,052</u>
Net Position - Beginning					<u>459,343,410</u>	<u>44,884,471</u>	<u>504,227,881</u>
Prior Period Adjustment					<u>2,923,136</u>	<u>-</u>	<u>2,923,136</u>
Net Position - Beginning, as Restated					<u>462,266,546</u>	<u>44,884,471</u>	<u>507,151,017</u>
Net Position - Ending					<u>\$ 520,032,022</u>	<u>\$ 55,680,047</u>	<u>\$ 575,712,069</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Balance Sheet**

**Governmental Funds**

**September 30, 2016**

	General	Road and Bridge	Debt Service
<b><u>ASSETS:</u></b>			
Cash	\$ 50,223,068	\$ 2,261,637	\$ 18,680,007
Investments	89,108,510	27,915,347	29,072,969
Cash, Restricted for Retainage	236,505	524,116	-
Receivables:			
Taxes (net)	4,683,797	641,527	970,156
Accounts (net)	2,362,154	282,871	-
Interest	285,417	-	-
Due from Other Funds	42,474,747	-	1,191,522
Due from Other Governments	7,407,278	460,655	-
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 196,781,476</u></b>	<b><u>\$ 32,086,153</u></b>	<b><u>\$ 49,914,654</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 15,537,147	\$ 2,266,943	\$ -
Retainage Payable	236,505	524,116	-
Due to Other Funds	60,256,826	12,349,014	402,411
Due to Other Governments	7,590	-	-
Unearned Revenue	4,940,744	-	-
Total liabilities	<u>80,978,812</u>	<u>15,140,073</u>	<u>402,411</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue: Property Taxes	4,588,019	663,218	934,920
Total Deferred inflows of resources	<u>4,588,019</u>	<u>663,218</u>	<u>934,920</u>
<b><u>FUND BALANCES:</u></b>			
Nonspendable	-	-	-
Restricted	3,119,811	3,559,105	48,577,323
Committed	16,794,364	4,444,582	-
Assigned	50,680,646	8,279,175	-
Unassigned	40,619,824	-	-
Total Fund Balances	<u>111,214,645</u>	<u>16,282,862</u>	<u>48,577,323</u>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>	<b><u>\$ 196,781,476</u></b>	<b><u>\$ 32,086,153</u></b>	<b><u>\$ 49,914,654</u></b>

See accompanying notes to the financial statements.



## EXHIBIT III

Road Bonds Series 2016	Other Governmental Funds	Total Governmental Funds
\$ 1,182	\$ 16,489,632	\$ 87,655,526
55,125,123	7,983,779	209,205,728
-	-	760,621
-	-	6,295,480
-	409,468	3,054,493
-	-	285,417
402,411	31,893,734	75,962,414
-	23,775,005	31,642,938
-	106,290	106,290
<u>\$ 55,528,716</u>	<u>\$ 80,657,908</u>	<u>\$ 414,968,907</u>
\$ 1,993,781	\$ 3,058,009	\$ 22,855,880
80,783	-	841,404
10,511,392	14,754,160	98,273,803
-	171	7,761
-	2,984,667	7,925,411
<u>12,585,956</u>	<u>20,797,007</u>	<u>129,904,259</u>
-	-	6,186,157
-	-	6,186,157
-	106,290	106,290
42,942,760	38,757,786	136,956,785
-	19,544,414	40,783,360
-	1,452,411	60,412,232
-	-	40,619,824
<u>42,942,760</u>	<u>59,860,901</u>	<u>278,878,491</u>
<u>\$ 55,528,716</u>	<u>\$ 80,657,908</u>	<u>\$ 414,968,907</u>



**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Balance Sheet of the Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2016**

Total fund balances - governmental funds (page 35) \$ 278,878,491

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

Capital assets used in governmental activities are  
not financial resources and therefore are not reported in the  
funds. These capital assets (net of accumulated

Land	\$ 80,953,544	
Buildings	138,321,484	
Improvements	7,903,032	
Equipment	33,791,554	
Infrastructure	497,961,290	
Construction in Progress	594,008	
Total Capital Assets		759,524,912

Property taxes earned that are not available to pay for  
current-period expenditures are deferred in the funds. 6,186,157

Internal Service Funds are used by management to charge the costs  
of certain activities to individual funds. The assets and liabilities of  
internal service funds are included in governmental activities in the  
statement of net position. 23,020,958

Some liabilities are not due and payable in the current  
period and therefore are not reported in the funds. Those  
liabilities consist of:

Accrued Interest payable	\$ (1,658,176)	
Bonds and capital leases payable, net	(475,831,615)	
OPEB Liability	(69,425,543)	
Deferred charge on refunding	16,482,258	
Deferred amounts for pensions	45,322,084	
Net Pension Liability	(48,212,157)	
Compensated absences	(14,255,347)	
Total future period liabilities		(547,578,496)
Net position of governmental activities		\$ 520,032,022

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2016**

	General	Road and Bridge	Debt Service
<b>REVENUES:</b>			
Taxes	\$ 173,161,197	\$ 23,744,059	\$ 35,089,264
Licenses and Permits	2,269,367	6,760,543	-
Fees	17,681,015	-	-
Intergovernmental	5,658,070	2,084,698	17,844,163
Charges for Services	3,171,330	170,406	-
Investment Earnings	1,327,076	133,285	429,861
Contract Reimbursements	14,007,558	219,844	-
Inmate Housing	32,712,111	-	-
Fines and Forfeitures	78,244	2,470,549	-
Miscellaneous	2,970,962	2,247,465	-
<b>TOTAL REVENUES</b>	<b>253,036,930</b>	<b>37,830,849</b>	<b>53,363,288</b>
<b>EXPENDITURES:</b>			
Current:			
General Administration	23,183,539	11,036	-
Judicial	20,791,887	-	-
Legal Services	3,191,423	-	-
Elections	1,428,015	-	-
Financial Administration	7,067,579	-	-
Public Facilities	66,175,394	625,837	-
Public Safety	72,330,534	-	-
Health and Welfare	9,005,352	600,825	-
Culture and Recreation	9,329,041	-	-
Conservation	678,534	748,188	-
Public Transportation	3,216,633	47,407,073	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	21,360,000
Interest and Fiscal Charges	-	-	18,423,044
Issuance Costs	-	-	234,486
<b>TOTAL EXPENDITURES</b>	<b>216,397,931</b>	<b>49,392,959</b>	<b>40,017,530</b>
Excess (Deficiency) Revenues Over Expenditures	<b>36,638,999</b>	<b>(11,562,110)</b>	<b>13,345,758</b>
<b>OTHER FINANCING SOURCES/(USES):</b>			
Transfers In	2,296,329	3,575,120	2,353,420
Transfers Out	(25,319,660)	(761,197)	(171,823)
Grant Funds Not Reimbursed	-	-	-
Capital Lease Financing	-	595,566	-
Issuance of General Obligation Debt	-	-	-
Issuance of Refunding Bonds	-	-	60,402,677
Premium on Refunding Bonds Issued	-	-	13,524,928
Premium on General Obligation Debt Issued	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	(73,331,090)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>(23,023,331)</b>	<b>3,409,489</b>	<b>2,778,112</b>
Net Change in Fund Balances	<b>13,615,668</b>	<b>(8,152,621)</b>	<b>16,123,870</b>
Fund Balances at Beginning of Year	<b>97,598,977</b>	<b>24,435,483</b>	<b>32,453,453</b>
Prior Period Adjustment	-	-	-
Fund Balances at Beginning of Year- as restated	<b>97,598,977</b>	<b>24,435,483</b>	<b>32,453,453</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 111,214,645</b>	<b>\$ 16,282,862</b>	<b>\$ 48,577,323</b>

See accompanying notes to the financial statements.

## EXHIBIT IV

Road Bonds Series 2016	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 231,994,520
-	-	9,029,910
-	2,935,430	20,616,445
-	10,396,552	35,983,483
-	3,373,535	6,715,271
225,411	63,804	2,179,437
-	15,957,013	30,184,415
-	-	32,712,111
-	1,371,668	3,920,461
-	201,213	5,419,640
225,411	34,299,215	378,755,693
-	1,286,832	24,481,407
-	12,652,271	33,444,158
-	701,137	3,892,560
-	813,397	2,241,412
-	-	7,067,579
-	-	66,801,231
-	9,087,376	81,417,910
-	17,694,385	27,300,562
-	103,145	9,432,186
-	-	1,426,722
-	1,158,985	51,782,691
17,471,825	2,774,405	20,246,230
-	-	21,360,000
320,241	-	18,743,285
213,987	-	448,473
18,006,053	46,271,933	370,086,406
(17,780,642)	(11,972,718)	8,669,287
171,823	20,963,144	29,359,836
-	(3,107,156)	(29,359,836)
-	(6,862)	(6,862)
-	-	595,566
51,662,323	-	51,662,323
-	-	60,402,677
-	-	13,524,928
8,889,256	-	8,889,256
-	-	(73,331,090)
60,723,402	17,849,126	61,736,798
42,942,760	5,876,408	70,406,085
-	51,061,357	205,549,270
-	2,923,136	2,923,136
-	53,984,493	208,472,406
\$ 42,942,760	\$ 59,860,901	\$ 278,878,491



**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of the Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2016**

Amounts reported for governmental activities in the statement of activities (page 33) are different because:

Net change in fund balances - total governmental funds (page 39)	\$ 70,406,085
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(8,013,118)
The net effect of various miscellaneous transactions involving capital assets.	65,446,003
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(22,361,420)
The issuance of long-term debt (e.g., bonds, leases) provides repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(39,294,610)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities.	405,730
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
The changes in these expenditures are as follows:	
Compensated absences	\$ (1,235,757)
Bond interest owed but not yet paid	(104,020)
Amortization of deferred amounts	3,267,534
Net Pension Liability and Deferred Amounts Related to Pension	959,313
OPEB Obligation	(11,710,264)
	(8,823,194)
Change in net position of governmental activities	\$ 57,765,476

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**General Fund**  
**Year Ended September 30, 2016**

EXHIBIT V  
Page 1 of 2

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Taxes	\$174,673,260	\$174,673,260	\$173,161,197	\$ (1,512,063)
Licenses and Permits	2,009,000	2,009,000	2,269,367	260,367
Fees	14,598,120	14,741,959	17,681,015	2,939,056
Intergovernmental	1,065,000	5,274,952	5,658,070	383,118
Charges for Services	2,865,350	3,267,269	3,171,330	(95,939)
Investment Earnings	332,910	333,154	1,327,076	993,922
Contract Reimbursements	13,047,185	14,763,607	14,007,558	(756,049)
Inmate Housing	15,800,000	32,712,111	32,712,111	-
Fines and Forfeitures	40,000	40,000	78,244	38,244
Miscellaneous	575,000	1,486,506	2,970,962	1,484,456
<b><u>TOTAL REVENUES</u></b>	<b>225,005,825</b>	<b>249,301,818</b>	<b>253,036,930</b>	<b>3,735,112</b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	42,824,012	29,885,843	23,183,539	6,702,304
Judicial	20,664,231	21,736,219	20,791,887	944,332
Legal Services	3,281,599	3,351,311	3,191,423	159,888
Elections	1,341,836	1,496,173	1,428,015	68,158
Financial Administration	7,921,800	7,833,025	7,067,579	765,446
Public Facilities	48,436,946	67,143,540	66,175,394	968,146
Public Safety	70,786,429	80,727,558	72,330,534	8,397,024
Health and Welfare	7,512,425	11,317,475	9,005,352	2,312,123
Culture and Recreation	9,176,753	9,678,634	9,329,041	349,593
Conservation	655,224	689,776	678,534	11,242
Public Transportation	698,465	3,679,782	3,216,633	463,149
Miscellaneous	1,455,295	1,236,594	-	1,236,594
<b><u>TOTAL EXPENDITURES</u></b>	<b>214,755,015</b>	<b>238,775,930</b>	<b>216,397,931</b>	<b>22,377,999</b>
Excess Revenues Over Expenditures	10,250,810	10,525,888	36,638,999	26,113,111
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	968,256	2,296,329	1,328,073
Transfers Out	-	(14,503,455)	(25,319,660)	(10,816,205)
Capital Lease Financing	-	241,615	-	(241,615)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b>-</b>	<b>(13,293,584)</b>	<b>(23,023,331)</b>	<b>(9,729,747)</b>
Net Change in Fund Balances	10,250,810	(2,767,696)	13,615,668	16,383,364
Fund Balances at Beginning of Year	97,598,977	97,598,977	97,598,977	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b>\$ 98,225,193</b>	<b>\$ 94,831,281</b>	<b>\$ 111,214,645</b>	<b>\$ 16,383,364</b>

See accompanying notes to the financial statements.



**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Road and Bridge Fund**  
**Year Ended September 30, 2016**

EXHIBIT V  
Page 2 of 2

	<u>Road and Bridge Fund</u>			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Taxes	\$ 24,144,550	\$ 24,144,550	\$ 23,744,059	\$ (400,491)
Licenses and Permits	6,320,500	6,320,500	6,760,543	440,043
Intergovernmental	140,000	2,475,339	2,084,698	(390,641)
Charges for Services	-	169,149	170,406	1,257
Investment Earnings	14,000	14,000	133,285	119,285
Contract Reimbursements	-	201,058	219,844	18,786
Fines and Forfeitures	3,000,000	3,000,000	2,470,549	(529,451)
Miscellaneous	-	1,926,189	2,247,465	321,276
<b><u>TOTAL REVENUES</u></b>	<u>33,619,050</u>	<u>38,250,785</u>	<u>37,830,849</u>	<u>(419,936)</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	-	25,000	11,036	13,964
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	521,948	906,022	625,837	280,185
Health and Welfare	-	600,825	600,825	-
Conservation	592,627	1,230,451	748,188	482,263
Public Transportation	32,504,476	63,428,692	47,407,073	16,021,619
<b><u>TOTAL EXPENDITURES</u></b>	<u>33,619,051</u>	<u>66,190,990</u>	<u>49,392,959</u>	<u>16,798,031</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(1)</u>	<u>(27,940,205)</u>	<u>(11,562,110)</u>	<u>16,378,095</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	3,575,120	3,575,120	-
Transfers Out	-	(761,197)	(761,197)	-
Capital Lease Financing	-	595,566	595,566	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>3,409,489</u>	<u>3,409,489</u>	<u>-</u>
Net Change in Fund Balances	(1)	(24,530,716)	(8,152,621)	16,378,095
Fund Balances at Beginning of Year	24,435,483	24,435,483	24,435,483	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 24,435,482</u>	<u>\$ (95,233)</u>	<u>\$ 16,282,862</u>	<u>\$ 16,378,095</u>

See accompanying notes to the financial statements.



**MONTGOMERY COUNTY, TEXAS****Statement of Net Position****Proprietary Funds****September 30, 2016**

EXHIBIT VI

	<u>Enterprise Fund</u>	
	<u>Toll Road</u>	<u>Internal Service</u>
	<u>Authority</u>	<u>Funds</u>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 762,757	\$ 57,791
Accounts	90,777	764,202
Due from other funds	-	27,419,179
Due from other governments	51	23,182
Total Current Assets	<u>853,585</u>	<u>28,264,354</u>
Capital Assets (net of accumulated depreciation):		
Buildings	-	815,471
Improvements	-	718
Equipment	-	74,471
Infrastructure	60,315,827	-
Total Capital Assets	<u>60,315,827</u>	<u>890,660</u>
Total Assets	<u>61,169,412</u>	<u>29,155,014</u>
<b><u>LIABILITIES:</u></b>		
Current Liabilities:		
Accounts Payable	366,275	1,170,729
Claims Payable	-	4,963,327
Due to Other Funds	5,107,790	-
Unearned Revenue	15,300	-
Total Current Liabilities	<u>5,489,365</u>	<u>6,134,056</u>
Total Liabilities	<u>5,489,365</u>	<u>6,134,056</u>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	60,315,827	890,660
Unrestricted	(4,635,780)	22,130,298
Total Net Position	<u>\$ 55,680,047</u>	<u>\$ 23,020,958</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2016**

EXHIBIT VII

	<u>Enterprise Fund</u>	
	Toll Road Authority	Internal Service Funds
<b><u>OPERATING REVENUES:</u></b>		
Charges for Service	\$ 1,419,725	\$ 33,346,577
Miscellaneous	-	126,452
Total Operating Revenues	<u>1,419,725</u>	<u>33,473,029</u>
<b><u>OPERATING EXPENSES</u></b>		
Supplies	-	20,478
Services	440,522	33,005,584
Depreciation	1,066,351	41,237
Total Operating Expenses	<u>1,506,873</u>	<u>33,067,299</u>
Operating Income(Loss)	<u>(87,148)</u>	<u>405,730</u>
<b><u>NON-OPERATING REVENUES</u></b>		
Investment Earnings	<u>1</u>	<u>-</u>
Total Non-Operating Revenues	<u>1</u>	<u>-</u>
Income (Loss) before capital contributions and transfers	(87,147)	405,730
Capital Contributions - Governmental Funds	772,723	-
Capital Contributions - Grants	<u>10,110,000</u>	<u>-</u>
Change in Net Position	10,795,576	405,730
Total net position - beginning	<u>44,884,471</u>	<u>22,615,228</u>
Total net position - ending	<u><u>\$ 55,680,047</u></u>	<u><u>\$ 23,020,958</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2016**

EXHIBIT VIII

	Enterprise Fund	
	Toll Road Authority	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 1,399,703	\$ 37,385,165
Payments to vendors	3,776,241	-
Receipts from others	-	126,452
Benefits Paid	-	(38,118,279)
Net cash provided (used) by operating activities	<u>5,175,944</u>	<u>(606,662)</u>
Cash flows from noncapital financing activities:		
Intergovernmental contributions	10,125,250	6,302
Net cash provided by noncapital financing activities	<u>10,125,250</u>	<u>6,302</u>
Cash flows from capital financing activities:		
Acquisition and construction of capital assets	(14,660,102)	(26,012)
Net cash used by capital financing activities	<u>(14,660,102)</u>	<u>(26,012)</u>
Net increase (decrease) in cash and cash equivalents	<u>641,092</u>	<u>(626,372)</u>
Cash and cash equivalents - October 1, 2015	<u>121,665</u>	<u>684,163</u>
Cash and cash equivalents - September 30, 2016	<u>\$ 762,757</u>	<u>\$ 57,791</u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:		
Operating income (loss)	\$ (87,148)	\$ 405,730
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in due from other funds	4,084,183	(2,209,189)
Depreciation expense	1,066,351	41,237
(Increase) decrease in accounts receivable	(20,022)	-
(Increase) decrease in intergovernmental receivable	-	40,882
Increase (decrease) in accounts payable	132,580	1,114,678
Total adjustments	<u>5,263,092</u>	<u>(1,012,392)</u>
Net cash provided (used) by operating activities	<u>\$ 5,175,944</u>	<u>\$ (606,662)</u>
Schedule of non-cash capital and related financing activities:		
Contributions of capital assets - Governmental Funds	\$ 772,723	\$ -

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**As of September 30, 2016**

EXHIBIT IX

Agency Funds

**ASSETS:**

Cash

\$ 18,680,631

**TOTAL ASSETS**

\$ 18,680,631

**LIABILITIES:**

Due to Others

\$ 18,680,631

**TOTAL LIABILITIES**

\$ 18,680,631

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Montgomery County, Texas have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to local government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

**A) REPORTING ENTITY:**

Montgomery County, Texas (the County) was created in 1837. The County is a political subdivision of the State of Texas. The Commissioners' Court, composed of the County Judge and four Commissioners, governs the County. The following services are provided for the citizens: public safety, road and bridge construction and maintenance, health and social services, culture and recreation, public improvements, environmental protection, and administrative services.

Per GASB codification, the discussion that follows sets forth the guidelines for an entity's inclusion in the County's financial statements.

The definition of the reporting entity is based primarily on the notion of **financial accountability**. The elected officials governing Montgomery County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or, there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

**Blended Component Units** - Legally separate entities that either a) have substantially the same governing body as the governing body of the primary government or b) provide services entirely, or almost entirely, to the primary government must be reported in the financial statements of the primary government as blended component units.

**Montgomery County Toll Road Authority:**

The Montgomery County Toll Road Authority was created by the Commissioners' Court of the County in August 2006. The Toll Road Authority serves all citizens of the County and is governed by the members of Commissioners' Court and is funded entirely by the County. The Toll Road Authority was incorporated under the provisions of Texas Transportation Code Act, Chapter 431 with the purpose to aid in the planning, design, improvement and financing of transportation projects throughout Montgomery County. The Authority is reported as an enterprise fund and does not issue separate financial statements.

**Related Organizations** - Where the Commissioners' Court is responsible for appointing a majority of the members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2016**

**Montgomery County Emergency Service Districts No. 1-14:**

The emergency service districts are organized under the statutes of the State of Texas as political subdivisions of the State to provide protection from fire for life and property. Commissioners' Court appoints a five-member board for each district, and must approve the issuance of any long-term debt for each. Individual boards retain authority to levy taxes and approve or modify annual appropriation budgets. Inasmuch as each district is required by state law to have audited financial statements prepared, and because the exercise of authority by Commissioners' Court is of a compliant nature rather than substantive, these entities are not included in the County's financial statements.

**Montgomery County Housing Authority:**

The Montgomery County Housing Authority is organized as a public corporation pursuant to Chapter 392 of the Statutes of the State of Texas, Local Government Code. Its stated mission is the development, acquisition, leasing and administration of federally assisted housing programs under the direction of the U.S. Department of Housing and Urban Development. Commissioners' Court appoints a five-member board for the corporation, but may not remove a member at-will. There is also no financial interdependence between the corporation and the County. The corporation issues a separate financial report, which may be obtained from its offices at 521 N. Thompson Street, Conroe, Texas, 77301.

**B) IMPLEMENTATION OF NEW STANDARD:**

In the current year, the County implemented the following new standards:

GASB Statement No. 72, *Fair Value Measurement and Application*, requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature.

**C) FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:**

**Government-wide Statements**

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its blended component units. The effect of inter-fund transfers has been removed from these statements, but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital



**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

The government-wide financial statements are reported using 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district and county clerk fees, justice of the peace fines, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

**Fund-level Statements**

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. Non-major funds are aggregated into a single column in the fund financial statements. Detailed statements for non-major funds are presented within the Combining and Individual Fund Statements and Schedules.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal year are reported as unearned revenue. Property taxes levied prior to September 30, 2015 that were due October 1, 2015, have been assessed to finance the budget of the fiscal year ending September 30, 2015. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2016, and beyond the 60 days after year end have been reflected as a deferred inflow of resources and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

**Proprietary fund level financial statements** include funds which are classified into enterprise and internal service funds. The County has both enterprise and internal service funds. The County's internal service funds are used to accumulate and allocate costs internally among the various functions. Montgomery County's internal service funds predominantly benefit governmental rather than business-type functions; therefore they have been included within governmental activities in the government-wide financial statements. The County's enterprise funds are used to account for the costs of the Montgomery County Toll Road Authority.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position reports increases and decreases in total net position. Under the accrual basis of accounting, revenues are

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds and use the accrual basis of accounting. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County reports the following *major governmental funds*:

**The General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, and intergovernmental revenues. Primary expenditures are for general and financial administration, public safety, judicial operations, health and welfare, and capital acquisition.

**The Road and Bridge Special Revenue Fund** is used to account for rehabilitation, repair and maintenance of the County's roadways and bridges. The Road and Bridge Fund is financed by a designated part of the annual property tax levy, as well as certain statutory fees.

**Debt Service Fund** is used to account for the receipt and disbursement of funds to retire debt resulting from the issuance of general obligation bonds, certificates of obligation and lease revenue bonds. Financing is provided by a specific annual property tax levy and the investment interest earned thereon.

**Road Bonds Series 2016 Fund** is used to account for the County's issuance of \$53,140,000 in bonds that are being used to finance improvements to various roads within the County.

The County reports the following *nonmajor governmental funds*:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than capital projects or debt service) that are restricted or committed to expenditures for specified purposes.

**Capital Project Funds** are used to account for debt proceeds to be used for the acquisition or construction of major capital assets and infrastructure. Existing projects include road construction, airport improvements, and various remodeling plans.

The County reports the following *proprietary funds*:

**The Enterprise Fund** is used to account for the cost of the Montgomery County Toll Road Authority.

**Internal Service Funds** are used to account for the costs of the County's medical plan, workers' compensation plan, accident and liability plan and the Wellness Clinic.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

The County reports the following *fiduciary funds*:

**Agency Funds** are used to account for assets held by the County as custodian for individuals and other governmental units, such as officials' fee accounts, inmate funds, cash bail bonds, and other similar arrangements.

**D) ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCES:**

**1. Cash and Investments**

Cash and cash equivalents include amounts in demand deposits as well as bank certificates with a maturity date within three months of the date acquired by the County.

Investments for the County, except for certain investment pools are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value; i.e. fair value.

The County is authorized by the Public Funds Investment Act of 1987 to invest idle funds in a) obligations of the United States and its agencies or instrumentalities, b) obligations of the State of Texas, c) obligations of states, agencies, political subdivisions, and municipalities having a rating of not less than A, and d) fully collateralized direct repurchase agreements.

**2. Receivables**

Property taxes are recognized as revenues in the period for which they are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables for prior-year levies delinquent at year end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors in regards to approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

**3. Inter-fund Transactions**

Outstanding balances of lending and borrowing type activities between funds are classified as "due from other funds" and "due to other funds," respectively, on the fund financial statements. Inter-fund activity has been eliminated for the government-wide statements.

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and recorded as prepaid items in both government-wide and fund financial statements. The County reports prepaid items using the consumption method.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

In the fund financial statements, prepaid items are classified as non-spendable, which indicates they do not represent “available spendable resources” even though they are a component of current assets.

**5. Capital Assets**

Capital assets, which include land, buildings, improvements, equipment, intangibles (included in land and equipment), infrastructure, and construction in progress, are reported in the government-wide financial statements. By policy of the Commissioners’ Court, acquisitions are capitalized when they cost at least \$1,000 and have a useful life in excess of five years. Buildings and building improvements require a cost of at least \$5,000 and a useful life in excess of 5 years. Land and construction in progress are not depreciated. The policy applied to infrastructure acquisitions requires a cost of at least \$10,000 and a useful life in excess of five years. Infrastructure assets include county-owned roads, drainage improvements, bridges, signals, and runways. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition market value on the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset’s life are expensed rather than capitalized.

Capital assets, including infrastructure, are depreciated using the straight-line method over the following estimated useful lives (in years):

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings	5-50
Improvements	5-30
Equipment	5-15
Infrastructure	5-50

**6. Payables**

Amounts due to suppliers for trade purchases and amounts due to employees for salaries and benefits are presented on both the government-wide statements and the fund statements as accounts payable. Amounts due to various contractors for funds previously deducted from construction draws are presented as retainage payable. Both categories represent current liabilities.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has two items that qualify for reporting in this category. The deferred outflow for pensions results from the difference in projected and actual earnings on plan investments, contributions subsequent to the measurement date and the effects of actuarial differences and changes in assumptions. The plan’s investment earnings difference is amortized over 5 years and the actuarial differences and changes in assumptions is amortized over a period equal to the average of the expected remaining service lives of all employees. A deferred charge on refunding reported in the government-wide statement of net position results from the difference in carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## **MONTGOMERY COUNTY, TEXAS**

### **Notes to the Financial Statements**

**September 30, 2016**

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The County has one type of item which qualifies for reporting in this category. A deferred inflow from pensions reported in the government-wide statement of net position results from the effect of demographic gains/losses related to the pension plan. Additionally, the governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **8. Unearned Revenue**

The County records received but unearned grant revenues and other miscellaneous fee revenues in the fund financial statements as unearned revenues.

#### **9. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are 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 recognized as an outflow of resources in the reporting period in which they incurred.

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

#### **10. Fund Balances**

County Commissioners' Court established Fund Balance policies in accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The County strives to maintain a minimum Unassigned Fund Balance in the general operating fund of 10 to 15 percent of the annual operating expenditures as presented in its annual financial report.

The County reports fund balances in five classifications:

**Nonspendable** – These balances represent amounts that are not spendable because of their form or are legally required to be maintained or intact, such as inventories.

**Restricted** - These balances represent that portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government. Such parties may include creditors, grantors, contributors, or other governments. Fund balance on the debt service fund will be restricted for the payment of principal and interest on the debt service obligation. Fund balance on the Community Development fund will be restricted for eligible rehabilitation and preservation activities as allowable by Department of Housing and Urban Development.

**Committed** – This is the portion of fund balance that represents resources whose use is constrained by limitations that Commissioners' Court, the County's highest level of decision making authority, imposes on them. The Court will approve all commitments by quorum vote through the adoption of a court order. The limitations imposed by the court require the same formal action to be removed.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2016**

**Assigned** –Represents amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The governing body may delegate its authority to assign amounts to another official. The Commissioners’ Court, when it is appropriate for fund balance to be assigned, delegates the authority to the County Auditor. Assignments may be necessary for items such as other post-employment benefits, claims and judgments or transfers to special revenue funds.

**Unassigned** – This represents the residual amount in the general fund which has not been committed, restricted or assigned for other purposes.

For any expenditure incurred for purposes for which multiple fund balance categories can be used, the County will utilize funds in the following order on a first-in-first-out basis: restricted, committed, assigned, and unassigned.

**11. Compensated Absences**

A liability for unused vacation and compensatory time for all full-time regular employees is calculated and reported in the government-wide financial statements. For financial reporting purposes, the following criteria have been applied in considering the accrual of the liability associated with compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

GASB Interpretation No. 6 indicates that liabilities for compensated absences should only be recognized in the fund statements to the extent the liabilities have matured and are payable out of current available resources. Compensated absences are accrued in the government-wide statements.

Each full-time regular employee earns ten days of excused leave per year, and from ten to twenty-five days of vacation time may be earned per year. A maximum of sixty days for excused leave may be accrued, and for those employees hired prior to September 1987, the number of days of excused leave accrued at September 30, 1987, may be paid only upon retirement. A maximum of twenty-five days of vacation may be accrued, and is paid upon retirement, resignation, or discharge from the County. Compensatory time is earned in accordance with the provisions of the Fair Labor Standards Act, as it applies to government employees.

**12. Arbitrage**

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on local government bonds. Issuing governments must calculate any rebate due and remit the amount due at least every five years. There were no arbitrage rebate payments made during fiscal year 2016.

**13. Net Position/Fund Balance (restricted)**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. For the government-wide financial statements, restricted net position represent externally imposed restrictions by creditors, grantors, contributors or laws or regulations of other governments. They may also represent restrictions imposed by law through constitutional provisions or enabling legislation.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

**14. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**15. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**16. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as actual program revenues.

**NOTE 2- RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between **net changes in fund balances – total governmental funds** and **changes in net position of governmental activities** as reported in the government-wide statement of activities. Several of the elements of that reconciliation are more fully explained below.

*“Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”* The details of this difference are as follows:

Capital outlay	\$ 43,400,089
Depreciation expense	(51,413,207)
	<hr/>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	   \$ (8,013,118)
	<hr/> <hr/>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

*“The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net position.”* The details of this difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	\$ 276,141
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The acquisition of capital assets by seizure and by donations increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	65,169,862
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Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$ 65,446,003
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*“The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”* The details of this difference are as follows:

Debt issued or incurred:	
Issuance of Refunding Bonds	\$ (58,925,000)
Premium on bonds issued, net	(13,524,927)
Issuance of General Obligation debt	(53,140,000)
Premium on bonds issued, net	(8,889,257)
Capital lease financing	(837,182)
Adjustment to interest on refunding debt	6,788,239
Principal repayments:	
General Obligation debt	66,370,000
Revenue debt	7,760,000
Certificates of Obligation debt	12,465,000
Capital leases	2,638,519
Net adjustment to decrease net changes in fund balances-total governmental	\$ (39,294,610)

*“Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.”* The details of this difference are as follows:

Compensated absences	\$ (1,235,757)
Accrued interest	(104,020)
Amortization of charge on refunding bonds	(1,763,689)
Amortization of bond discounts	(89,834)
Amortization of bond premiums	5,121,057
Increase of Pension Liability, net of related deferred inflow and outflow amounts	959,313
Increase of Other Post-Employment Benefits	(11,710,264)

Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	\$ (8,823,194)
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**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

**NOTE 3- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) BUDGETS AND BUDGETARY ACCOUNTING:**

The budget law of the State of Texas provides that “the amounts budgeted for the current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor.” In addition, the law states that the Commissioners’ Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund, but no such transfer shall increase the total of the budget.”

The budget is prepared by the County Auditor and adopted by the Commissioners’ Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the Clerk of the County Court and made available to the public. The Commissioners’ Court must provide for a public hearing on the budget on some date within ten calendar days after the filing of the budget and prior to its adoption.

The budget is legally adopted by an order of the Commissioners’ Court on a basis consistent with generally accepted accounting principles. The legal level of control (as set forth by statute) is total resources as appropriated to each fund. Any expenditure that alters the total budgeted amounts of a fund must be approved by Commissioners’ Court, and the budget amended. The annual budget is monitored and reported in the financial statements at the *function* level, as management believes that this provides for a more thorough disclosure of the County’s operations.

For fiscal year 2016, formal budgets were adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Formal budgetary integration is not employed for Capital Project Funds, and legal budgets are not adopted, because budgetary control is achieved through legally binding construction contracts. All appropriations lapse at fiscal year-end with the exception of grant awards and certain ongoing projects.

The Commissioners’ Court may approve expenditures as an amendment to the budget to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. Such expenditures would include the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal year 2016, budget amendments totaling \$89,098,180 were approved that met these criteria.

The Commissioners’ Court may also adopt a supplemental budget for the limited purpose of spending proceeds that become available for disbursement in a fiscal year, but are not included in the budget for that budget year. Included in this category are public or private grants or aid money, revenue from intergovernmental contracts, and proceeds from the issuance of debt. In fiscal year 2016, supplemental appropriations were approved in the amounts of \$14,773,650, \$4,952,681, and \$837,182 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

**NOTE 4- DEPOSITS AND INVESTMENTS:**

A) **DEPOSITS:**

*Custodial Credit Risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a policy for custodial credit risk. As of September 30, 2016, the County's bank balance (collected funds) was \$103,529,640. At that same date, none of the County's bank balance was exposed to custodial credit risk since the County's deposits were insured and collateralized by securities pledged by the depository and held by third party agents of the County in the County's name.

B) **INVESTMENTS:**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

**Level 1** inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**Level 2** inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

**Level 3** inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**MONTGOMERY COUNTY, TEXAS**  
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As of September 30, 2016, the County had the following investments:

<b><u>Fair Value Measurements Using</u></b>						
	<b>September 30, 2016</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Percent of Total Investments</b>	<b>Weighted Average Maturity (Days)</b>	<b>Credit Risk</b>
<b><i>Investments Measured at Cost:</i></b>						
FICA Program	\$ 20,139,537	\$ -	\$ -	9.62%	1	AAA
<b><i>Investments Measured at Amortized Cost</i></b>						
<b>Investment Pools:</b>						
Lone Star Government Overnight Fund	400,028	-	-	0.19%	31	AAAm
TEXPOOL	1,117,357	-	-	0.53%	44	AAAm
<b><i>Investments Subject to Fair Value Level:</i></b>						
<b>U.S. Government Agency Securities:</b>						
Federal Home Loan Bank	10,004,700	-	10,004,700	4.77%	357	AA+
Federal Farm Credit	12,151,320	-	12,151,320	5.97%	318	AA+
Farmer MAC Discount	29,987,601	-	29,987,601	14.24%	350	AA+
<b>U.S. Treasury Note</b>	10,012,100	10,012,100	-	4.78%	353	AAAm
<b>Mutual Funds:</b>						
BPIF	4,374,110	4,374,110	-	2.09%	29	AAAm
AIM	3,217,798	3,217,798	-	1.54%	39	AAAm
<b>Investments Measured at Net Asset Value (NAV), Fair Value</b>						
<b>Investment Pools:</b>						
TexSTAR	3,619,427	-	-	1.73%	44	AAAm
TEXCLASS	24,557,603	-	-	11.73%	56	AAAm
LOGIC	88,785,509	-	-	42.41%	45	AAAm
<b>Mutual Fund:</b>						
ICT	838,638	838,638	-	0.40%	29	AAAm
<b>Total Value</b>	<b>\$ 209,205,728</b>	<b>\$ 18,442,646</b>	<b>\$ 52,143,621</b>	<b>100.00%</b>		
<b>Portfolio Weighted Average Maturity</b>					<b>129</b>	

*Investment Pools* are measured at amortized cost or net asset value (NAV) and are exempt for fair value reporting.

*U.S. Government Agency Securities* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quotes prices.

*Mutual funds* and *U.S. Treasury Notes* classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The *TexPool* and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. The investment pool's authority may only impose restrictions on redemptions in the event of a general

**MONTGOMERY COUNTY, TEXAS**

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suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The Texas CLASS, LOGIC, and TexSTAR investment pools are external investment pools measured at NAV. Texas CLASS, LOGIC, and TexSTAR's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The County has no unfunded commitments related to the investment pools. Texas CLASS, LOGIC, and TexSTAR have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pools' liquidity.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. While the County does not have an investment policy for custodial credit risk, there is no need for such policy because of the nature of the County's investments. A third party institution is required to hold the insured, registered securities underlying the County's investments in a safekeeping account in the County's name.

*Interest rate risk.* In accordance with its written investment policy, the County manages its exposures to declines in fair value by limiting the maturity of its investments to less than one year at the time of purchase.

*Credit risk.* While state statutes allow for additional investments, the County's formal investment policy authorizes the County to only invest in the following:

- Obligations of the U.S. Treasury and Governmental Agencies,
- Time deposits,
- Negotiable Order of Withdrawal (NOW) Accounts,
- Investment Pools rated AAA or AAAM by at least 1 nationally recognized rating service,
- Certificates of Deposit, and
- Money Market mutual funds.
- Commercial Paper as defined in Texas Government Code, Section 2256.013

As stated above, Standard and Poor's has rated the three investment pools and the three mutual funds AAAM.

*Concentration of credit risk.* The County's investment policy does not have any provisions regarding the amount that may be invested in any one issuer. However, the Investment Committee regularly reviews that saturation for anything in excess of 25%.

**NOTE 5- PROPERTY TAXES:**

The County Tax Assessor-Collector bills and collects property taxes. Revenues are recognized in the Governmental Funds when levied to the extent that they result in current receivables. Property taxes are levied (assessed) and payable on October 1. They attach as an enforceable lien on property as of January 1 of the following year and become delinquent on February 1.

The County is permitted by the Texas State Constitution (Article VIII, Section 9) and statutes to levy taxes of up to \$0.80 per \$100 of assessed valuation for general governmental services and the payment of long-term debt. The combined current tax rate for the year end was \$0.4767 per \$100, which means that the County has a tax margin of \$0.3233 per \$100, and could raise up to

**MONTGOMERY COUNTY, TEXAS**

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\$159,436,394 in additional taxes from the present assessed valuation of \$49,315,309,067 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2016, as reported by the Tax Assessor-Collector are presented as follows:

	<b>Taxes Receivable</b>	<b>Less: Allowance for Uncollectables</b>	<b>Net Taxes Receivable</b>
General Fund	\$4,779,385	\$ 95,588	\$4,683,797
Road & Bridge Fund	654,619	13,092	641,527
Debt Service Funds	989,955	19,799	970,156
Total Receivable	<u>\$6,423,959</u>	<u>\$128,479</u>	<u>\$6,295,480</u>

Approximately 70% of the outstanding balance of property taxes receivable is not anticipated to be collected in the next year.

**NOTE 6- DUE FROM OTHER GOVERNMENTS:**

At September 30, 2016, the following amounts were recorded as due to the County:

	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
General Fund	\$ 3,960,686	\$ 837,751	\$2,608,841	\$ 7,407,278
Road & Bridge Fund	174,903	-	285,752	460,655
Other Governmental Funds	1,737,962	21,698,689	338,354	23,775,005
Total Due from Governments	<u>\$ 5,873,551</u>	<u>\$22,536,440</u>	<u>\$3,232,947</u>	<u>\$ 31,642,938</u>

Amounts due from other governments arise from funding received from federal and state grants, as well as interlocal agreements with local governments.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2016**

**NOTE 7- CAPITAL ASSETS:**

**A) Governmental Activities:**

<u>Primary Government Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions <sup>(1)</sup></u>	<u>Deletions <sup>(1)</sup></u>	<u>Ending Balance</u>
Land <sup>(2)</sup>	\$ 60,276,253	\$ 20,677,291 <sup>(2)</sup>	\$ -	\$ 80,953,544
Construction in Progress <sup>(4)</sup>	1,777,498	3,725,974	(4,909,464)	594,008
Total Capital Assets not being depreciated	62,053,751	24,403,265	( 4,909,464)	81,547,552
Buildings <sup>(3)</sup>	202,270,657	5,360,253	-	207,630,910
Improvements <sup>(3)</sup>	23,311,005	204,815	-	23,515,820
Equipment <sup>(2)(3)</sup>	104,148,889	14,493,257 <sup>(2)</sup>	(9,723,549)	108,918,597
Infrastructure	1,272,347,643	72,971,166	-	1,345,318,809
Total Capital Assets being depreciated	1,602,078,194	93,029,491	(9,723,549)	1,685,384,136
Less accumulated depreciation for:				
Buildings	(63,431,996)	(5,061,959)	-	(68,493,955)
Improvements	(14,351,052)	(1,261,018)	-	(15,612,070)
Equipment	(73,557,842)	(7,567,092)	6,072,362	(75,052,572)
Infrastructure	(809,793,144)	(37,564,375)	-	(847,357,519)
Total Depreciation	(961,134,034)	(51,454,444)	6,072,362	(1,006,516,116)
Total Capital Assets, net of Accumulated depreciation	<u>\$ 702,997,911</u>	<u>\$ 65,978,312</u>	<u>\$ (8,560,651)</u>	<u>\$ 760,415,572</u>

(1) Amounts representing transfers between categories are included in the columns for both additions and deletions.

(2) As required by GASB 51, this schedule reports intangible assets of \$54,008,303 and \$8,270,385 in land and equipment respectively.

(3) Internal service fund assets are included in these amounts.

**Depreciation Expense:**

Depreciation expense was charged to the functions/programs of the primary government's governmental activities as follows:

Governmental activities:	
General Administration	\$ 2,817,470
Judicial	211,993
Legal Services	76,676
Elections	164,932
Financial Administration	9,879
Public Facilities	1,819,459
Public Safety	4,537,759
Health and Welfare	1,454,519
Culture and Recreation	845,010
Conservation	26,328
Public Transportation	39,449,182
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	41,237
Total depreciation expense-governmental activities	<u>\$51,454,444</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

**B) Business-type Activities:**

<u>Primary Government Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions <sup>(1)</sup></u>	<u>Deletions <sup>(1)</sup></u>	<u>Ending Balance</u>
Infrastructure	\$ 47,007,011	\$ 15,432,824	\$ -	\$ 62,439,835
Total Capital Assets being depreciated	47,007,011	15,432,824	-	62,439,835
Less accumulated depreciation for:				
Infrastructure	(1,057,658)	(1,066,350)	-	(2,124,008)
Total Depreciation	(1,057,658)	(1,066,350)	-	(2,124,008)
Total Capital Assets, net of Accumulated depreciation	\$ 45,949,353	\$ 14,366,474	\$ -	\$ 60,315,827

**Depreciation Expense:**

Depreciation expense was charged to the functions/programs of the primary government's business-type activities as follows:

Business-type Activities:

Toll Road

\$ 1,066,350

Total depreciation expense-governmental activities

\$ 1,066,350

**C) CONSTRUCTION COMMITMENTS:**

The County has entered into contracts for the construction, renovation, and improvement of real property. The following projects were in progress at September 30, 2016:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	\$ 294,104,075	\$ 18,260,122
Building Remodels	Underway	21,325,064	1,573,554
Energy Renovation Projects	Underway	1,072,533	517,224
	Total	<u>\$316,501,672</u>	<u>\$ 20,350,900</u>

**D) ENCUMBRANCES:**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 2,913,603
Road and Bridge Fund	4,423,330
Road Bonds 2016	6,548,299
Other Non-Major	1,457,608
Internal Service Funds	17,760
Enterprise Fund	2,771,586
Total Encumbrances	<u>\$ 18,132,186</u>

**MONTGOMERY COUNTY, TEXAS**  
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**NOTE 8- DISAGGREGATION OF PAYABLE BALANCES:**

A) DUE TO OTHER GOVERNMENTS:

The County records certain amounts due to other governments as a result of operating contracts and overpayment of certain grant funds. At September 30, 2016, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	\$7,590	\$7,590
Other Governmental	171	171
Total	<u>\$7,761</u>	<u>\$7,761</u>

B) UNEARNED REVENUES:

The County reports unearned revenues in the governmental funds that consist of two categories: a) receivables for revenues that are not considered to be available to liquidate liabilities of the current period, and b) resources that have been received, but not yet earned.

At the end of September 2016, unearned revenues are presented below:

<u>Fund</u>	<u>Unearned Fees</u>
General	\$4,940,744
Other Non-Major	2,984,667
Total	<u>\$7,925,411</u>

**NOTE 9- LONG-TERM DEBT:**

General long-term debt consists of general obligation bonds, revenue bonds, certificates of obligation, the County's accrued liability for compensated absences and compensatory time, capital leases, workers' compensation and medical claims and judgments, net pension liability, other post-employment benefit liability, and arbitrage due the federal government. Principal and interest payments on the County's bonded debt, in general, are secured by ad valorem property taxes levied on all taxable property within the County. Payments are recorded in the Debt Service Fund.



**MONTGOMERY COUNTY, TEXAS**  
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A) **BONDED DEBT:**

A summary of the long-term bonded debt, at September 30, 2016 is presented:

	<b>Interest Rate (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Bonds Outstanding</b>
<b>GENERAL OBLIGATION BONDS:</b>				
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	\$ 33,810,000
Road Bonds Fixed Rate, Series 2008A	3.50-5.25	2008	2030	1,555,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	1,645,000
Refunding Bonds, Series 2010	4.00-5.00	2010	2030	43,380,000
Refunding Bonds, Series 2012	2.00-5.00	2012	2026	25,055,000
Refunding Bonds, Series 2014	1.75-2.27	2014	2020	24,090,000
Refunding Bonds, Series 2014A	5.00	2014	2025	73,510,000
Refunding Bonds, Series 2016	3.00-5.00	2016	2027	58,925,000
Road Bonds, Series 2016	2.00-5.00	2016	2027	53,140,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<b>\$315,110,000</b>
<b>REVENUE BONDS:</b>				
Pass-Through Toll Revenue and Limited Tax Bonds, Series 2009	3.00-5.00	2009	2032	20,495,000
Toll Revenue Bonds, Series 2010	3.00-5.00	2011	2021	16,450,000
Pass-Through Toll Revenue and Limited Tax Refunding Bonds, Series 2012	3.00-5.00	2012	2023	15,880,000
<b>TOTAL REVENUE BONDS:</b>				<b>\$52,825,000</b>
<b>CERTIFICATES OF OBLIGATION:</b>				
Series 2007	4.00-4.63	2008	2027	1,040,000
Series 2008	3.50-5.25	2008	2027	3,175,000
Series 2010	3.00-5.40	2010	2039	28,800,000
Series 2012	2.00-5.00	2012	2032	12,870,000
Series 2012A	2.00-5.00	2012	2023	12,650,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>				<b>\$58,535,000</b>
<b>TOTAL BONDED DEBT</b>				<b>\$426,470,000</b>

All of the County's outstanding bonded debt is assigned a fixed rate of interest.

# MONTGOMERY COUNTY, TEXAS

## Notes to the Financial Statements

September 30, 2016

### B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2016. For each category, management has presented the portion that will be due within one year.

	Beginning		Provisions	Ending	Due Within
<u>Governmental Activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u>	<u>One Year</u>
Bonds payable:					
General Obligation	\$ 269,415,000	\$112,065,000	\$ (66,370,000)	\$315,110,000	\$11,050,000
Revenue Bonds	60,585,000	-	(7,760,000)	52,825,000	8,155,000
Certificates of Obligation	71,000,000	-	(12,465,000)	58,535,000	3,285,000
Less deferred amounts:					
Issuance discounts	(720,616)	-	89,834	(630,782)	(51,954)
Issuance Premiums	26,805,949	22,414,184	(5,121,057)	44,099,076	3,650,623
Total bonds payable	427,085,333	134,479,184	(91,626,223)	469,938,294	26,088,669
Capital leases	7,694,658	837,182	(2,638,519)	5,893,321	2,457,555
Workers' Comp Obligation	977,932	666,803	(297,568)	1,347,167	500,000
Medical Obligation	3,622,386	22,160,954	(22,167,181)	3,616,159	3,616,159
OPEB Obligation	57,715,279	13,831,707	(2,121,443)	69,425,543	-
Net Pension Liability	24,229,025	39,782,013	(15,798,881)	48,212,157	-
Compensated absences	13,019,590	9,347,434	(8,111,677)	14,255,347	8,881,081
Total Long-term Liabilities	\$ 534,344,203	\$221,105,277	\$(142,761,492)	\$612,687,988	\$41,543,464

Internal Service Funds predominantly serve the governmental funds. Accordingly, long term liabilities, including Workers' Compensation and Medical, reported in those funds are included as part of the above totals for governmental activities. At year end, \$1,347,167 for Workers' Compensation obligation and \$3,616,159 for Medical obligation were included in the above amounts. Since medical claims are typically resolved within 60 days after occurrence, the entire claims liability is due within one year.

At year end, \$1,957,610 of special revenue funds compensated absences is included in the above amounts. The remaining balance of \$12,297,737 will be liquidated by the general fund. In prior years, compensated absences have been liquidated by the County's general fund and special revenue funds. The OPEB obligation will be liquidated by the general fund. In prior years, the OPEB obligation was liquidated by the general fund.

### C) ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY:

The following table lists the amounts required to amortize bonded debt, by debt type.

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Certificates of Obligation</u>	
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 11,050,000	\$ 14,118,506	\$ 8,155,000	\$ 2,280,525	\$ 3,285,000	\$ 2,563,764
2018	12,715,000	13,732,469	8,575,000	1,862,275	2,095,000	2,464,793
2019	13,150,000	13,313,338	8,965,000	1,468,600	2,165,000	2,387,993
2020	13,340,000	12,865,331	9,380,000	1,054,800	1,940,000	2,317,755
2021	15,320,000	12,279,150	1,870,000	773,550	1,945,000	2,242,183
2022-2026	88,455,000	49,273,984	6,200,000	2,890,250	15,545,000	9,363,143
2027-2031	108,210,000	25,000,106	7,905,000	1,196,075	16,560,000	5,734,678
2032-2036	32,400,000	6,735,500	1,775,000	44,375	9,810,000	2,485,313
2037-2041	20,470,000	2,167,825	-	-	5,190,000	426,870
<b>Total</b>	<b>\$315,110,000</b>	<b>\$149,486,209</b>	<b>\$ 52,825,000</b>	<b>\$ 11,570,450</b>	<b>\$ 58,535,000</b>	<b>\$ 29,986,492</b>

**MONTGOMERY COUNTY, TEXAS**  
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**D) PRIOR YEAR DEFEASANCE OF DEBT:**

In prior years, the County defeased multiple debt issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until it is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the government-wide financial statements.

On January 13, 2016, the County issued \$58,925,000 in Limited Tax Refunding Bonds, Series 2016. Proceeds from the sale of the bonds were used to refund and defease certain outstanding obligations and to pay costs of issuance of the bonds. The refunding issue advance refunded \$20,195,000 of the Unlimited Tax Adjustable Rate Road Bonds, Series 2006B, \$3,440,000 of the Certificates of Obligation, Series 2007, \$5,025,000 of the Certificates of Obligation, Series 2008, \$1,870,000 of the Unlimited Tax Road Bonds, Series 2008A and \$34,705,000 of the Unlimited Tax Adjustable Rate Road Bonds, Series 2008B. The County advance-refunded the bonds in order to reduce its future debt service payments by \$4,740,046 and to obtain an economic gain (difference between the debt) of \$3,765,809.

As of September 30, 2016, defeased but outstanding debt from prior year refunding transactions consisted of the following:

<b>Series</b>	<b>Amount</b>
Unlimited Tax Road Bonds, Series 2006B	\$ 20,195,000
Certificates of Obligation, Series 2007	5,565,000
Lease Revenue Bonds, Series 2007	31,705,462
Certificates of Obligation, Series 2008	14,235,000
Unlimited Tax Road Bonds, Series 2008A	7,690,000
Unlimited Tax Road Bonds, Series 2008B	34,705,000
<b>Total Defeased but Outstanding</b>	<b>\$ 114,095,462</b>

**E) FUTURE BORROWING:**

In November 2015, the voters of Montgomery County approved the issuance of \$280 million in unlimited tax road bonds to fund road improvements throughout the County. These projects began with the issuance of series 2016 road bonds leaving the remaining authorized amount at \$220 million. In December 2016, the County issued \$73,725,000, which is the second issuance of road bonds to fund these projects. On the same date, the County issued \$47,775,000 in refunding bonds.

**F) CONDUIT DEBT OBLIGATIONS:**

Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation issued bonds to provide financial assistance to private and public sector entities engaged in activities that are deemed to be in the public interest. These bonds are obligations of the issuing entities payable solely from the proceeds of the underlying financing agreements and, in the opinion of legal counsel, do not represent indebtedness or liability to the issuing entity, to Montgomery County, Texas, to the State of Texas, or to any political subdivision; therefore, they are not reported as liabilities in the County's financial statements.

**MONTGOMERY COUNTY, TEXAS**

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**September 30, 2016**

**Harris County Health Facilities Development Corporation-** The corporation issues bonds if there is a public benefit or purpose that is necessary or convenient for health care, research, or education. Its activity is included in this disclosure because its bonds have been issued for the benefit of organizations located in Montgomery County. As of February 29, 2016, there were twelve (12) series of bonds outstanding with an aggregate principal payable of \$1,047,825,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

**Harris County Cultural Education Facilities Finance Corporation-** The corporation issues bonds for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, Baylor College of Medicine, Memorial Hermann Healthcare System, Methodist Hospital System, Texas Medical Center projects, and the Young Men's Christian Association (YMCA) of the Greater Houston Area and others. Its activity is included in this disclosure because its bonds have been issued for the benefit of organizations located in Montgomery County. As of February 29, 2016 there were forty-six (46) series of Bonds outstanding with an aggregate principal payable of \$3,982,956,614. The Bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

**G) CAPITAL LEASES:**

The County has entered into capital lease agreements for the lease/purchase/construction of certain heavy road equipment, vehicles, and buildings. Acquisition of equipment with a value of \$837,181 was financed during the current fiscal year under capital leases and recorded in the Capital Assets portion of the government-wide financial statements. Depreciation expense for these assets is included as part of the depreciation expense detailed in Note 7. The lease agreements are classified as capital leases because title passes to the County at the end of the lease term, and are included as leases payable in the Long-Term Debt portion of the government-wide statements. The present value of future minimum capital lease payments at September 30, 2016 and the funds from which they will be paid are as shown below:

<b>Year Ending</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
2017	\$ 1,877,660	\$ 789,221	\$ 2,666,881
2018	1,877,660	675,829	2,553,488
2019	61,021	621,449	682,471
2020	-	385,977	385,977
Total Minimum Lease Payments	3,816,341	2,472,476	6,288,817
Less: amount representing interest	197,745	197,751	395,496
Present value-minimum lease payments	\$ 3,618,597	\$ 2,274,725	\$ 5,893,321

**NOTE 10- INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

**A) DUE FROM/DUE TO OTHER FUNDS:**

Activity between funds that represents the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year-end are referred to as "due from/due to other funds." Inter-fund balances are expected to be repaid within one year from the date of the financial statements, and are routine in nature.

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The composition of inter-fund balances as of September 30, 2016 was as follows:

	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
General Fund	\$ 42,474,747	\$ 60,256,826
Road and Bridge Fund	-	12,349,014
Debt Service Fund	1,191,522	402,411
Road Bonds Series 2016 Fund	402,411	10,511,392
Non-major Governmental Funds	31,893,734	14,754,160
Internal Service Funds	27,419,179	-
Enterprise Fund	-	5,107,790
Total	<b><u>\$ 103,381,593</u></b>	<b><u>\$ 103,381,593</u></b>

**B) TRANSFERS:**

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the debt service fund to pay debt obligations, and c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers for the year ended September 30, 2016 were:

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ 2,296,329	\$ 25,319,660
Road and Bridge Fund	3,575,120	761,197
Debt Service Fund	2,353,420	171,823
Road Bonds Series 2016 Fund	171,823	-
Nonmajor Governmental Funds	20,963,144	3,107,156
Total	<b><u>\$ 29,359,836</u></b>	<b><u>\$ 29,359,836</u></b>

Although inter-fund activity is reported in the fund financial statements, it has been eliminated in the government-wide financial statements.

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**NOTE 11- FUND BALANCES:**

The following table provides detail of the classification of fund balances as reported in the fund financial statements:

	General	Road & Bridge	Debt Service	Road Bonds Series 2016	Other Governmental Funds	Total Governmental Funds
<b>Non-Spendable</b>						
Prepaid	\$ -	\$ -	\$ -	\$ -	\$ 106,290	\$ 106,290
<b>Total Non-Spendable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,290</b>	<b>106,290</b>
<b>Restricted for:</b>						
Capital Projects	-	-	-	42,942,760	20,526,134	63,468,894
Debt Service	-	-	48,577,323	-	-	48,577,323
General Admin	-	-	-	-	5,359,560	5,359,560
Judicial	151,685	-	-	-	1,368,982	1,520,667
Legal Services	163,154	-	-	-	452,329	615,483
Elections	-	-	-	-	574,093	574,093
Public Safety	1,422,148	-	-	-	6,380,217	7,802,365
Health & Welfare	1,382,824	-	-	-	3,362,803	4,745,627
Culture & Recreation	-	-	-	-	137,147	137,147
Public Transportation	-	3,559,105	-	-	596,521	4,155,626
<b>Total Restricted</b>	<b>3,119,811</b>	<b>3,559,105</b>	<b>48,577,323</b>	<b>42,942,760</b>	<b>38,757,786</b>	<b>136,956,785</b>
<b>Committed for:</b>						
General Admin	397,996	119	-	-	-	398,115
Financial Admin	606,979	-	-	-	-	606,979
Conservation	3,526	348,157	-	-	-	351,683
Public Facilities	583,960	23,022	-	-	-	606,982
Public Safety	3,976,563	-	-	-	-	3,976,563
Judicial	324,494	-	-	-	16	324,510
Legal Services	540	-	-	-	-	540
Elections	6,643	-	-	-	-	6,643
Culture & Recreation	73,431	-	-	-	-	73,431
Health & Welfare	345,130	-	-	-	-	345,130
Public Transportation	593,085	4,073,284	-	-	-	4,666,369
Capital Projects	5,184,702	-	-	-	19,544,398	24,729,100
Toll Road	4,697,315	-	-	-	-	4,697,315
<b>Total Committed</b>	<b>16,794,364</b>	<b>4,444,582</b>	<b>-</b>	<b>-</b>	<b>19,544,414</b>	<b>40,783,360</b>
<b>Assigned to:</b>						
OPEB Obligation	50,680,646	-	-	-	-	50,680,646
Judicial	-	-	-	-	1,452,411	1,452,411
Public Transportation	-	8,279,175	-	-	-	8,279,175
<b>Total Assigned</b>	<b>50,680,646</b>	<b>8,279,175</b>	<b>-</b>	<b>-</b>	<b>1,452,411</b>	<b>60,412,232</b>
<b>Unassigned</b>	<b>40,619,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,619,824</b>
<b>Total Fund Balances</b>	<b>\$111,214,645</b>	<b>\$ 16,282,862</b>	<b>\$ 48,577,323</b>	<b>\$ 42,942,760</b>	<b>\$ 59,860,901</b>	<b>\$278,878,491</b>

**NOTE 12- OPERATING LEASES:**

The County is a party to several lease agreements. Significant terms are discussed below:

Office Space- The County leases 4,474 square feet of office space to the Conroe Symphony Orchestra for a period of sixty months. The term of this lease is July 1, 2015 through June 30, 2020. The monthly rent of \$1,200 is recorded in the General Fund.

The County leases 2,872 square feet of office space to the Montgomery County Housing Authority on a month-to-month basis. The monthly rent is \$425 and is recorded in the General Fund.

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The County also leases office space at the East Montgomery County Community Development Building to Lakewood Family Practice and/or Dr. N. K. Karimjee, for a period of eighty-four months. The original term of this lease was through July 1, 2014 and was amended to renew through July 2021. The monthly rent of \$2,750 is recorded in the Community Development Fund. The building is recorded as a Capital Asset in the County's government-wide financial statements at a cost of \$2,587,911, less accumulated depreciation of \$589,809.

Additionally, the County leases office space at a low income medical clinic to the Magnolia Family Practice Clinic and/or Dr. N. K. Karimjee, for a period of 84 months ending on March 10, 2021. The monthly rent of \$2,500 and utilities of \$400 is recorded in the Community Development Fund.

Following is a schedule of lease payments on office space leases through the ending dates of the agreements:

<b><u>Year Ending</u></b> <b><u>September 30,</u></b>	
2017	92,550
2018	95,550
2019	98,550
2020	97,950
2021	81,650
2022	39,900
Total Future Lease Payments	<u><u>\$506,150</u></u>

**NOTE 13- RISK MANAGEMENT:**

**A) EMPLOYEE HEALTH BENEFITS:**

Effective January 1989, the County established a partially self-funded trust plan which offers medical and life insurance coverage to employees and their dependents. The County maintains excess loss insurance, which limits annual claims paid from the plan to a maximum of \$200,000 per plan participant. This excess loss reinsurance policy includes a contract provision that eliminates a large claim run off liability. A third party administrator is employed by the plan to administer claims. A trustee has been engaged to receive employer and employee contributions and to disburse payments to the providers of the plan. Costs relating to the plan are recorded as expenditures in the internal service fund. In prior years these costs were recorded in the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The plan is funded to discharge liabilities as they become due. Claims incurred and reported, but not paid at September 30, 2016, were \$248,108. Claims incurred but not reported (IBNR) at September 30, 2016, are estimated to be \$3,368,051. Estimates are not based on actuarial calculations, but rather on historical trends. Both amounts have been recorded as expenditures in the Self Insurance Medical Fund, an internal service fund, and a liability has been established.

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Changes in the health claims liability for the two fiscal years ended September 30, 2016 and September 30, 2015 are as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Unpaid claims, beginning of year	\$ 3,622,386	\$ 3,698,834
Incurred claims (includes IBNR)	22,160,954	19,302,196
Claim payments	(22,167,181)	(19,378,644)
Unpaid claims, end of year	<b><u>\$ 3,616,159</u></b>	<b><u>\$ 3,622,386</u></b>

During the year ended September 30, 2016, the plan received contributions in the amounts of \$25,458,491 and \$2,421,764 from the employer and employees, respectively. The contributions made by employees included contributions by qualified retirees and certain former employees covered by the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). In addition to the claim payments made, the plan also expended \$1,044,995 in administrative costs and \$2,627,865 for reinsurance and insurance premiums.

**B) WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY:**

As of January 1, 2003, the County established a partially self-funded program to cover claims by employees arising from job related injuries. The program offers coverage at the statutorily required limits required by the State of Texas. A third party administrator has been engaged by the County to adjudicate claims, provide nurse case management, pre-certification and bill review. Excess loss insurance was purchased to limit the claims loss to the County to no more than \$250,000 per individual claim in 2016.

Costs associated with this program are recorded as expenditures in the Self Insurance Workers' Compensation Fund, which is an Internal Service Fund. Prior to fiscal year 2011, these costs were recorded in the General Fund. Liabilities are recorded when it is probable that a loss has occurred and when an amount can be reasonably estimated. During the year ended September 30, 2016, the County expended \$26,370 for administrative costs and \$290,524 for excess loss insurance premiums.

Changes in the Workers' Compensation liability for the two fiscal years ended September 30, 2016 and September 30, 2015 are detailed below:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Unpaid claims, beginning of year	\$ 977,932	\$ 1,055,988
Current year claims and changes in estimates (includes IBNR)	666,803	513,670
Claim payments	(297,568)	(591,726)
Unpaid claims, end of year	<b><u>\$1,347,167</u></b>	<b><u>\$ 977,932</u></b>

**C) PROPERTY, CASUALTY AND BOILER COVERAGE:**

The County purchased reinsurance coverage for certain property including vehicle, equipment and contents coverage for the fiscal year. Deductibles are maintained at the following levels:

- Buildings and Contents \$100,000
- Boats and Vehicles with less than 6 wheels \$ 10,000
- Vehicles Heavy Equipment above 6 wheels \$ 25,000
- Boilers and HVAC systems \$ 1,500

Total insured values exceed \$395,000,000 for the first three coverages listed above and an additional \$50,000,000 for boilers and HVAC systems.



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The County paid \$431,455 in premiums in fiscal year 2016, and recorded the expenditure in the Accident Liability Fund. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

**D) GENERAL AND OTHER LIABILITY COVERAGES:**

The County purchased reinsurance coverage for General Liability, Auto Liability, Public Officials' Liability, Law Enforcement Liability, Marine Liability, Crime Coverage, Employee Benefits Liability and Airport Operators' Liability. Deductibles are maintained at the \$100,000 level per occurrence by the type of coverage with the exception of the Airport Operators' Liability, which has no deductible. The Public Officials' Liability and Employee Benefits Liability are written on a "claims-made basis". The County and District Clerks have a \$25,000 deductible on the Public Officials Liability. Coverage limits are set at \$1,000,000 per claim by type of coverage. The Airport Operators' Liability is set to \$10,000,000.

Effective December 1, 2003, the County began participating in an individual public entity risk pool, for the coverages listed in subsections B, C, and D above, to transfer certain risks associated with property, casualty, liability and workers' compensation. In addition to those coverages, the County purchased an additional aggregate reinsurance policy. The aggregate coverage loss fund is written on a claims-made basis and is capped at \$1,650,000 for the fiscal year. Note 16 describes the County's obligation under liability claims for 2016.

**NOTE 14- EMPLOYEE RETIREMENT PLAN:**

**A) PLAN DESCRIPTION:**

The County's nontraditional defined benefit pension plan, Texas County and District Retirement System (TCDRS), provides pensions for all of its full-time employees. The TCDRS Board of Trustees is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, TX, 78768.

**B) BENEFITS PROVIDED:**

TCDRS provides retirement, disability, and death benefits. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire with 8 or more years of service at age 60 and above, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated 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 Commissioners' Court 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The plan is open to new entrants.

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C) **EMPLOYEES COVERED BY BENEFIT TERMS:**

Inactive employees or beneficiaries currently receiving benefits	801
Inactive employees entitled to but not yet receiving benefits	1,345
Active employees	<u>2,208</u>

D) **CONTRIBUTIONS:**

Montgomery County has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 12.27 percent and \$13,689,688 for the months of the calendar year 2015.

The deposit rate payable by the employee members for calendar year 2015 was 6.0 percent as adopted by the Commissioners' Court. The employee deposit rate and the employer contribution rate may be changed by the Commissioners' Court within the options available in the TCDRS Act.

E) **ACTUARIAL ASSUMPTIONS:**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Payroll growth	3.5%
Real rate of return	5.0%
Long-term investment return	8.0%

The actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012. In addition, mortality rates were based on the following mortality tables:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year set-back, both projected to 2014 with a scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and the projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2016 information for a 7-10 year time horizon. The

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valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities --Developed	10.00%	5.45%
International Equities - Emerging	8.00%	6.45%
Investment - Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%
Total	100.00%	

The discount rate used to measure the total pension liability was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods. The employee is legally required to make the contribution specified in the funding policy. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the net pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% has been used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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F) PLAN FIDUCIARY NET POSITION:

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$391,730,217	\$367,501,192	\$24,229,025
Changes for the year:			
Service cost	14,877,252	-	14,877,252
Interest	31,734,340	-	31,734,340
Effects of plan changes	(3,634,696)	-	(3,634,696)
Effect of economic/demographic gains or losses	(3,796,129)	-	(3,796,129)
Effect of assumptions changes or inputs	4,204,219	-	4,204,219
Refund of contributions	(825,027)	(825,027)	-
Benefit payments	(14,516,181)	(14,516,181)	-
Administrative expense	-	(266,281)	266,281
Member contributions	-	6,694,227	(6,694,227)
Net investment income	-	(5,580,229)	5,580,229
Employer contributions	-	18,689,688	(18,689,688)
Other changes	-	(135,551)	135,551
Net changes	\$ 28,043,778	\$ 4,060,646	\$ 23,983,132
Balances at December 31, 2015	\$419,773,995	\$371,561,838	\$48,212,157

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
County's Net Pension Liability/(Asset)	\$106,807,226	\$48,212,157	\$(262,938)

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**G) PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS:**

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$14,839,566. At September 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,163,441	\$ 1,068,911
Changes of assumptions	-	3,503,516
Net difference between projected and actual earnings	-	31,909,053
Contributions made subsequent to measurement date	-	12,004,046
	<u>\$ 3,163,441</u>	<u>\$ 48,485,526</u>

The \$12,004,046 reported as deferred outflows of resources related to pensions from County contribution subsequent to the measurement date will be recognized as a reduction of net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30, 2016

2017	\$ 8,571,796
2018	8,571,796
2019	8,571,796
2020	7,534,635
2021	68,016
Total	<u>\$ 33,318,039</u>

**NOTE 15- OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

**A) PLAN DESCRIPTION:**

Effective January 1, 2000, Commissioners' Court adopted a plan to pay for health benefit coverage for qualified retirees under a single-employer defined benefit plan. To qualify for inclusion in the coverage, an individual must currently attain either 15 continuous years of full-time employment (for employees hired prior to October 1, 2009) or 25 continuous years of full-time employment (for employees hired after October 1, 2009) with the County and be eligible for a retirement annuity from the Texas County and District Retirement System. The employee can elect to waive health benefit coverage. The County is under no obligation to provide this benefit, and the decision to do so is made by the Commissioners' Court on a year-to-year basis.

Additionally, the County offers an employee-funded health benefit to those who do not meet the above criteria. The County is obligated to provide this benefit subject to requirements of Chapter 175 of the Texas Local Government Code. Contribution levels are determined by Commissioner's Court on a year-to-year basis. The benefit level is the same as that for a full time regular employee, as further disclosed in Note 13-A.

**B) FUNDING POLICY:**

Montgomery County's optional post-retirement benefit liability is recorded on a full accrual basis in the government-wide statements. An actuarial study was performed for Fiscal year 2016 to prepare for disclosure of this liability in accordance with GASB 45. The projected liability accrual for fiscal year 2016 has been recorded net of premium contributions received from retired employees as required in the plan. Management funds this benefit on a "pay-as-you-go" basis.

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During the year, the County incurred \$2,121,443 in health care claims for retirees and their dependents. For the year ended September 30, 2016, twenty-two employees retired from service with the County and met the qualifications stated in Part A above. Currently, there are 294 retirees covered by this benefit. The actual cost recorded by the County is included in Note 13. Retiree contributions for 2016 were \$191,362, and the County paid the remaining amount of claims. The current ARC is 13.63 percent of annual covered payroll.

**C) ANNUAL OPEB COST AND NET OPEB OBLIGATION:**

Montgomery County records the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the county's net OPEB obligation:

	2016	2015
Annual Required Contribution	\$13,655,076	\$ 13,655,076
Adjustment to annual required contribution	(2,139,198)	(1,729,068)
Interest Adjustment to Net OPEB obligation	2,315,829	1,871,836
Annual OPEB cost (expense)	13,831,707	13,797,844
Contributions made	(2,121,443)	(2,624,283)
Increase in Net OPEB obligation	11,710,264	11,173,561
Net OPEB obligation – beginning of year	57,715,279	46,541,718
Net OPEB obligation – end of year	<u>\$69,425,543</u>	<u>\$ 57,715,279</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year <u>Ended</u>		Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
9/30/13	\$	12,051,576	15.3%	\$ 36,723,146
9/30/14		12,082,709	18.7%	46,541,718
9/30/15		13,797,844	19.0%	57,715,279
9/30/16		13,831,707	15.3%	69,425,543

**D) FUNDED STATUS AND FUNDING PROGRESS:**

As of September 30, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annualized Coverd Payroll	UAAL as a percentage of Coverd Payroll
\$ 153,708,247	\$ -	\$ 153,708,247	0%	\$ 100,181,720	153.40%

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the notes of the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**E) ACTUARIAL METHODS AND ASSUMPTIONS:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Valuation Date	September 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Inflation Rate	3%
Discount Rate	4%
Projected salary increases	3.25% annually
Medical Trend Rate	8%

The valuation will be updated every two years and actual results will be compared with past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits provided under the terms of the substantive plan in place at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Any changes in the benefits offered or the contribution rates would impact future valuations. Montgomery County does not prepare a separate financial report for the post-employment benefit plan.

**NOTE 16- CONTINGENT LIABILITIES:**

**A) GENERAL LIABILITIES:**

For fiscal year 2016, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$291,616, was recorded in the Accident Liability Fund, as part of the Internal Service Funds. In addition, the County expended \$116,000 for damages in connection with three claims, for which the deductible had not been satisfied.

**B) GRANTS:**

The County receives various grant monies that are subject to audit and adjustment by the grantor agencies. Any disallowed expenditure will become a liability of the County. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2016**

C) **LITIGATION:**

The County is a defendant in a number of lawsuits with claims for damages in excess of \$5,000,000. These claims result primarily from assertions by former employees that they were wrongfully discharged, allegations by jail inmates that their rights were violated while incarcerated in the County jail, and claims by individuals arising from property damages. The County paid \$102,901 for legal counsel to defend existing claims. These costs are accounted for in the Accident Liability Fund. The County intends to vigorously contest all the cases, and legal counsel is of the opinion that the County will prevail in all cases which may have a material effect on the financial position of the County. For additional information on the County's coverage amounts see Note 13-D.

**NOTE 17- NEW ACCOUNTING PRONOUNCEMENTS:**

The Governmental Accounting Standards Board (GASB) has recently issued several new statements. A listing follows of those that apply to the County. These statements will be implemented in subsequent years, as required by the GASB.

GASB Statement No. 84, *Fiduciary Activities*, will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2020.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will establish uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2019.

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will enhance the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2018.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, will amend the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will improve comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2018.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, will improve financial reporting by amending the scope and applicability of



**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2016**

Statement 68 associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, will require governments that enter into tax abatement agreements to disclose certain information about those agreements. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve the decision-usefulness of information in financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This statement replaces the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2018.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2017.

**NOTE 18- PRIOR PERIOD ADJUSTMENT:**

Net Position at September 30, 2015 was restated for the inclusion of the Adult Probation funds, which were previously treated as Agency Funds. Current analysis by management of the funds determined a prior period adjustment was necessary. The funds included Adult Probation - Basic Supervision, Adult Probation - Community Corrections and Adult Probation - Mental Impairments.

	Governmental Activities Net Position	Non-Major Special Revenue Funds
Beginning fund balance and net position, as previously reported	\$459,343,410	\$ 17,331,313
Inclusion of Adult Probation	\$ 2,923,136	\$ 2,923,136
Beginning fund balance and net position, as restated	<u>\$462,266,546</u>	<u>\$ 20,254,449</u>

**NOTE 19- SUBSEQUENT EVENTS:**

On December 20, 2016, Commissioners Court issued Unlimited Tax Road Bonds, Series 2016A in the amount of \$73,725,000 and Limited Tax Refunding Bonds, Series 2016A in the amount of \$47,775,000. Proceeds from the sale of the Road Bonds will be used for road improvements within the County and payment of the costs of issuance of the Road Bonds. Proceeds from the sale of the Refunding Bonds will be used to refund and defease certain outstanding obligations.

**MONTGOMERY COUNTY, TEXAS**  
**Required Supplementary Information**  
**Schedule of Changes in the County's Net Pension Liability**

	2015*	2016*
Total Pension Liability		
Service Cost	\$ 13,961,075	\$ 14,877,252
Interest	29,231,819	31,734,340
Effect of plan changes	-	(3,634,696)
Effect of economic/demographic gains or losses	1,603,366	(3,796,129)
Effect of assumptions changes or inputs	-	4,204,219
Benefit Payments, including refunds of employee contributions	(13,944,641)	(15,341,208)
Net change in total pension liability	30,851,619	28,043,778
Total pension liability - beginning	360,878,598	391,730,217
Total pension liability - ending	<u>\$ 391,730,217</u>	<u>\$ 419,773,995</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 12,941,853	\$ 18,689,688
Contributions - employee	6,328,534	6,694,227
Net Investment income	22,791,347	(5,580,229)
Benefit payments, including refunds of employee contributions	(13,944,641)	(15,341,208)
Administrative expenses	(272,575)	(266,281)
Other	200,508	(135,551)
Net change in plan fiduciary net position	28,045,026	4,060,646
Plan Fiduciary Net Position - beginning	339,456,166	367,501,192
Plan Fiduciary Net Position - ending	<u>\$ 367,501,192</u>	<u>\$ 371,561,838</u>
County's net pension liability - ending	<u>\$ 24,229,025</u>	<u>\$ 48,212,157</u>
Plan fiduciary net position as a percentage of the total pension liability	93.81%	88.51%
Covered - employee payroll	\$ 105,475,573	\$ 111,570,445
County's net pension liability as a percentage of covered-employee payroll	22.97%	43.21%

\* The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, December 31 of the prior year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**MONTGOMERY COUNTY, TEXAS**  
**Required Supplementary Information**  
**Schedule of County Contributions**

	2015*	2016*
Actuarially determined contribution	\$ 11,834,359	\$ 12,194,650
Actual Employer Contribution	12,941,853	18,689,688
Contribution deficiency (excess)	<u>\$ (1,107,494)</u>	<u>\$ (6,495,039)</u>
Covered employee payroll	\$ 105,475,573	\$ 111,570,445
Contributions as a percentage of covered-employee payroll	12.30%	16.80%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed non-asymptotic
Inflation	3.0%
Salary increases	3.5%, average, including inflation
Investment rate of return	8.10%, net of investment expense
Depositing members	The RP-2000 Active Employee Mortality Table for males with a tow-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year set-back, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a tow-year set-forward, both with the projection scale AA.

\* The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, December 31 of the prior year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**MONTGOMERY COUNTY, TEXAS**  
**Required Supplementary Information**  
**September 30, 2016**

**Other Post Employment Benefits (OPEB)**

**Schedule of Funding Progress**

(Amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll <sup>(1)</sup>	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
10/01/08	\$ -	\$ 86,253	\$ 86,253	- %	\$62,670	137.6%
09/30/11	-	129,597	129,597	- %	78,297	165.5%
09/30/13	-	141,102	141,102	- %	88,645	159.2%
09/30/15	-	153,708	153,708	- %	100,182	153.4%

## **SUPPLEMENTARY INFORMATION**



**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Balance Sheet**

**September 30, 2016**

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	<u>General Fund</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 50,223,068
Investments	89,108,510
Cash, Restricted for Retainage	236,505
Receivables:	
Taxes (net)	4,683,797
Accounts (net)	2,362,154
Interest	285,417
Due from Other Funds	42,474,747
Due from Other Governments	7,407,278
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 196,781,476</u></b>
<b><u>LIABILITIES:</u></b>	
Accounts Payable	\$ 15,537,147
Retainage Payable	236,505
Due to Other Funds	60,256,826
Due to Other Governments	7,590
Unearned Revenue	4,940,744
Total liabilities	<b><u>80,978,812</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Unavailable revenue - property taxes	4,588,019
Total deferred inflows of resources	<b><u>4,588,019</u></b>
<b><u>FUND BALANCES:</u></b>	
Restricted	3,119,811
Committed	16,794,364
Assigned	50,680,646
Unassigned	40,619,824
Total Fund Balances	<b><u>111,214,645</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>	<b><u>\$ 196,781,476</u></b>

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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<b><u>TAXES:</u></b>	Original Budget	Final Budget	Actual	Variance with Final Budget
Ad Valorem Current	\$ 170,413,260	\$ 170,413,260	\$ 167,266,867	\$ (3,146,393)
Ad Valorem Delinquent	1,190,000	1,190,000	1,241,350	51,350
Penalty and Interest	980,000	980,000	1,508,222	528,222
Mixed Beverage	1,750,000	1,750,000	2,132,485	382,485
Bingo Tax	190,000	190,000	164,756	(25,244)
Miscellaneous Taxes	150,000	150,000	847,517	697,517
Total Taxes	174,673,260	174,673,260	173,161,197	(1,512,063)

**LICENSES AND PERMITS:**

Beer Licenses	80,000	80,000	196,348	116,348
Trial Fees	4,000	4,000	1,488	(2,512)
Park Fees	75,000	75,000	116,778	41,778
Health Permits	500,000	500,000	545,350	45,350
Recycle Center Permits	-	-	2,250	2,250
Animal Control Transport	10,000	10,000	22,336	12,336
Animal Shelter Fees	15,000	15,000	-	(15,000)
Food Service Permits	500,000	500,000	534,725	34,725
Alarm Permits	800,000	800,000	829,118	29,118
Hazardous Waste Mgmt Fees	25,000	25,000	20,974	(4,026)
Total Licenses and Permits	2,009,000	2,009,000	2,269,367	260,367

**FEES:**

County Judge	13,000	13,000	13,357	357
County Sheriff	325,000	325,000	387,577	62,577
County Attorney	80,000	80,000	89,084	9,084
County Clerk	3,432,615	3,427,205	4,107,799	680,594
Tax Assessor-Collector	4,105,520	4,105,520	5,154,306	1,048,786
District Clerk	1,382,932	1,405,360	1,747,740	342,380
Justice of the Peace	4,513,953	4,519,419	5,013,421	494,002
Constable	350,000	350,000	483,524	133,524
Voter Registration	100	100	80	(20)
Criminal Justice Fees	395,000	300,000	334,945	34,945
Fees of Office	-	216,355	349,182	(132,827)
Total Fees	14,598,120	14,741,959	17,681,015	2,939,056

**INTERGOVERNMENTAL:**

Federal Grants	70,000	1,892,416	1,893,110	694
State Grants	420,000	2,233,133	2,216,963	(16,170)
Other	575,000	1,149,403	1,547,997	398,594
Total Intergovernmental	1,065,000	5,274,952	5,658,070	383,118



**MONTGOMERY COUNTY, TEXAS**  
**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>CHARGES FOR SERVICES</u></b>	2,865,350	3,267,269	3,171,330	(95,939)
<b><u>INVESTMENT EARNINGS</u></b>	332,910	333,154	1,327,076	993,922
<b><u>CONTRACT REIMBURSEMENTS</u></b>	13,047,185	14,763,607	14,007,558	(756,049)
<b><u>INMATE HOUSING</u></b>	15,800,000	32,712,111	32,712,111	-
<b><u>FINES AND FORFEITURES</u></b>	40,000	40,000	78,244	38,244
<b><u>MISCELLANEOUS:</u></b>				
Lease of Facility	15,000	15,000	21,425	6,425
Commissions	285,000	406,091	421,450	15,359
Other	275,000	1,065,415	2,528,087	1,462,672
Total Miscellaneous	575,000	1,486,506	2,970,962	1,484,456
<b><u>TOTAL REVENUES</u></b>	225,005,825	249,301,818	253,036,930	3,735,112
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	968,256	2,296,329	1,328,073
Capital Lease Financing	-	241,615	-	(241,615)
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	1,209,871	2,296,329	1,086,458
<b><u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u></b>	<u>\$ 225,005,825</u>	<u>\$ 250,511,689</u>	<u>\$ 255,333,259</u>	<u>\$ 4,821,570</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge:				
Salaries	\$ 438,657	\$ 393,657	\$ 392,995	\$ 662
Employee Benefits	143,197	123,197	119,180	4,017
Supplies	8,550	8,550	3,230	5,320
Contract Services	41,331	41,532	34,203	7,329
Total County Judge	631,735	566,936	549,608	17,328
Human Resources:				
Salaries	381,680	379,680	379,560	120
Employee Benefits	143,258	138,258	136,452	1,806
Supplies	9,600	11,200	11,009	191
Contract Services	79,846	78,246	41,195	37,051
Total Human Resources	614,384	607,384	568,216	39,168
Risk Management:				
Salaries	576,860	572,860	567,041	5,819
Employee Benefits	215,751	213,751	208,371	5,380
Supplies	31,010	33,010	25,302	7,708
Contract Services	122,385	120,727	102,468	18,259
Total Risk Management	946,006	940,348	903,182	37,166
County Clerk:				
Salaries	1,641,487	1,567,687	1,567,585	102
Employee Benefits	752,960	722,960	712,602	10,358
Supplies	45,350	46,367	41,471	4,896
Contract Services	26,325	26,325	22,296	4,029
Total County Clerk	2,466,122	2,363,339	2,343,954	19,385
Collections:				
Salaries	255,035	255,065	254,630	435
Employee Benefits	118,031	120,131	118,013	2,118
Supplies	9,000	9,000	6,344	2,656
Contract Services	68,167	68,167	35,180	32,987
Total Collections	450,233	452,363	414,167	38,196
Permits:				
Salaries	275,735	275,960	275,959	1
Benefits	133,169	122,947	121,206	1,741
Supplies	12,200	11,174	10,069	1,105
Services	6,664	7,564	5,786	1,778
Total Permits	427,768	417,645	413,020	4,625

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>GENERAL ADMINISTRATION(cont'd)</u></b>				
Veterans' Service:				
Salaries	162,843	164,163	164,093	70
Employee Benefits	66,053	67,053	66,317	736
Supplies	2,052	2,333	2,090	243
Contract Services	2,347	2,847	2,472	375
Capital Outlay	1,648	1,367	1,367	-
Total Veterans' Service	234,943	237,763	236,339	1,424
Information Technology:				
Salaries	2,177,767	2,043,818	2,043,816	2
Employee Benefits	747,742	703,350	703,350	-
Supplies	1,159,772	1,171,650	1,170,738	912
Contract Services	3,141,739	1,554,502	1,295,173	259,329
Capital Outlay	1,236,371	1,080,460	884,206	196,254
Total Information Technology	8,463,391	6,553,780	6,097,283	456,497
Purchasing Agent:				
Salaries	810,973	770,973	765,433	5,540
Employee Benefits	318,409	303,409	297,326	6,083
Supplies	14,732	11,678	9,852	1,826
Contract Services	192,392	195,392	107,409	87,983
Capital Outlay	-	8,130	8,130	-
Total Purchasing Agent	1,336,506	1,289,582	1,188,150	101,432
County-Wide:				
Salaries	125,000	125,000	-	125,000
Employee Benefits	3,435,000	4,435,000	4,435,000	-
Supplies	760,000	760,000	668,754	91,246
Contract Services	9,637,924	5,952,001	5,365,866	586,135
Capital Outlay	13,295,000	5,184,702	-	5,184,702
Total County-Wide	27,252,924	16,456,703	10,469,620	5,987,083
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>42,824,012</u></b>	<b><u>29,885,843</u></b>	<b><u>23,183,539</u></b>	<b><u>6,702,304</u></b>
<b><u>JUDICIAL:</u></b>				
County Court No1:				
Salaries	358,064	360,817	360,817	-
Employee Benefits	115,938	112,910	112,910	-
Supplies	5,374	5,874	3,641	2,233
Contract Services	6,410	5,910	4,404	1,506
Total County Court No1	485,786	485,511	481,772	3,739
County Court No2:				
Salaries	591,016	595,116	595,115	1
Employee Benefits	207,160	206,160	204,029	2,131
Supplies	4,304	4,304	3,729	575
Contract Services	10,338	10,338	9,593	745
Total County Court No2	812,818	815,918	812,466	3,452

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>JUDICIAL(cont'd)</u></b>				
County Court No3:				
Salaries	555,667	559,940	559,940	-
Employee Benefits	177,710	175,607	173,253	2,354
Supplies	9,570	8,247	3,674	4,573
Contract Services	9,644	10,609	10,263	346
Total County Court No3	752,591	754,403	747,130	7,273
County Court No4:				
Salaries	371,346	372,196	372,170	26
Employee Benefits	118,584	115,584	113,452	2,132
Supplies	8,155	7,841	5,056	2,785
Contract Services	6,650	6,710	4,007	2,703
Total County Court No4	504,735	502,331	494,685	7,646
County Court No5:				
Salaries	354,895	357,445	357,425	20
Employee Benefits	115,307	113,307	112,235	1,072
Supplies	8,830	8,830	3,851	4,979
Contract Services	7,334	7,334	4,386	2,948
Total County Court No5	486,366	486,916	477,897	9,019
Judicial Technology:				
Supplies	375,300	375,300	356,473	18,827
Services	150,000	150,000	83,061	66,939
Capital Outlay	-	241,615	-	241,615
Total Judicial Technology	525,300	766,915	439,534	327,381
District Attorney:				
Salaries	7,035,780	7,497,340	7,387,317	110,023
Employee Benefits	2,465,741	2,574,579	2,500,981	73,598
Supplies	133,468	181,289	151,726	29,563
Contract Services	200,272	284,279	275,996	8,283
Capital Outlay	86,707	6,960	1,552	5,408
Total District Attorney	9,921,968	10,544,447	10,317,572	226,875
District Clerk:				
Salaries	2,302,684	2,267,684	2,251,592	16,092
Employee Benefits	1,120,998	1,112,998	1,081,275	31,723
Supplies	86,890	85,529	64,351	21,178
Contract Services	52,506	52,638	29,197	23,441
Capital Outlay	-	4,682	2,275	2,407
Total District Clerk	3,563,078	3,523,531	3,428,690	94,841

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>JUDICIAL(cont'd)</u></b>				
Justice of Peace Pct 1:				
Salaries	532,203	527,203	525,211	1,992
Employee Benefits	196,273	188,273	185,349	2,924
Supplies	11,500	13,771	13,658	113
Contract Services	32,654	68,478	43,749	24,729
Capital Outlay	14,627	14,156	13,691	465
Total Justice of Peace Pct 1	787,257	811,881	781,658	30,223
Justice of Peace Pct 2:				
Salaries	335,799	325,347	325,346	1
Employee Benefits	134,119	125,311	125,311	-
Supplies	8,040	7,983	5,739	2,244
Contract Services	17,715	47,043	26,943	20,100
Total Justice of Peace Pct 2	495,673	505,684	483,339	22,345
Justice of Peace Pct 3:				
Salaries	657,700	656,144	656,144	-
Employee Benefits	287,879	293,677	291,085	2,592
Supplies	13,791	13,634	13,621	13
Contract Services	20,288	21,788	15,231	6,557
Total Justice of Peace Pct 3	979,658	985,243	976,081	9,162
Justice of Peace Pct 4:				
Salaries	561,316	561,316	560,327	989
Employee Benefits	257,266	257,866	251,118	6,748
Supplies	9,603	9,549	8,410	1,139
Contract Services	24,578	52,771	29,708	23,063
Total Justice of Peace Pct 4	852,763	881,502	849,563	31,939
Justice of Peace Pct 5:				
Salaries	340,427	343,067	343,044	23
Employee Benefits	134,834	136,534	135,183	1,351
Supplies	9,362	11,478	10,703	775
Contract Services	11,615	21,518	12,370	9,148
Total Justice of Peace Pct 5	496,238	512,597	501,300	11,297
Veterans Treatment Court:				
Supplies	-	1,000	-	1,000
Contract Services	-	158,340	200	158,140
Total Veterans Treatment Court	-	159,340	200	159,140
<b><u>TOTAL JUDICIAL</u></b>	20,664,231	21,736,219	20,791,887	944,332
<b><u>LEGAL SERVICES:</u></b>				
County Attorney:				
Salaries	2,128,251	2,132,129	2,116,173	15,956
Employee Benefits	737,672	731,643	726,256	5,387
Supplies	47,880	71,861	57,813	14,048
Contract Services	238,296	263,450	138,953	124,497
Total County Attorney	3,152,099	3,199,083	3,039,195	159,888
Alternate Dispute Resolution:				
Contract Services	129,500	152,228	152,228	-
Total Alternate Dispute Resolution	129,500	152,228	152,228	-
<b><u>TOTAL LEGAL SERVICES</u></b>	3,281,599	3,351,311	3,191,423	159,888

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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<b><u>ELECTIONS:</u></b>	Original Budget	Final Budget	Actual	Variance with Final Budget
Salaries	852,854	913,892	870,039	43,853
Employee Benefits	293,553	262,190	242,331	19,859
Supplies	67,120	89,538	88,391	1,147
Contract Services	128,309	196,301	193,002	3,299
Capital Outlay	-	34,252	34,252	-
<b><u>TOTAL ELECTIONS</u></b>	<b><u>1,341,836</u></b>	<b><u>1,496,173</u></b>	<b><u>1,428,015</u></b>	<b><u>68,158</u></b>

**FINANCIAL ADMINISTRATION:**

County Auditor:

Salaries	1,564,829	1,518,029	1,510,400	7,629
Employee Benefits	603,236	578,236	569,280	8,956
Supplies	23,200	18,400	18,345	55
Contract Services	51,670	54,605	54,534	71
Total County Auditor	<u>2,242,935</u>	<u>2,169,270</u>	<u>2,152,559</u>	<u>16,711</u>

Financial Technology:

Services	<u>650,000</u>	<u>650,000</u>	<u>116,325</u>	<u>533,675</u>
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County Treasurer:

Salaries	490,093	445,093	440,508	4,585
Employee Benefits	187,056	172,056	164,902	7,154
Supplies	12,031	12,031	7,719	4,312
Contract Services	19,792	19,792	15,478	4,314
Capital Outlay	2,695	2,695	1,667	1,028
Total County Treasurer	<u>711,667</u>	<u>651,667</u>	<u>630,274</u>	<u>21,393</u>

Tax Assessor-Collector:

Salaries	2,713,156	2,689,139	2,689,139	-
Employee Benefits	1,224,345	1,171,362	1,164,909	6,453
Supplies	189,980	225,830	126,004	99,826
Contract Services	189,717	266,487	188,369	78,118
Capital Outlay	-	9,270	-	9,270
Total Tax Assessor-Collector	<u>4,317,198</u>	<u>4,362,088</u>	<u>4,168,421</u>	<u>193,667</u>

<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>7,921,800</u></b>	<b><u>7,833,025</u></b>	<b><u>7,067,579</u></b>	<b><u>765,446</u></b>
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**PUBLIC FACILITIES:**

Custodial Services:

Salaries	1,964,380	1,909,469	1,906,277	3,192
Employee Benefits	823,076	816,987	801,435	15,552
Supplies	375,500	338,701	333,617	5,084
Contract Services	66,830	68,553	62,673	5,880
Capital Outlay	-	36,799	1,299	35,500
Total Custodial Services	<u>3,229,786</u>	<u>3,170,509</u>	<u>3,105,301</u>	<u>65,208</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>PUBLIC FACILITIES (cont'd):</u></b>				
Building Maintenance:				
Salaries	2,498,115	2,494,534	2,494,498	36
Employee Benefits	1,024,232	1,027,393	1,013,289	14,104
Supplies	963,744	1,161,329	936,630	224,699
Contract Services	357,366	1,211,226	1,155,730	55,496
Capital Outlay	21,000	304,730	213,291	91,439
Total Building Maintenance	4,864,457	6,199,212	5,813,438	385,774
Jail:				
Salaries	13,713,000	13,300,794	13,300,793	1
Employee Benefits	6,017,400	5,663,480	5,617,684	45,796
Supplies	1,866,163	2,072,120	1,775,858	296,262
Contract Services	17,618,253	35,277,695	35,259,193	18,502
Capital Outlay	67,000	88,604	88,604	-
Total Jail	39,281,816	56,402,693	56,042,132	360,561
Civic Center:				
Salaries	455,044	455,706	455,705	1
Employee Benefits	191,485	190,905	190,904	1
Supplies	140,929	170,086	146,574	23,512
Contract Services	205,112	452,147	353,023	99,124
Capital Outlay	68,317	102,282	68,317	33,965
Total Civic Center	1,060,887	1,371,126	1,214,523	156,603
<b><u>TOTAL PUBLIC FACILITIES</u></b>	48,436,946	67,143,540	66,175,394	968,146
<b><u>PUBLIC SAFETY:</u></b>				
Fire Marshal:				
Salaries	1,072,664	1,045,449	983,583	61,866
Employee Benefits	370,953	363,511	342,684	20,827
Supplies	88,455	92,689	45,367	47,322
Contract Services	38,578	34,137	30,074	4,063
Capital Outlay	88,844	194,497	182,078	12,419
Total Fire Marshal	1,659,494	1,730,283	1,583,786	146,497
Constable Pct 1:				
Salaries	2,540,228	2,580,378	2,580,377	1
Employee Benefits	909,075	914,856	909,481	5,375
Supplies	150,231	167,323	149,248	18,075
Contract Services	52,309	128,409	112,613	15,796
Capital Outlay	-	71,592	65,089	6,503
Total Constable Pct 1	3,651,843	3,862,558	3,816,808	45,750

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>PUBLIC SAFETY (cont'd):</u></b>				
Constable Pct 2:				
Salaries	1,168,484	1,208,460	1,194,091	14,369
Employee Benefits	400,831	413,244	407,223	6,021
Supplies	40,434	105,157	69,876	35,281
Contract Services	31,868	43,817	32,342	11,475
Capital Outlay	42,691	71,764	68,946	2,818
Total Constable Pct 2	1,684,308	1,842,442	1,772,478	69,964
Constable Pct 3:				
Salaries	2,332,046	2,538,860	2,524,186	14,674
Employee Benefits	867,707	923,358	919,386	3,972
Supplies	97,496	250,757	169,393	81,364
Contract Services	35,855	64,452	53,092	11,360
Capital Outlay	168,584	450,619	355,885	94,734
Total Constable Pct 3	3,501,688	4,228,046	4,021,942	206,104
Constable Pct 4:				
Salaries	2,115,872	2,214,805	2,212,006	2,799
Employee Benefits	768,619	798,503	791,019	7,484
Supplies	118,140	169,396	145,059	24,337
Contract Services	47,691	67,699	54,840	12,859
Capital Outlay	187,132	229,154	226,228	2,926
Total Constable Pct 4	3,237,454	3,479,557	3,429,152	50,405
Constable Pct 5:				
Salaries	1,706,482	1,735,348	1,628,454	106,894
Employee Benefits	608,632	619,221	570,125	49,096
Supplies	64,735	83,583	49,830	33,753
Contract Services	34,475	34,098	30,697	3,401
Capital Outlay	-	186,665	165,877	20,788
Total Constable Pct 5	2,414,324	2,658,915	2,444,983	213,932
Sheriff:				
Salaries	27,603,918	28,207,390	27,847,004	360,386
Employee Benefits	10,801,909	10,880,620	10,743,641	136,979
Supplies	3,517,366	5,207,323	2,095,030	3,112,293
Contract Services	3,008,038	3,122,522	2,563,871	558,651
Capital Outlay	2,774,488	3,816,022	2,725,463	1,090,559
Total Sheriff	47,705,719	51,233,877	45,975,009	5,258,868



**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Juvenile Services:				
Salaries	3,502,011	3,451,633	3,359,143	92,490
Employee Benefits	1,549,633	1,538,050	1,480,978	57,072
Supplies	82,585	99,156	97,195	1,961
Contract Services	178,738	644,567	276,140	368,427
Capital Outlay	-	9,756	9,756	-
Total Juvenile Services	<u>5,312,967</u>	<u>5,743,162</u>	<u>5,223,212</u>	<u>519,950</u>
Adult Services:				
Supplies	6,026	10,972	9,269	1,703
Contract Services	15,100	7,300	6,612	688
Capital Outlay	-	10,000	9,138	862
Total Adult Services	<u>21,126</u>	<u>28,272</u>	<u>25,019</u>	<u>3,253</u>
Emergency Management:				
Salaries	280,268	533,261	473,715	59,546
Employee Benefits	100,649	196,639	171,370	25,269
Supplies	3,389	274,842	154,816	120,026
Contract Services	9,992	733,991	372,856	361,135
Capital Outlay	6,000	1,251,776	625,140	626,636
Total Emergency Management	<u>400,298</u>	<u>2,990,509</u>	<u>1,797,897</u>	<u>1,192,612</u>
Law Enforcement Technology:				
Supplies	521,800	521,800	407,399	114,401
Capital Outlay	562,132	2,294,181	1,718,893	575,288
Total Law Enforcement Technology	<u>1,083,932</u>	<u>2,815,981</u>	<u>2,126,292</u>	<u>689,689</u>
Department of Public Safety:				
Salaries	75,398	75,976	75,976	-
Employee Benefits	37,428	37,530	37,530	-
Supplies	450	450	450	-
Total Dept of Public Safety	<u>113,276</u>	<u>113,956</u>	<u>113,956</u>	<u>-</u>
<b><u>TOTAL PUBLIC SAFETY</u></b>	<u>70,786,429</u>	<u>80,727,558</u>	<u>72,330,534</u>	<u>8,397,024</u>
<b><u>HEALTH AND WELFARE:</u></b>				
Vehicle Emissions Program:				
Contract Services	-	2,743,592	1,366,787	1,376,805
Medical:				
Contract Services	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Mental Health:				
Contract Services	<u>278,525</u>	<u>278,525</u>	<u>219,860</u>	<u>58,665</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>HEALTH AND WELFARE:</u></b>				
Environmental Health:				
Salaries	1,443,838	1,450,338	1,449,445	893
Employee Benefits	534,110	535,810	529,637	6,173
Supplies	34,157	34,157	13,966	20,191
Contract Services	70,566	71,708	55,661	16,047
Total Environmental Health	2,082,671	2,092,013	2,048,709	43,304
Forensic Services:				
Salaries	742,740	656,163	473,554	182,609
Employee Benefits	226,385	209,608	142,162	67,446
Supplies	84,407	51,240	45,999	5,241
Contract Services	374,092	574,694	532,708	41,986
Capital Outlay	-	36,338	24,837	11,501
Total Forensic Services	1,427,624	1,528,043	1,219,260	308,783
Animal Control:				
Salaries	572,332	558,541	558,540	1
Employee Benefits	270,870	271,961	268,192	3,769
Supplies	92,050	92,249	44,315	47,934
Contract Services	83,813	88,582	79,420	9,162
Total Animal Control	1,019,065	1,011,333	950,467	60,866
Animal Shelter:				
Salaries	-	962,055	940,828	21,227
Employee Benefits	-	297,009	257,632	39,377
Supplies	-	544,761	510,423	34,338
Contract Services	1,531,328	585,049	337,925	247,124
Capital Outlay	-	41,100	-	41,100
Total Animal Shelter	1,531,328	2,429,974	2,046,808	383,166
Child Welfare:				
Salaries	-	39,369	18,629	20,740
Supplies	34,600	34,600	11,293	23,307
Contract Services	43,850	50,264	13,837	36,427
Total Child Welfare	78,450	124,233	43,759	80,474
MCCD County Appropriation:				
Contract Services	1,000	1,000	940	60
Welfare:				
Contract Services	1,003,762	1,018,762	1,018,762	-
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>7,512,425</u></b>	<b><u>11,317,475</u></b>	<b><u>9,005,352</u></b>	<b><u>2,312,123</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**General Fund**  
**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>CULTURE AND RECREATION:</u></b>				
Memorial Library:				
Salaries	5,472,083	5,472,083	5,337,243	134,840
Employee Benefits	2,405,715	2,405,715	2,325,094	80,621
Supplies	595,629	636,554	589,960	46,594
Contract Services	387,944	711,389	640,994	70,395
Capital Outlay	270,382	346,230	345,738	492
Total Memorial Library	<u>9,131,753</u>	<u>9,571,971</u>	<u>9,239,029</u>	<u>332,942</u>
Historical Commission:				
Contract Services	45,000	106,663	90,012	16,651
Total Historical Commission	<u>45,000</u>	<u>106,663</u>	<u>90,012</u>	<u>16,651</u>
<b><u>TOTAL CULTURE AND RECREATION</u></b>	<b><u>9,176,753</u></b>	<b><u>9,678,634</u></b>	<b><u>9,329,041</u></b>	<b><u>349,593</u></b>
<b><u>CONSERVATION:</u></b>				
Extension Agent:				
Salaries	391,258	409,737	409,737	-
Employee Benefits	204,566	176,029	171,468	4,561
Supplies	19,780	27,987	26,955	1,032
Contract Services	39,620	76,023	70,374	5,649
<b><u>TOTAL CONSERVATION</u></b>	<b><u>655,224</u></b>	<b><u>689,776</u></b>	<b><u>678,534</u></b>	<b><u>11,242</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>				
Airport Maintenance:				
Salaries	387,887	387,887	382,467	5,420
Employee Benefits	144,909	144,909	136,562	8,347
Supplies	47,343	56,943	49,733	7,210
Contract Services	118,326	298,088	154,277	143,811
Capital Outlay	-	2,791,955	2,493,594	298,361
<b><u>TOTAL PUBLIC TRANSPORTATION</u></b>	<b><u>698,465</u></b>	<b><u>3,679,782</u></b>	<b><u>3,216,633</u></b>	<b><u>463,149</u></b>
<b><u>MISCELLANEOUS:</u></b>				
Contingency	1,455,295	1,236,594	-	1,236,594
<b><u>TOTAL MISCELLANEOUS</u></b>	<b><u>1,455,295</u></b>	<b><u>1,236,594</u></b>	<b><u>-</u></b>	<b><u>1,236,594</u></b>
<b><u>TOTAL EXPENDITURES</u></b>				
<b><u>GENERAL FUND</u></b>	<b><u>214,755,015</u></b>	<b><u>238,775,930</u></b>	<b><u>216,397,931</u></b>	<b><u>22,218,111</u></b>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>OTHER FINANCING USES:</u></b>				
Transfers Out:				
To Attorney Administration			46,000	(46,000)
To FEMA Disaster Grants	-	357,735	357,735	-
To Jury	-	44,558	9,268,602	(9,224,044)
To Road and Bridge	-	3,575,120	3,575,120	-
To Juvenile Probation	-	9,943	9,943	-
To Airport Grants	-	2,718	2,718	-
To Courthouse Security	-	-	100,000	(100,000)
To Records Management County	-	-	375,000	(375,000)
To Debt Service	-	-	1,071,161	(1,071,161)
To Jail 13-14	-	2,265,634	2,265,634	-
To Digital Preservation County/District	-	98,405	98,405	-
To 2016 Capital Projects	-	8,149,342	8,149,342	-
<b><u>TOTAL OTHER FINANCING USES</u></b>	<b><u>-</u></b>	<b><u>14,503,455</u></b>	<b><u>25,319,660</u></b>	<b><u>(10,816,205)</u></b>
<b><u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u></b>	<b><u>\$ 214,755,015</u></b>	<b><u>\$ 253,279,385</u></b>	<b><u>\$ 241,717,591</u></b>	<b><u>\$ 11,401,906</u></b>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

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	Special Revenue	Capital Projects	Total
<b><u>ASSETS:</u></b>			
Cash	\$ 11,320,140	\$ 5,169,492	\$ 16,489,632
Investments	2,823,988	5,159,791	7,983,779
Receivables:			
Accounts (net)	409,468	-	409,468
Due from Other Funds	12,299,358	19,594,376	31,893,734
Due from Other Governments	3,775,005	20,000,000	23,775,005
Prepaid Items	106,290	-	106,290
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 30,734,249</u></b>	<b><u>\$ 49,923,659</u></b>	<b><u>\$ 80,657,908</u></b>

**LIABILITIES AND  
FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 2,882,862	\$ 175,147	\$ 3,058,009
Due to Other Funds	5,076,180	9,677,980	14,754,160
Due to Other Governments	171	-	171
Unearned Revenue	2,984,667	-	2,984,667
Total Liabilities	<u>10,943,880</u>	<u>9,853,127</u>	<u>20,797,007</u>

**FUND BALANCES:**

Nonspendable	106,290	-	106,290
Restricted	18,231,652	20,526,134	38,757,786
Committed	16	19,544,398	19,544,414
Assigned	1,452,411	-	1,452,411
Total Fund Balances	<u>19,790,369</u>	<u>40,070,532</u>	<u>59,860,901</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 30,734,249</u></b>	<b><u>\$ 49,923,659</u></b>	<b><u>\$ 80,657,908</u></b>
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**MONTGOMERY COUNTY, TEXAS**

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Year Ended September 30, 2016**

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	Special Revenue	Capital Projects	Totals
<b><u>REVENUES:</u></b>			
Fees	\$ 2,935,430	\$ -	\$ 2,935,430
Intergovernmental	10,396,552	-	10,396,552
Charges for Services	3,373,535	-	3,373,535
Investment Earnings	42,584	21,220	63,804
Contract Reimbursements	15,957,013	-	15,957,013
Fines and Forfeitures	1,371,668	-	1,371,668
Miscellaneous	201,213	-	201,213
<b><u>TOTAL REVENUES</u></b>	<b><u>34,277,995</u></b>	<b><u>21,220</u></b>	<b><u>34,299,215</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
General Administration	1,286,832	-	1,286,832
Judicial	12,652,271	-	12,652,271
Legal Services	701,137	-	701,137
Elections	813,397	-	813,397
Public Safety	9,087,376	-	9,087,376
Health and Welfare	17,694,385	-	17,694,385
Culture and Recreation	103,145	-	103,145
Public Transportation	1,158,985	-	1,158,985
Capital Projects	-	2,774,405	2,774,405
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>43,497,528</u></b>	<b><u>2,774,405</u></b>	<b><u>46,271,933</u></b>
(Deficiency) Revenues Over Expenditures	<u>(9,219,533)</u>	<u>(2,753,185)</u>	<u>(11,972,718)</u>
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>			
Transfers In	10,548,169	10,414,975	20,963,144
Transfers Out	(1,785,854)	(1,321,302)	(3,107,156)
Grant Funds Not Reimbursed	<u>(6,862)</u>	<u>-</u>	<u>(6,862)</u>
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>8,755,453</u></b>	<b><u>9,093,673</u></b>	<b><u>17,849,126</u></b>
Net Change in Fund Balances	<u>(464,080)</u>	<u>6,340,488</u>	<u>5,876,408</u>
Fund Balances at Beginning of Year	17,331,313	33,730,044	51,061,357
Prior Period Adjustment	2,923,136	-	2,923,136
Beginning Fund Balance as Restated	<u>20,254,449</u>	<u>33,730,044</u>	<u>53,984,493</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 19,790,369</u></b>	<b><u>\$ 40,070,532</u></b>	<b><u>\$ 59,860,901</u></b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

**Attorney Administration Fund** - to account for the operations of the County's returned check collection service provided by the County and District attorneys. Fees charged to offenders finance this fund.

**Forfeitures Fund** - to account for funds received by prosecutors and law enforcement agencies from forfeitures and/or seizures. Chapter 59 of the Criminal Code of Procedure governs expenditure of these funds.

**FEMA Disaster Grants Fund** – to account for grants from the Federal Emergency Management Agency. In fiscal year ending September 30, 2014, the purpose of these grants is to assist the County in recovering from Hurricane Ike and the devastating fires in the southern part of the County.

**Jury Fund** - to account for the operations of the courts. Financing is provided by ad valorem taxes transferred from General Fund.

**Sheriff Commissary Fund** - to account for the proceeds from sale of personal items in the jail commissary. Expenditures are restricted to providing education and entertainment for inmates of the county jail.

**Memorial Library Fund** - to account for the operations of a countywide library system. Financing includes donations from patrons of the Library.

**Community Development Fund** - to account for annual grants from U.S. Department of Housing and Urban Development (HUD), Block Grants, ESG and HOME Partnership grants. Grants are intended to enhance living conditions in the County.

**Law Library Fund** - to account for the operations of a law library. Financing is provided by a fee assessed on each civil case filed in County and District Courts.

**Juvenile Probation Fund** - to account for expenditure of state grants-in-aid and federal reimbursements associated with the care and custody of minors under the supervision of the juvenile courts.

**Records Management and Preservation Fund** - to account for the receipt and expenditure of fees assessed by county, district and probate courts as allowed by law. Fees may only be spent on records management or preservation projects.

**Pre-Trial Diversion Fund** – to account for the receipt of fees assessed for pre-trial diversion through the Montgomery County District Attorney. Expenditures are restricted to those activities supporting the pre-trial diversion process.

**Airport Grants Fund** – to account for grants for the County airport. Funding is provided by grant revenue.

**Mental Health Facility Fund** – to account for the operation of the Montgomery County Mental Health Treatment Facility. The facility houses offenders that have been deemed incompetent to stand trial and provides treatment until such time as they are competent to stand trial.

**Records Management County Fund** – to account for the receipt and expenditure of fees assessed by the county. Fees for this fund are authorized under Sections 51.317, 118.052, 118.0546, and 118.0645 of the Local Government Code and Article 102.005(d), of the Code of Criminal Procedure. Fees collected may only be spent on records management or preservation projects.

**Records Management District Clerk Fund** – to account for the receipt and expenditure of fees assessed by the district. Fees may only be spent on records management or preservation projects.



**Digital Preservation County and District Fund** – to account for the fees collected for filing of civil cases in county and district courts and to be used for the preservation of court records.

**District Clerk Record Preservation Fund** – This fund is utilized to account for the receipts and the disbursements relating to the District Clerk’s records preservation program. Financing is received from fees assessed for recording documents in the District Clerk’s Office.

**Court Guardianship Fund** – This fund was established pursuant to the provisions of the Local Government Code whereby the clerk of the court collects a fee on certain probate court actions involving guardianships and is to provide supplemental funding for court-appointed guardians ad litem and court-appointed attorneys ad litem and to fund local guardianship programs for indigent incapacitated individuals.

**Court Reporter Fund** – to account for court reporter fees to defray the cost of providing court-reporting services for the County.

**Courthouse Security Fund** – to account for fees charged for filing certain documents in the County. These fees are restricted to expenditures that provide security of County facilities, primarily in the County Courthouse.

**Court Technology County and District Fund** – to account for the fees collected from defendants in criminal cases. Proceeds are used to cover the costs of continuing education and training for the judges and clerks on technological enhancements and for the purchase and maintenance of technological enhancements including computer systems, networks, hardware, and software, imaging systems, electronic kiosks, and docket management systems.

**Justice Court Building Security Fund** – This fund is used to account for revenues related to Court costs. Funds are used to cover costs of Justice of the Peace court security.

**Justice Court Technology Fund** – to account for the receipts and disbursements of funds directly related to this program. Revenues in this account are a result of court costs for applicable cases. Proceeds are used for the purchase of technology equipment that will be utilized in the Justice Courts.

**Juvenile Case Manager Fund** – to account for the receipt and disbursements of funds directly related to this program. Revenues result from court costs in certain juvenile justice court cases. Proceeds will be used to cover the cost of several Juvenile Case Manager positions, whose responsibilities will be to track and monitor juvenile case flow to ensure effective and efficient dispositions of these cases.

**Bond Supervision Fund** - to account for the receipt and disbursement of funds received directly related to bond supervision. Funds are used to support misdemeanor bond supervision and felony supervision.

**Adult Probation Basic Supervision Fund** – to account for basic supervision funds received. The funding is based on a formula calculated by the State.

**Adult Probation Community Corrections Fund** - to account for community corrections funding. This is based on a percentage of the state’s population which resides in the county and the percentage of all felony defendants in the state under direct community supervision by the department.

**Adult Probation Mental Impairment Fund** – to account for state funds received for a program that serves all offenders receiving Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) services from the local Mental Health and Mental Retardation agency (MHMR).



**Contract Elections Services Fund** – to account for funds received for elections conducted by the County for other entities. Revenues in this account are the result of contracts between the County and other local governments.

**Help America Vote Act (HAVA) Grant Fund** – to account for the rental of equipment acquired by the HAVA Grant. Disbursements from this fund are limited to acquiring additional equipment and maintenance of the original equipment purchased by the grant.

**Federal ARRA Grants Fund** – to account for grants received through the American Recovery and Reinvestment Act of 2009. These stimulus funds were intended to create jobs and promote investment and consumer spending.

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury	Sheriff Commissary
<b><u>ASSETS:</u></b>					
Cash	\$ 3,595	\$ 504,090	\$ -	\$ 16,390	\$ 880,181
Investments, at Fair Value	-	-	-	-	-
Receivables:					
Accounts	934	24	-	68,970	46,795
Due from Other Funds	-	-	-	1,714,913	-
Due from Other Governments	-	-	1,729,860	305,496	-
Prepaid Items	-	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 4,529</u></b>	<b><u>\$ 504,114</u></b>	<b><u>\$ 1,729,860</u></b>	<b><u>\$ 2,105,769</u></b>	<b><u>\$ 926,976</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>					
Accounts Payable	\$ 913	\$ 31,154	\$ 293,376	\$ 644,373	\$ 3,360
Retainage Payable	-	-	-	-	-
Due to Other Funds	2,209	2,522	1,214,470	-	7,595
Due to Other Governments	-	-	-	-	-
Unearned Revenue	-	-	-	8,969	-
Total Liabilities	<u>3,122</u>	<u>33,676</u>	<u>1,507,846</u>	<u>653,342</u>	<u>10,955</u>

**FUND BALANCES:**

Nonspendable	-	-	-	-	-
Restricted	1,407	470,438	222,014	-	916,021
Committed	-	-	-	16	-
Assigned	-	-	-	1,452,411	-
Total Fund Balances	<u>1,407</u>	<u>470,438</u>	<u>222,014</u>	<u>1,452,427</u>	<u>916,021</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 4,529</u></b>	<b><u>\$ 504,114</u></b>	<b><u>\$ 1,729,860</u></b>	<b><u>\$ 2,105,769</u></b>	<b><u>\$ 926,976</u></b>
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Memorial Library	Community Development	Memo Totals from Page 113	Memo Totals from Page 115	Memo Totals from Page 117	Totals
\$ -	\$ -	\$ 5,288,867	\$ 857,120	\$ 3,769,897	\$ 11,320,140
-	-	978,261	-	1,845,727	2,823,988
20	6,980	132,848	140,033	12,864	409,468
140,835	-	8,708,255	1,192,754	542,601	12,299,358
-	273,320	962,885	81,666	421,778	3,775,005
-	-	106,290	-	-	106,290
<u>\$ 140,855</u>	<u>\$ 280,300</u>	<u>\$ 16,177,406</u>	<u>\$ 2,271,573</u>	<u>\$ 6,592,867</u>	<u>\$ 30,734,249</u>
\$ 3,708	\$ 167,605	\$ 1,523,981	\$ 35,771	\$ 178,621	\$ 2,882,862
-	-	-	-	-	-
-	9,273	259,831	248,211	3,332,069	5,076,180
-	-	-	-	171	171
-	80,321	2,895,377	-	-	2,984,667
<u>3,708</u>	<u>257,199</u>	<u>4,679,189</u>	<u>283,982</u>	<u>3,510,861</u>	<u>10,943,880</u>
-	-	106,290	-	-	106,290
137,147	23,101	11,391,927	1,987,591	3,082,006	18,231,652
-	-	-	-	-	16
-	-	-	-	-	1,452,411
<u>137,147</u>	<u>23,101</u>	<u>11,498,217</u>	<u>1,987,591</u>	<u>3,082,006</u>	<u>19,790,369</u>
<u>\$ 140,855</u>	<u>\$ 280,300</u>	<u>\$ 16,177,406</u>	<u>\$ 2,271,573</u>	<u>\$ 6,592,867</u>	<u>\$ 30,734,249</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	Law Library	Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion
<b><u>ASSETS:</u></b>				
Cash	\$ 74,413	\$ 774,904	\$ 4,291,647	\$ -
Investments	285,981	-	-	-
Receivables:				
Accounts	26,090	54	65,095	600
Due from Other Funds	-	796,761	532,424	246,446
Due from Other Governments	27,186	810,726	56,870	-
Prepaid Items	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 413,670</u></b>	<b><u>\$ 2,382,445</u></b>	<b><u>\$ 4,946,036</u></b>	<b><u>\$ 247,046</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ 8,988	\$ 397,848	\$ 7,612	\$ 2,873
Retainage Payable	-	-	-	-
Due to Other Funds	62,347	-	-	37,264
Unearned Revenue	-	-	-	-
Total Liabilities	<u>71,335</u>	<u>397,848</u>	<u>7,612</u>	<u>40,137</u>

**FUND BALANCES:**

Nonspendable	-	-	-	-
Restricted	342,335	1,984,597	4,938,424	206,909
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>342,335</u>	<u>1,984,597</u>	<u>4,938,424</u>	<u>206,909</u>

**TOTAL LIABILITIES AND**

<b><u>FUND BALANCES</u></b>	<b><u>\$ 413,670</u></b>	<b><u>\$ 2,382,445</u></b>	<b><u>\$ 4,946,036</u></b>	<b><u>\$ 247,046</u></b>
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Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 111
\$ - 692,280	\$ - -	\$ - -	\$ 147,903 -	\$ 5,288,867 978,261
-	-	24,788	16,221	132,848
-	7,106,113	26,511	-	8,708,255
49,414	-	14,653	4,036	962,885
106,290	-	-	-	106,290
<u>\$ 847,984</u>	<u>\$ 7,106,113</u>	<u>\$ 65,952</u>	<u>\$ 168,160</u>	<u>\$ 16,177,406</u>
\$ - - 152,540 -	\$ 1,093,048 - - 2,895,377	\$ 13,612 - - -	\$ - - 7,680 -	\$ 1,523,981 - 259,831 2,895,377
<u>152,540</u>	<u>3,988,425</u>	<u>13,612</u>	<u>7,680</u>	<u>4,679,189</u>
106,290 589,154 - -	- 3,117,688 - -	- 52,340 - -	- 160,480 - -	106,290 11,391,927 - -
<u>695,444</u>	<u>3,117,688</u>	<u>52,340</u>	<u>160,480</u>	<u>11,498,217</u>
<u>\$ 847,984</u>	<u>\$ 7,106,113</u>	<u>\$ 65,952</u>	<u>\$ 168,160</u>	<u>\$ 16,177,406</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter
<b><u>ASSETS:</u></b>				
Cash	\$ 181,321	\$ 78,872	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Accounts	7,706	9,051	2,037	34,901
Due from Other Funds	-	34,498	129,087	-
Due from Other Governments	7,547	8,125	1,840	11,951
Prepaid Items	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 196,574</u></b>	<b><u>\$ 130,546</u></b>	<b><u>\$ 132,964</u></b>	<b><u>\$ 46,852</u></b>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts Payable	\$ -	\$ -	\$ -	\$ 8,728
Retainage Payable	-	-	-	-
Due to Other Funds	86,580	-	-	26,576
Deferred Revenue	-	-	-	-
Total Liabilities	<u>86,580.00</u>	<u>-</u>	<u>-</u>	<u>35,304</u>

**FUND BALANCES:**

Nonspendable	-	-	-	-
Restricted	109,994	130,546	132,964	11,548
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>109,994</u>	<u>130,546</u>	<u>132,964</u>	<u>11,548</u>

**TOTAL LIABILITIES AND**

<b><u>FUND BALANCES</u></b>	<b><u>\$ 196,574</u></b>	<b><u>\$ 130,546</u></b>	<b><u>\$ 132,964</u></b>	<b><u>\$ 46,852</u></b>
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Courthouse Security	Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Bond Supervision	Memo Totals to Page 111
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 596,927	\$ 857,120
-	-	-	-	-	-	-
44,327	5,673	3,654	14,636	18,048	-	140,033
-	14,076	112,100	457,766	445,227	-	1,192,754
24,943	1,435	2,747	10,994	12,084	-	81,666
-	-	-	-	-	-	-
<u>\$ 69,270</u>	<u>\$ 21,184</u>	<u>\$ 118,501</u>	<u>\$ 483,396</u>	<u>\$ 475,359</u>	<u>\$ 596,927</u>	<u>\$ 2,271,573</u>
\$ 14,191	\$ 117	\$ -	\$ 37	\$ 4,362	\$ 8,336	\$ 35,771
-	-	-	-	-	-	-
37,899	-	-	-	-	97,156	248,211
-	-	-	-	-	-	-
<u>52,090</u>	<u>117</u>	<u>-</u>	<u>37</u>	<u>4,362</u>	<u>105,492</u>	<u>283,982</u>
-	-	-	-	-	-	-
17,180	21,067	118,501	483,359	470,997	491,435	1,987,591
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,180</u>	<u>21,067</u>	<u>118,501</u>	<u>483,359</u>	<u>470,997</u>	<u>491,435</u>	<u>1,987,591</u>
<u>\$ 69,270</u>	<u>\$ 21,184</u>	<u>\$ 118,501</u>	<u>\$ 483,396</u>	<u>\$ 475,359</u>	<u>\$ 596,927</u>	<u>\$ 2,271,573</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	Adult Probation Basic Supervision	Adult Probation Community Corrections	Adult Probation Mental Impairments
<b><u>ASSETS:</u></b>			
Cash	\$ 1,850,941	\$ 258,858	\$ 42,006
Investments	1,385,193	-	-
Receivables:			
Accounts	12,864	-	-
Due from Other Funds	39,488	153,420	54,702
Due from Other Governments	-	467	128
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,288,486</u></b>	<b><u>\$ 412,745</u></b>	<b><u>\$ 96,836</u></b>
 <b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 83,159	\$ 95	\$ 270
Retainage Payable	-	-	-
Due to Other Funds	1,042,885	145,540	25,401
Due to Other Governments	171	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>1,126,215</u>	<u>145,635</u>	<u>25,671</u>
 <b><u>FUND BALANCES:</u></b>			
Nonspendable	-	-	-
Restricted	2,162,271	267,110	71,165
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>2,162,271</u>	<u>267,110</u>	<u>71,165</u>
 <b><u>TOTAL LIABILITIES AND</u></b>			
<b><u>FUND BALANCES</u></b>	<b><u>\$ 3,288,486</u></b>	<b><u>\$ 412,745</u></b>	<b><u>\$ 96,836</u></b>

Contract Elections Services	HAVA Grant Fund	Federal ARRA Grants	Memo Totals to Page 111
\$ 1,618,092	\$ -	\$ -	\$ 3,769,897
460,534	-	-	1,845,727
-	-	-	12,864
-	262,685	32,306	542,601
418,488	-	2,695	421,778
-	-	-	-
<u>\$ 2,497,114</u>	<u>\$ 262,685</u>	<u>\$ 35,001</u>	<u>\$ 6,592,867</u>
\$ 67,463	\$ -	\$ 27,634	\$ 178,621
-	-	-	-
2,118,243	-	-	3,332,069
-	-	-	171
-	-	-	-
<u>2,185,706</u>	<u>-</u>	<u>27,634</u>	<u>3,510,861</u>
-	-	-	-
311,408	262,685	7,367	3,082,006
-	-	-	-
-	-	-	-
<u>311,408</u>	<u>262,685</u>	<u>7,367</u>	<u>3,082,006</u>
<u>\$ 2,497,114</u>	<u>\$ 262,685</u>	<u>\$ 35,001</u>	<u>\$ 6,592,867</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

	Attorney Administration	Forfeitures	FEMA Disaster Grants	Jury	Sheriff Commissary
<b><u>REVENUES:</u></b>					
Fees	\$ -	\$ -	\$ -	\$ 88,845	\$ -
Intergovernmental	-	-	1,729,859	712,108	-
Charges for Services	13,455	-	-	358,186	699,799
Investment Earnings	14	2,948	-	435	4,829
Contract Reimbursements	-	-	-	664,038	-
Fines and Forfeitures	-	535,608	-	836,060	-
Miscellaneous	-	-	-	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>13,469</u></b>	<b><u>538,556</u></b>	<b><u>1,729,859</u></b>	<b><u>2,659,672</u></b>	<b><u>704,628</u></b>
<b><u>EXPENDITURES:</u></b>					
General Administration	59,474	-	-	-	-
Judicial	-	-	-	11,931,967	-
Legal Services	-	-	-	-	-
Elections	-	-	-	-	-
Public Safety	-	731,597	-	-	817,994
Health and Welfare	-	-	1,865,580	-	-
Culture and Recreation	-	-	-	-	-
Public Transportation	-	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>59,474</u></b>	<b><u>731,597</u></b>	<b><u>1,865,580</u></b>	<b><u>11,931,967</u></b>	<b><u>817,994</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>(46,005)</u>	<u>(193,041)</u>	<u>(135,721)</u>	<u>(9,272,295)</u>	<u>(113,366)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>					
Transfers In	46,000	-	357,735	9,268,602	-
Transfers Out	-	-	(256,912)	(113,533)	-
Grant Funds Not Reimbursed	-	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>46,000</u></b>	<b><u>-</u></b>	<b><u>100,823</u></b>	<b><u>9,155,069</u></b>	<b><u>-</u></b>
Net Change in Fund Balances	<u>(5)</u>	<u>(193,041)</u>	<u>(34,898)</u>	<u>(117,226)</u>	<u>(113,366)</u>
Fund Balances at Beginning of Year	1,412	663,479	256,912	1,569,653	1,029,387
Prior Period Adjustment	-	-	-	-	-
Beginning Fund Balance, as Restated	<u>1,412</u>	<u>663,479</u>	<u>256,912</u>	<u>1,569,653</u>	<u>1,029,387</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 1,407</u></b>	<b><u>\$ 470,438</u></b>	<b><u>\$ 222,014</u></b>	<b><u>\$ 1,452,427</u></b>	<b><u>\$ 916,021</u></b>

Memorial Library	Community Development	Memo Totals from Page 121	Memo Totals from Page 123	Memo Totals from Page 125	Totals
\$ -	\$ -	\$ 1,268,042	\$ 1,431,242	\$ 147,301	\$ 2,935,430
-	2,409,121	3,101,954	-	2,443,510	10,396,552
-	-	9,804	-	2,292,291	3,373,535
-	-	7,193	2,904	24,261	42,584
-	-	15,292,975	-	-	15,957,013
-	-	-	-	-	1,371,668
112,328	77,967	9,742	-	1,176	201,213
112,328	2,487,088	19,689,710	1,434,146	4,908,539	34,277,995
-	-	1,227,358	-	-	1,286,832
-	-	-	720,304	-	12,652,271
-	-	259,733	441,404	-	701,137
-	-	-	-	813,397	813,397
-	-	2,222,281	798,070	4,517,434	9,087,376
-	2,478,344	13,350,461	-	-	17,694,385
103,145	-	-	-	-	103,145
-	-	1,155,135	-	3,850	1,158,985
103,145	2,478,344	18,214,968	1,959,778	5,334,681	43,497,528
9,183	8,744	1,474,742	(525,632)	(426,142)	(9,219,533)
-	5,656	387,661	198,405	284,110	10,548,169
-	-	(1,071,161)	(67,000)	(277,248)	(1,785,854)
-	-	-	-	(6,862)	(6,862)
-	5,656	(683,500)	131,405	-	8,755,453
9,183	14,400	791,242	(394,227)	(426,142)	(464,080)
127,964	8,701	10,706,975	2,381,818	585,012	17,331,313
-	-	-	-	2,923,136	2,923,136
127,964	8,701	10,706,975	2,381,818	3,508,148	20,254,449
<u>\$ 137,147</u>	<u>\$ 23,101</u>	<u>\$ 11,498,217</u>	<u>\$ 1,987,591</u>	<u>\$ 3,082,006</u>	<u>\$ 19,790,369</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

	Law Library	Juvenile Probation	Records Management and Preservation	Pre-Trial Diversion
<b><u>REVENUES:</u></b>				
Fees	\$ 300,242	\$ -	\$ 706,376	\$ 33,700
Intergovernmental	-	2,207,942	-	-
Charges for Services	-	9,804	-	-
Investment Earnings	847	3,423	2,826	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	9,742	-	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>310,831</u></b>	<b><u>2,221,169</u></b>	<b><u>709,202</u></b>	<b><u>33,700</u></b>
<b><u>EXPENDITURES:</u></b>				
General Administration	-	-	550,654	74,370
Judicial	-	-	-	-
Legal Services	259,733	-	-	-
Elections	-	-	-	-
Public Safety	-	2,222,281	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Public Transportation	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>259,733</u></b>	<b><u>2,222,281</u></b>	<b><u>550,654</u></b>	<b><u>74,370</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>51,098</u>	<u>(1,112)</u>	<u>158,548</u>	<u>(40,670)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	9,943	-	-
Transfers Out	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>9,943</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Net Change in Fund Balances	<u>51,098</u>	<u>8,831</u>	<u>158,548</u>	<u>(40,670)</u>
Fund Balances at Beginning of Year	291,237	1,975,766	4,779,876	247,579
Prior Period Adjustment	-	-	-	-
Beginning Fund Balance, as Restated	<u>291,237</u>	<u>1,975,766</u>	<u>4,779,876</u>	<u>247,579</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 342,335</u></b>	<b><u>\$ 1,984,597</u></b>	<b><u>\$ 4,938,424</u></b>	<b><u>\$ 206,909</u></b>

Airport Grants	Mental Health Facility	Records Management County	Records Management District Clerk	Memo Totals to Page 119
\$ -	\$ -	\$ 179,004	\$ 48,720	\$ 1,268,042
894,012	-	-	-	3,101,954
-	-	-	-	9,804
-	-	-	97	7,193
-	15,292,975	-	-	15,292,975
-	-	-	-	-
-	-	-	-	9,742
894,012	15,292,975	179,004	48,817	19,689,710
-	-	563,396	38,938	1,227,358
-	-	-	-	-
-	-	-	-	259,733
-	-	-	-	-
-	-	-	-	2,222,281
-	13,350,461	-	-	13,350,461
-	-	-	-	-
1,155,135	-	-	-	1,155,135
1,155,135	13,350,461	563,396	38,938	18,214,968
(261,123)	1,942,514	(384,392)	9,879	1,474,742
2,718	-	375,000	-	387,661
-	(1,071,161)	-	-	(1,071,161)
2,718	(1,071,161)	375,000	-	(683,500)
(258,405)	871,353	(9,392)	9,879	791,242
953,849	2,246,335	61,732	150,601	10,706,975
-	-	-	-	-
953,849	2,246,335	61,732	150,601	10,706,975
\$ 695,444	\$ 3,117,688	\$ 52,340	\$ 160,480	\$ 11,498,217

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

	Digital Preservation County and District	District Clerk Record Preservation	Court Guardianship	Court Reporter	Courthouse Security
<b><u>REVENUES:</u></b>					
Fees	\$ 85,295	\$ 96,255	\$ 27,890	\$ 136,836	\$ 317,465
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Investment Earnings	119	52	-	-	-
Contract Reimbursements	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>85,414</u></b>	<b><u>96,307</u></b>	<b><u>27,890</u></b>	<b><u>136,836</u></b>	<b><u>317,465</u></b>
<b><u>EXPENDITURES:</u></b>					
General Administration	-	-	-	-	-
Judicial	-	39,914	12,363	132,766	-
Legal Services	441,404	-	-	-	-
Elections	-	-	-	-	-
Public Safety	-	-	-	-	371,475
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Public Transportation	-	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>441,404</u></b>	<b><u>39,914</u></b>	<b><u>12,363</u></b>	<b><u>132,766</u></b>	<b><u>371,475</u></b>
Excess (Deficiency) Revenues					
Over Expenditures	(355,990)	56,393	15,527	4,070	(54,010)
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>					
Transfers In	98,405	-	-	-	100,000
Transfers Out	-	-	-	-	(67,000)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>98,405</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>33,000</u></b>
Net Change in Fund Balances	(257,585)	56,393	15,527	4,070	(21,010)
Fund Balances at Beginning of Year	367,579	74,153	117,437	7,478	38,190
Prior Period Adjustment	-	-	-	-	-
Beginning Fund Balance, as Restated	367,579	74,153	117,437	7,478	38,190
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 109,994</u></b>	<b><u>\$ 130,546</u></b>	<b><u>\$ 132,964</u></b>	<b><u>\$ 11,548</u></b>	<b><u>\$ 17,180</u></b>



Court Technology County and District	Justice Court Building Security	Justice Court Technology	Juvenile Case Manager	Bond Supervision	Memo Totals to Page 119
\$ 18,806	\$ 38,200	\$ 153,015	\$ 168,387	\$ 389,093	\$ 1,431,242
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,733	2,904
-	-	-	-	-	-
-	-	-	-	-	-
18,806	38,200	153,015	168,387	391,826	1,434,146
-	-	-	-	-	-
5,514	-	250,722	279,025	-	720,304
-	-	-	-	-	441,404
-	-	-	-	-	-
-	-	-	-	426,595	798,070
-	-	-	-	-	-
-	-	-	-	-	-
5,514	-	250,722	279,025	426,595	1,959,778
13,292	38,200	(97,707)	(110,638)	(34,769)	(525,632)
-	-	-	-	-	198,405
-	-	-	-	-	(67,000)
-	-	-	-	-	131,405
13,292	38,200	(97,707)	(110,638)	(34,769)	(394,227)
7,775	80,301	581,066	581,635	526,204	2,381,818
-	-	-	-	-	-
7,775	80,301	581,066	581,635	526,204	2,381,818
\$ 21,067	\$ 118,501	\$ 483,359	\$ 470,997	\$ 491,435	\$ 1,987,591

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

	Adult Probation Basic Supervision	Adult Probation Community Corrections	Adult Probation Mental Impairments
<b><u>REVENUES:</u></b>			
Fees	\$ 147,301	\$ -	\$ -
Intergovernmental	944,637	621,952	72,194
Charges for Services	2,292,291	-	-
Investment Earnings	16,448	-	-
Contract Reimbursements	-	-	-
Fines and Forfeitures	-	-	-
Miscellaneous	21	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>3,400,698</u></b>	<b><u>621,952</u></b>	<b><u>72,194</u></b>
<b><u>EXPENDITURES:</u></b>			
General Administration	-	-	-
Judicial	-	-	-
Legal Services	-	-	-
Elections	-	-	-
Public Safety	3,764,453	647,244	105,737
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Public Transportation	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>3,764,453</u></b>	<b><u>647,244</u></b>	<b><u>105,737</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>(363,755)</u>	<u>(25,292)</u>	<u>(33,543)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>			
Transfers In	-	182,508	94,740
Transfers Out	(277,248)	-	-
Grant Funds Not Reimbursed	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>(277,248)</u></b>	<b><u>182,508</u></b>	<b><u>94,740</u></b>
Net Change in Fund Balances	<u>(641,003)</u>	<u>157,216</u>	<u>61,197</u>
Fund Balances at Beginning of Year	-	-	-
Prior Period Adjustment	2,803,274	109,894	9,968
Beginning Fund Balance, as Restated	<u>2,803,274</u>	<u>109,894</u>	<u>9,968</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 2,162,271</u></b>	<b><u>\$ 267,110</u></b>	<b><u>\$ 71,165</u></b>

Contract Elections Services	HAVA Grant Fund	Federal ARRA Grant	Memo Totals to Page 119
\$ -	\$ -	\$ -	\$ 147,301
657,994	144,038	2,695	2,443,510
-	-	-	2,292,291
7,813	-	-	24,261
-	-	-	-
-	-	-	-
-	-	1,155	1,176
665,807	144,038	3,850	4,908,539
-	-	-	-
-	-	-	-
-	-	-	-
813,397	-	-	813,397
-	-	-	4,517,434
-	-	-	-
-	-	-	-
-	-	3,850	3,850
813,397	-	3,850	5,334,681
(147,590)	144,038	-	(426,142)
-	-	6,862	284,110
-	-	-	(277,248)
-	-	(6,862)	(6,862)
-	-	-	-
(147,590)	144,038	-	(426,142)
458,998	118,647	7,367	585,012
-	-	-	2,923,136
458,998	118,647	7,367	3,508,148
\$ 311,408	\$ 262,685	\$ 7,367	\$ 3,082,006

**MONTGOMERY COUNTY, TEXAS**

**Attorney Administration Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Charges for Service	\$ 24,882	\$ 24,882	\$ 13,455	\$ (11,427)
Investment Earnings	-	-	14	14
Total Revenues	<u>24,882</u>	<u>24,882</u>	<u>13,469</u>	<u>(11,413)</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	39,636	39,940	39,940	-
Employee Benefits	19,101	19,205	19,205	-
Supplies	100	330	329	1
Contract Services	525	295	-	295
Total Expenditures	<u>59,362</u>	<u>59,770</u>	<u>59,474</u>	<u>296</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(34,480)</u>	<u>(34,888)</u>	<u>(46,005)</u>	<u>(11,117)</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	-	46,000	46,000
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	<u>-</u>	<u>-</u>	<u>46,000</u>	<u>46,000</u>
Net Change in Fund Balance	(34,480)	(34,888)	(5)	34,883
Fund Balance at Beginning of Year	<u>1,412</u>	<u>1,412</u>	<u>1,412</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (33,068)</u>	<u>\$ (33,476)</u>	<u>\$ 1,407</u>	<u>\$ 34,883</u>

**MONTGOMERY COUNTY, TEXAS**

**Forfeitures Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-4

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Investment Earnings	\$ -	\$ -	\$ 2,948	\$ 2,948
Fines and Forfeitures	851,488	1,032,377	535,608	(496,769)
Total Revenues	<u>851,488</u>	<u>1,032,377</u>	<u>538,556</u>	<u>(493,821)</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	33,301	43,817	38,725	5,092
Employee Benefits	6,635	11,059	10,392	667
Supplies	400,972	429,053	192,109	236,944
Contract Services	158,580	203,439	127,597	75,842
Capital Outlay	252,000	367,236	362,774	4,462
Total Expenditures	<u>851,488</u>	<u>1,054,604</u>	<u>731,597</u>	<u>323,007</u>
Net Change in Fund Balance	-	(22,227)	(193,041)	(170,814)
Fund Balance at Beginning of Year	<u>663,479</u>	<u>663,479</u>	<u>663,479</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 663,479</u>	<u>\$ 641,252</u>	<u>\$ 470,438</u>	<u>\$ (170,814)</u>

**MONTGOMERY COUNTY, TEXAS**

**FEMA Disaster Grants Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-5

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$1,434,852	\$1,622,995	\$ 188,143
State Grants	-	106,864	106,864	-
Total Revenues	-	1,541,716	1,729,859	188,143
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	-	115,276	115,276	-
Employee Benefits	-	67,855	67,855	-
Supplies	-	441,532	435,567	5,965
Contract Services	-	1,200,426	1,147,518	52,908
Capital Outlay	-	99,364	99,364	-
Total Expenditures	-	1,924,453	1,865,580	58,873
Net Change in Fund Balance	-	(382,737)	(135,721)	247,016
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	357,735	357,735	-
Transfers Out	-	-	(256,912)	(256,912)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	-	357,735	100,823	(256,912)
Net Change in Fund Balance	-	(25,002)	(34,898)	(9,896)
Fund Balance at Beginning of Year	256,912	256,912	256,912	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$256,912</u>	<u>\$ 231,910</u>	<u>\$ 222,014</u>	<u>\$ (9,896)</u>

**MONTGOMERY COUNTY, TEXAS**

**Jury Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-6

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ 60,000	\$ 60,000	\$ 88,845	\$ 28,845
Intergovernmental:				
Federal Grants	153,264	153,264	-	(153,264)
State Grants	380,000	380,000	712,108	332,108
Charges for Services	222,000	260,218	358,186	97,968
Investment Earnings	200	200	435	235
Contract Reimbursements	731,104	737,160	664,038	(73,122)
Fines and Forfeitures	550,000	550,000	836,060	286,060
Total Revenues	<u>2,096,568</u>	<u>2,140,842</u>	<u>2,659,672</u>	<u>518,830</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Salaries	2,994,251	2,949,003	2,896,724	52,279
Employee Benefits	1,094,906	1,064,538	1,038,628	25,910
Supplies	62,267	85,378	67,170	18,208
Contract Services	8,210,947	8,363,492	7,929,445	434,047
Total Expenditures	<u>12,362,371</u>	<u>12,462,411</u>	<u>11,931,967</u>	<u>530,444</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(10,265,803)</u>	<u>(10,321,569)</u>	<u>(9,272,295)</u>	<u>1,049,274</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	44,558	9,268,602	9,224,044
Transfers Out	<u>-</u>	<u>(113,533)</u>	<u>(113,533)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES /(USES)</b>	<u>-</u>	<u>(68,975)</u>	<u>9,155,069</u>	<u>9,224,044</u>
Net Change in Fund Balance	(10,265,803)	(10,390,544)	(117,226)	10,273,318
Fund Balance at Beginning of Year	<u>1,569,653</u>	<u>1,569,653</u>	<u>1,569,653</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (8,696,150)</u>	<u>\$ (8,820,891)</u>	<u>\$ 1,452,427</u>	<u>\$ 10,273,318</u>

**MONTGOMERY COUNTY, TEXAS**

**Sheriff Commissary Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 479,000	\$ 699,511	\$ 699,799	\$ 288
Investment Earnings	-	-	4,829	4,829
Total Revenues	<u>479,000</u>	<u>699,511</u>	<u>704,628</u>	<u>5,117</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	133,148	133,148	-
Employee Benefits	-	62,356	60,825	1,531
Supplies	263,000	286,525	286,514	11
Contract Services	51,000	56,111	56,111	-
Capital Outlay	165,000	392,576	281,396	111,180
Total Expenditures	<u>479,000</u>	<u>930,716</u>	<u>817,994</u>	<u>112,722</u>
Net Change in Fund Balance	-	(231,205)	(113,366)	117,839
Fund Balance at Beginning of Year	<u>1,029,387</u>	<u>1,029,387</u>	<u>1,029,387</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 1,029,387</u>	<u>\$ 798,182</u>	<u>\$ 916,021</u>	<u>\$ 117,839</u>



**MONTGOMERY COUNTY, TEXAS**

**Memorial Library Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Miscellaneous	\$ -	\$ 112,328	\$ 112,328	\$ -
Total Revenues	-	112,328	112,328	-
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Supplies	-	44,102	28,212	15,890
Contract Services	-	50,037	1,725	48,312
Capital Outlay	-	132,345	73,208	59,137
Total Expenditures	-	226,484	103,145	123,339
Net Change in Fund Balance	-	(114,156)	9,183	123,339
Fund Balance at Beginning of Year	127,964	127,964	127,964	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 127,964</u>	<u>\$ 13,808</u>	<u>\$ 137,147</u>	<u>\$ 123,339</u>

**MONTGOMERY COUNTY, TEXAS**  
**Community Development Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ 2,804,732	\$ 3,043,627	\$ 2,409,121	\$ (634,506)
Miscellaneous	-	77,967	77,967	-
Total Revenues	<u>2,804,732</u>	<u>3,121,594</u>	<u>2,487,088</u>	<u>(634,506)</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	349,360	453,673	423,706	29,967
Employee Benefits	128,015	157,892	146,355	11,537
Supplies	10,000	5,336	1,790	3,546
Contract Services	2,316,857	4,098,386	1,467,588	2,630,798
Capital Outlay	500	896,703	438,905	457,798
Total Expenditures	<u>2,804,732</u>	<u>5,611,990</u>	<u>2,478,344</u>	<u>3,133,646</u>
(Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(2,490,396)</u>	<u>8,744</u>	<u>2,499,140</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	<u>-</u>	<u>5,656</u>	<u>5,656</u>	<u>-</u>
<b><u>TOTAL OTHER FINANCING SOURCES:</u></b>	<u>-</u>	<u>5,656</u>	<u>5,656</u>	<u>-</u>
Net Change in Fund Balance	-	(2,484,740)	14,400	2,499,140
Fund Balance at Beginning of Year	<u>8,701</u>	<u>8,701</u>	<u>8,701</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 8,701</u>	<u>\$ (2,476,039)</u>	<u>\$ 23,101</u>	<u>\$ 2,499,140</u>

**MONTGOMERY COUNTY, TEXAS**

**Law Library Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 200,000	\$ 200,000	\$ 300,242	\$ 100,242
Investment Earnings	-	-	847	847
Miscellaneous	-	-	9,742	9,742
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>310,831</u>	<u>110,831</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	120,912	120,912	120,248	664
Employee Benefits	46,702	46,702	46,598	104
Supplies	17,500	16,750	6,455	10,295
Contract Services	112,566	50,809	22,602	28,207
Capital Outlay	-	65,344	63,830	1,514
Total Expenditures	<u>297,680</u>	<u>300,517</u>	<u>259,733</u>	<u>40,784</u>
Net Change in Fund Balance	(97,680)	(100,517)	51,098	151,615
Fund Balance at Beginning of Year	<u>291,237</u>	<u>291,237</u>	<u>291,237</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 193,557</u>	<u>\$ 190,720</u>	<u>\$ 342,335</u>	<u>\$ 151,615</u>

**MONTGOMERY COUNTY, TEXAS**

**Juvenile Probation Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 23,224	\$ 24,801	\$ 1,577
State Grants	-	2,506,296	2,183,141	(323,155)
Charges for Services	-	-	9,804	9,804
Investment Earnings	-	-	3,423	3,423
Total Revenues	-	2,529,520	2,221,169	(308,351)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	2,236,879	1,048,648	1,188,231
Benefits	-	984,516	466,421	518,095
Supplies	-	196,754	91,859	104,895
Contract Services	-	2,134,194	595,130	1,539,064
Capital Outlay	-	48,789	20,223	28,566
Total Expenditures	-	5,601,132	2,222,281	3,378,851
Excess (Deficiency) Revenues Over Expenditures	-	(3,071,612)	(1,112)	3,070,500
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	9,943	9,943	-
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	9,943	9,943	-
Net Change in Fund Balance	-	(3,061,669)	8,831	3,070,500
Fund Balance at Beginning of Year	1,975,766	1,975,766	1,975,766	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 1,975,766</u>	<u>\$ (1,085,903)</u>	<u>\$ 1,984,597</u>	<u>\$ 3,070,500</u>

**MONTGOMERY COUNTY, TEXAS**  
**Records Management and Preservation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ 481,452	\$ 706,552	\$ 706,376	\$ (176)
Investment Earnings	-	-	2,826	2,826
Total Revenues	<u>481,452</u>	<u>706,552</u>	<u>709,202</u>	<u>2,650</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	259,215	259,215	205,308	53,907
Employee Benefits	107,867	107,867	79,704	28,163
Supplies	12,400	27,114	26,453	661
Contract Services	101,970	313,970	239,189	74,781
Total Expenditures	<u>481,452</u>	<u>708,166</u>	<u>550,654</u>	<u>157,512</u>
Net Change in Fund Balance	-	(1,614)	158,548	160,162
Fund Balance at Beginning of Year	<u>4,779,876</u>	<u>4,779,876</u>	<u>4,779,876</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 4,779,876</u>	<u>\$ 4,778,262</u>	<u>\$ 4,938,424</u>	<u>\$ 160,162</u>

**MONTGOMERY COUNTY, TEXAS**

**Pre-Trial Diversion Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-13

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 59,026	\$ 94,824	\$ 33,700	\$ (61,124)
Total Revenues	<u>59,026</u>	<u>94,824</u>	<u>33,700</u>	<u>(61,124)</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	25,954	53,164	52,281	883
Employee Benefits	5,378	13,966	13,676	290
Supplies	24,694	16,425	1,148	15,277
Contract Services	3,000	11,269	7,265	4,004
Total Expenditures	<u>59,026</u>	<u>94,824</u>	<u>74,370</u>	<u>20,454</u>
Net Change in Fund Balance	-	-	(40,670)	(40,670)
Fund Balance at Beginning of Year	<u>247,579</u>	<u>247,579</u>	<u>247,579</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 247,579</u>	<u>\$ 247,579</u>	<u>\$ 206,909</u>	<u>\$ (40,670)</u>

**MONTGOMERY COUNTY, TEXAS**

**Airport Grants Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 320,666	\$ 844,598	\$ 523,932
State Grants	-	50,000	49,414	(586)
Total Revenues	-	370,666	894,012	523,346
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Capital Outlay	50,000	1,533,273	1,155,135	378,138
Total Expenditures	50,000	1,533,273	1,155,135	378,138
Excess (Deficiency) Revenues Over Expenditures	(50,000)	(1,162,607)	(261,123)	901,484
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	2,718	2,718	-
<b>TOTAL OTHER FINANCING SOURCES</b>	-	2,718	2,718	-
Net Change in Fund Balance	(50,000)	(1,159,889)	(258,405)	901,484
Fund Balance at Beginning of Year	953,849	953,849	953,849	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 903,849</u>	<u>\$ (206,040)</u>	<u>\$ 695,444</u>	<u>\$ 901,484</u>

**MONTGOMERY COUNTY, TEXAS**

**Mental Health Facility Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-15

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Contract Reimbursement	\$ 15,417,450	\$ 15,417,450	\$15,292,975	\$ (124,475)
Total Revenues	<u>15,417,450</u>	<u>15,417,450</u>	<u>15,292,975</u>	<u>(124,475)</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Contract Services	13,167,136	13,325,899	13,325,899	-
Capital Outlay - Building		24,562	24,562	-
Total Expenditures	<u>13,167,136</u>	<u>13,350,461</u>	<u>13,350,461</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>2,250,314</u>	<u>2,066,989</u>	<u>1,942,514</u>	<u>(124,475)</u>
<b><u>OTHER FINANCING (USES):</u></b>				
Transfers out	-	-	(1,071,161)	(1,071,161)
<b>TOTAL OTHER FINANCING (USES)</b>	<u>-</u>	<u>-</u>	<u>(1,071,161)</u>	<u>(1,071,161)</u>
Net Change in Fund Balance	2,250,314	2,066,989	871,353	(1,195,636)
Fund Balance at Beginning of Year	<u>2,246,335</u>	<u>2,246,335</u>	<u>2,246,335</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 4,496,649</u>	<u>\$ 4,313,324</u>	<u>\$ 3,117,688</u>	<u>\$ (1,195,636)</u>



**MONTGOMERY COUNTY, TEXAS**  
**Records Management County Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ 150,000	\$ 152,348	\$ 179,004	\$ 26,656
Total Revenues	150,000	152,348	179,004	26,656
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	381,805	381,805	343,462	38,343
Employee Benefits	186,089	186,089	160,030	26,059
Supplies	16,620	16,104	14,486	1,618
Contract Services	25,521	28,443	14,499	13,944
Capital Outlay	64,727	66,576	30,919	35,657
Total Expenditures	674,762	679,017	563,396	115,621
Excess (Deficiency) Revenues Over Expenditures	(524,762)	(526,669)	(384,392)	142,277
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	-	375,000	375,000
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	-	375,000	375,000
Net Change in Fund Balance	(524,762)	(526,669)	(9,392)	517,277
Fund Balance at Beginning of Year	61,732	61,732	61,732	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	\$ (463,030)	\$ (464,937)	\$ 52,340	\$ 517,277

**MONTGOMERY COUNTY, TEXAS**  
**Records Management District Clerk Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-17

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ 40,000	\$ 40,000	\$ 48,720	\$ 8,720
Investment Earnings	-	-	97	97
Total Revenues	40,000	40,000	48,817	8,817
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Contract Services	40,000	40,000	38,938	1,062
Total Expenditures	40,000	40,000	38,938	1,062
Net Change in Fund Balance	-	-	9,879	9,879
Fund Balance at Beginning of Year	150,601	150,601	150,601	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 150,601</u>	<u>\$ 150,601</u>	<u>\$ 160,480</u>	<u>\$ 9,879</u>

**MONTGOMERY COUNTY, TEXAS**  
**Digital Preservation County and District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-18

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ -	\$ 85,295	\$ 85,295
Investment Earnings	-	-	119	119
Total Revenues	-	-	85,414	85,414
<b><u>EXPENDITURES:</u></b>				
Legal Services:	-			
Capital Outlay	-	441,405	441,404	1
Total Expenditures	-	441,405	441,404	1
Excess Revenues Over Expenditures	-	(441,405)	(355,990)	85,415
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	98,405	98,405	-
<b>TOTAL OTHER FINANCING SOURCES</b>	-	98,405	98,405	-
Net Change in Fund Balance	-	(343,000)	(257,585)	85,415
Fund Balance at Beginning of Year	367,579	367,579	367,579	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 367,579</u>	<u>\$ 24,579</u>	<u>\$ 109,994</u>	<u>\$ 85,415</u>

**MONTGOMERY COUNTY, TEXAS**  
**District Clerk Record Preservation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-19

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ 40,000	\$ 40,000	\$ 96,255	\$ 56,255
Investment Earnings	-	-	52	52
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>96,307</u>	<u>56,307</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Contract Services	40,000	40,000	39,914	86
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>39,914</u>	<u>86</u>
Net Change in Fund Balance	-	-	56,393	56,393
Fund Balance at Beginning of Year	<u>74,153</u>	<u>74,153</u>	<u>74,153</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 74,153</u>	<u>\$ 74,153</u>	<u>\$ 130,546</u>	<u>\$ 56,393</u>

**MONTGOMERY COUNTY, TEXAS**

**Court Guardianship Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-20

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 1,200	\$ 12,363	\$ 27,890	\$ 15,527
Total Revenues	<u>1,200</u>	<u>12,363</u>	<u>27,890</u>	<u>15,527</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Contract Services	<u>1,200</u>	<u>12,363</u>	<u>12,363</u>	<u>-</u>
Total Expenditures	<u>1,200</u>	<u>12,363</u>	<u>12,363</u>	<u>-</u>
Net Change in Fund Balance	-	-	15,527	15,527
Fund Balance at Beginning of Year	<u>117,437</u>	<u>117,437</u>	<u>117,437</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 117,437</u>	<u>\$ 117,437</u>	<u>\$ 132,964</u>	<u>\$ 15,527</u>

**MONTGOMERY COUNTY, TEXAS**

**Court Reporter Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-21

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 40,000	\$ 99,093	\$ 136,836	\$ 37,743
Total Revenues	<u>40,000</u>	<u>99,093</u>	<u>136,836</u>	<u>37,743</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Supplies	24,505	24,699	10,758	13,941
Contract Services	117,269	149,994	117,263	32,731
Capital Outlay	-	4,745	4,745	-
Total Expenditures	<u>141,774</u>	<u>179,438</u>	<u>132,766</u>	<u>46,672</u>
Net Change in Fund Balance	(101,774)	(80,345)	4,070	84,415
Fund Balance at Beginning of Year	<u>7,478</u>	<u>7,478</u>	<u>7,478</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (94,296)</u>	<u>\$ (72,867)</u>	<u>\$ 11,548</u>	<u>\$ 84,415</u>

**MONTGOMERY COUNTY, TEXAS**

**Courthouse Security Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-22

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 265,000	\$ 265,000	\$ 317,465	\$ 52,465
Total Revenues	<u>265,000</u>	<u>265,000</u>	<u>317,465</u>	<u>52,465</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Contract Services	475,000	405,784	369,259	36,525
Capital Outlay	-	2,216	2,216	-
Total Expenditures	<u>475,000</u>	<u>408,000</u>	<u>371,475</u>	<u>36,525</u>
(Deficiency) Revenues				
Over Expenditures	<u>(210,000)</u>	<u>(143,000)</u>	<u>(54,010)</u>	<u>88,990</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	-	100,000	100,000
Transfers Out	<u>-</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>(134,000)</u>
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>-</u>	<u>(67,000)</u>	<u>33,000</u>	<u>(34,000)</u>
Net Change in Fund Balance	(210,000)	(210,000)	(21,010)	54,990
Fund Balance at Beginning of Year	<u>38,190</u>	<u>38,190</u>	<u>38,190</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (171,810)</u>	<u>\$ (171,810)</u>	<u>\$ 17,180</u>	<u>\$ 188,990</u>

**MONTGOMERY COUNTY, TEXAS**  
**Court Technology County and District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-23

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 8,200	\$ 24,936	\$ 18,806	\$ (6,130)
Total Revenues	<u>8,200</u>	<u>24,936</u>	<u>18,806</u>	<u>(6,130)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Supplies	-	16,733	2,096	14,637
Contract Services	8,200	8,203	3,418	4,785
Total Expenditures	<u>8,200</u>	<u>24,936</u>	<u>5,514</u>	<u>19,422</u>
Net Change in Fund Balance	-	-	13,292	13,292
Fund Balance at Beginning of Year	<u>7,775</u>	<u>7,775</u>	<u>7,775</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u><u>\$ 7,775</u></u>	<u><u>\$ 7,775</u></u>	<u><u>\$ 21,067</u></u>	<u><u>\$ 13,292</u></u>



**MONTGOMERY COUNTY, TEXAS**

**Justice Court Building Security**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-24

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ -	\$ 38,200	\$ 38,200
Total Revenues	<u>-</u>	<u>-</u>	<u>38,200</u>	<u>38,200</u>
Net Change in Fund Balance	-	-	38,200	38,200
Fund Balance at Beginning of Year	<u>80,301</u>	<u>80,301</u>	<u>80,301</u>	<u>-</u>
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	<u>\$ 80,301</u>	<u>\$ 80,301</u>	<u>\$ 118,501</u>	<u>\$ 38,200</u>

**MONTGOMERY COUNTY, TEXAS**

**Justice Court Technology Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-25

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 1,828	\$ 280,745	\$ 153,015	\$ (127,730)
Total Revenues	<u>1,828</u>	<u>280,745</u>	<u>153,015</u>	<u>(127,730)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Supplies	-	188,819	164,833	23,986
Contract Services	1,828	53,081	47,045	6,036
Capital Outlay	-	38,844	38,844	-
Total Expenditures	<u>1,828</u>	<u>280,744</u>	<u>250,722</u>	<u>30,022</u>
Net Change in Fund Balance	-	1	(97,707)	(97,708)
Fund Balance at Beginning of Year	<u>581,066</u>	<u>581,066</u>	<u>581,066</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 581,066</u>	<u>\$ 581,067</u>	<u>\$ 483,359</u>	<u>\$ (97,708)</u>

**MONTGOMERY COUNTY, TEXAS**

**Juvenile Case Manager Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-26

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Fees	\$ 281,006	\$ 285,089	\$ 168,387	\$ (116,702)
Total Revenues	<u>281,006</u>	<u>285,089</u>	<u>168,387</u>	<u>(116,702)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Salaries	187,606	189,887	187,660	2,227
Employee Benefits	93,400	93,854	90,038	3,816
Contract Services	-	1,348	1,327	21
Total Expenditures	<u>281,006</u>	<u>285,089</u>	<u>279,025</u>	<u>6,064</u>
Net Change in Fund Balance	-	-	(110,638)	(110,638)
Fund Balance at Beginning of Year	<u>581,635</u>	<u>581,635</u>	<u>581,635</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 581,635</u>	<u>\$ 581,635</u>	<u>\$ 470,997</u>	<u>\$ (110,638)</u>

**MONTGOMERY COUNTY, TEXAS**

**Bond Supervision Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-27

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ 450,000	\$ 389,093	\$ (60,907)
Investment Earnings	-	2,000	2,733	733
Total Revenues	-	452,000	391,826	(60,174)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	252,000	251,782	218
Employee Benefits	-	118,000	107,559	10,441
Supplies	-	2,000	1,299	701
Contract Services	-	70,000	62,026	7,974
Capital Outlay	-	10,000	3,929	6,071
Total Expenditures	-	452,000	426,595	25,405
Net Change in Fund Balance	-	-	(34,769)	(34,769)
Fund Balance at Beginning of Year	526,204	526,204	526,204	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 526,204</u>	<u>\$ 526,204</u>	<u>\$ 491,435</u>	<u>\$ (34,769)</u>

**MONTGOMERY COUNTY, TEXAS**  
**Adult Probation - Basic Supervision Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-28

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ 350,000	\$ 147,301	\$ (202,699)
Intergovernmental:				
State Grants	-	2,156,672	944,637	(1,212,035)
Charges for Services	-	4,730,000	2,292,291	(2,437,709)
Investment Earnings	-	23,500	16,448	(7,052)
Miscellaneous	-	-	21	21
Total Revenues	-	7,260,172	3,400,698	(3,859,474)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	5,774,008	2,343,067	3,430,941
Employee Benefits	-	1,209,121	501,845	707,276
Supplies	-	218,000	81,713	136,287
Contract Services	-	1,646,184	777,365	868,819
Capital Outlay	-	154,000	60,463	93,537
Total Expenditures	-	9,001,313	3,764,453	5,236,860
Excess Revenues Over Expenditures	-	(1,741,141)	(363,755)	1,377,386
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers Out	-	(293,119)	(277,248)	(15,871)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	-	(293,119)	(277,248)	(15,871)
Net Change in Fund Balance	-	(2,034,260)	(641,003)	(1,393,257)
Fund Balance at Beginning of Year	-	-	-	-
Prior Period Adjustment	2,803,274	2,803,274	2,803,274	-
Beginning Fund Balance, as Restated	2,803,274	2,803,274	2,803,274	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 2,803,274</u>	<u>\$ 769,014</u>	<u>\$ 2,162,271</u>	<u>\$ (1,393,257)</u>

**MONTGOMERY COUNTY, TEXAS**  
**Adult Probation - Community Corrections Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-29

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
State Grants	\$ -	\$ 1,235,369	\$ 621,952	\$ (613,417)
Total Revenues	-	1,235,369	621,952	(613,417)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	1,138,181	522,799	615,382
Employee Benefits	-	222,184	103,374	118,810
Supplies	-	12,500	100	12,400
Contract Services	-	65,170	20,971	44,199
Total Expenditures	-	1,438,035	647,244	790,791
Excess Revenues Over Expenditures	-	(202,666)	(25,292)	177,374
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	198,363	182,508	(15,855)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	-	198,363	182,508	(15,855)
Net Change in Fund Balance	-	(4,303)	157,216	161,519
Fund Balance at Beginning of Year	-	-	-	-
Prior Period Adjustment	109,894	109,894	109,894	-
Beginning Fund Balance, as Restated	109,894	109,894	109,894	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b>\$ 109,894</b>	<b>\$ 105,591</b>	<b>\$ 267,110</b>	<b>\$ 161,519</b>

**MONTGOMERY COUNTY, TEXAS**  
**Adult Probation - Mental Impairments Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-30

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
State Grants	\$ -	\$ 144,388	\$ 72,194	\$ (72,194)
Total Revenues	-	144,388	72,194	(72,194)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	197,644	86,793	110,851
Employee Benefits	-	38,876	17,406	21,470
Contract Services	-	5,200	1,538	3,662
Total Expenditures	-	241,720	105,737	135,983
Excess Revenues Over Expenditures	-	(97,332)	(33,543)	63,789
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	94,756	94,740	(16)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	-	94,756	94,740	(16)
Net Change in Fund Balance	-	(2,576)	61,197	63,773
Fund Balance at Beginning of Year	-	-	-	-
Prior Period Adjustment	9,968	9,968	9,968	-
Beginning Fund Balance, as Restated	9,968	9,968	9,968	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b>\$ 9,968</b>	<b>\$ 7,392</b>	<b>\$ 71,165</b>	<b>\$ 63,773</b>

**MONTGOMERY COUNTY, TEXAS**

**Contract Elections Service Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-31

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Other	\$ -	\$ 657,994	\$ 657,994	\$ -
Investment Earnings	-	7,813	7,813	-
Total Revenues	-	665,807	665,807	-
<b><u>EXPENDITURES:</u></b>				
Elections:				
Salaries	-	440,413	440,413	-
Employee Benefits	-	77,094	77,094	-
Supplies	-	120,222	120,222	-
Contract Services	-	163,595	163,595	-
Capital Outlay	-	12,073	12,073	-
Total Expenditures	-	813,397	813,397	-
Net Change in Fund Balance	-	(147,590)	(147,590)	-
Fund Balance at Beginning of Year	458,998	458,998	458,998	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 458,998</u>	<u>\$ 311,408</u>	<u>\$ 311,408</u>	<u>\$ -</u>



**MONTGOMERY COUNTY, TEXAS**

**HAVA Grant Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-32

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Other	\$ -	\$ -	\$ 144,038	\$ 144,038
Total Revenues	-	-	144,038	144,038
Net Change in Fund Balance	-	-	144,038	144,038
Fund Balance at Beginning of Year	118,647	118,647	118,647	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 118,647</u>	<u>\$ 118,647</u>	<u>\$ 262,685</u>	<u>\$ 144,038</u>

**MONTGOMERY COUNTY, TEXAS**

**Federal ARRA Grant Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2016**

C-33

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 2,695	\$ 2,695	\$ -
Miscellaneous	-	1,155	1,155	-
Total Revenues	-	3,850	3,850	-
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Contract Services	-	1,155	1,155	-
Capital Outlay	-	502,695	2,695	500,000
Total Expenditures	-	503,850	3,850	500,000
Excess (Deficiency) Revenues Over Expenditures	-	(500,000)	-	500,000
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	6,862	6,862	-
Grant Funds Not Reimbursed	-	(6,862)	(6,862)	-
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>	-	-	-	-
Net Change in Fund Balance	-	(500,000)	-	500,000
Fund Balance at Beginning of Year	7,367	7,367	7,367	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 7,367</u>	<u>\$ (492,633)</u>	<u>\$ 7,367</u>	<u>\$ 500,000</u>

## **NONMAJOR CAPITAL PROJECT FUNDS**

**Road Bonds Series 2004** – to account for various improvements to be made to both County and state-owned roads. The \$10.2 million bond issue is the third and final phase of road construction bonds that were approved in 2001 by the voters of the County.

**Certificates of Obligation Series 2006** – to account for improvements to several county buildings and the County park system. Funding is provided by the issuance of \$26.3 million in certificates of obligation.

**Certificates of Obligation Series 2008** – to account for improvements to several county buildings, the purchase of land and the construction of a new administration building. The certificates will also account for the remodel of an existing building to house the future employee medical clinic. The issuance of approximately \$14 million in certificates of obligation will provide the funding.

**Road Bonds Series 2006B** – to account for the County’s issuance of \$63.75 million in bonds that are being used to finance improvements to state-owned roads. The County has entered into a “pass-thru toll agreement” with the State of Texas for improvements by the County to roads owned by the State.

**Road Bonds Series 2008A** – to account for various road improvements within the County. The issuance of approximately \$12 million in general obligation bonds will provide the funding.

**Road Bonds Series 2008B** – to account for various road improvements within the County. The issuance of approximately \$34.7 million in general obligation bonds will provide the funding.

**Certificates of Obligation Series 2012** – to account for the remodel of an existing building to house the future Montgomery County Forensic Center. Other projects include airport improvements as well as various building remodels.

**Certificates of Obligation Series 2012A** – to account for various road improvements to county owned roads and the construction and renovation of runway and taxiway improvements at the Lone Star Executive Airport. The County issued \$13,350,000 in certificates of obligation for these projects.

**Revenue Toll Bonds Series 2010** – to account for County’s issuance of \$31,390,000 in bonds that are being used to finance improvements to four specific state-owned roads as well as direct connectors to two additional roads of the state highway system. The County has entered into a “pass-through toll agreement” with the State of Texas for improvements by the County to roads owned by the State.

**Jail Project 13-14** – to account for a portion of funds generated by the sale of the Joe Corley Facility. The Commissioner’s intent is to use the funds for improvements to the existing jail facility or to build a new facility.

**Pass Through Toll Projects** - to account for specific road improvement projects associated with a Pass Through Toll Agreement between the County and Texas Department of Transportation.

**Capital Projects 2016** – to account for various county-wide projects, including Sheriff’s office remodel and fleet operations as well as a Medical Examiner’s office.

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	Road Bonds Series 2004	Certificates Obligation Series 2006	Certificates Obligation Series 2008	Road Bonds Series 2006B
<b><u>ASSETS:</u></b>				
Cash	\$ -	\$ 502	\$ 840	\$ -
Investments	-	43,293	233,878	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 43,795</u></b>	<b><u>\$ 234,718</u></b>	<b><u>\$ -</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ -	\$ 453	\$ -	\$ -
Due to Other Funds	-	22,316	74,170	-
Total Liabilities	<u>-</u>	<u>22,769</u>	<u>74,170</u>	<u>-</u>

<b><u>FUND BALANCES:</u></b>				
Restricted	-	21,026	160,548	-
Committed	-	-	-	-
Total Fund Balances	<u>-</u>	<u>21,026</u>	<u>160,548</u>	<u>-</u>

<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 43,795</u></b>	<b><u>\$ 234,718</u></b>	<b><u>\$ -</u></b>
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Road Bonds Series 2008A	Road Bonds Series 2008B	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Memo Totals from: Page 161	Totals
\$ -	\$ -	\$ 1,021	\$ 642	\$ 5,166,487	\$ 5,169,492
-	-	4,238,683	643,937	-	5,159,791
-	-	-	-	19,594,376	19,594,376
-	-	-	-	20,000,000	20,000,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,239,704</u>	<u>\$ 644,579</u>	<u>\$ 44,760,863</u>	<u>\$ 49,923,659</u>
\$ -	\$ -	\$ 117,016	\$ 7,700	\$ 49,978	\$ 175,147
-	-	168,532	86,915	9,326,047	9,677,980
<u>-</u>	<u>-</u>	<u>285,548</u>	<u>94,615</u>	<u>9,376,025</u>	<u>9,853,127</u>
-	-	3,954,156	549,964	15,840,440	20,526,134
-	-	-	-	19,544,398	19,544,398
<u>-</u>	<u>-</u>	<u>3,954,156</u>	<u>549,964</u>	<u>35,384,838</u>	<u>40,070,532</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,239,704</u>	<u>\$ 644,579</u>	<u>\$ 44,760,863</u>	<u>\$ 49,923,659</u>



**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

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	Revenue Toll Bonds Series 2010	Jail Project 13-14	Pass Through Toll Projects	Capital Projects 2016	Memo Totals to Page 159
<b><u>ASSETS:</u></b>					
Cash	\$ 5,166,487	\$ -	\$ -	\$ -	\$ 5,166,487
Investments	-	-	-	-	-
Due from Other Funds	-	15,455,641	-	4,138,735	19,594,376
Due from Other Governments	-	-	20,000,000	-	20,000,000
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 5,166,487</u></b>	<b><u>\$ 15,455,641</u></b>	<b><u>\$ 20,000,000</u></b>	<b><u>\$ 4,138,735</u></b>	<b><u>\$ 44,760,863</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>					
<b><u>LIABILITIES:</u></b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 49,978	\$ 49,978
Due to Other Funds	-	-	9,326,047	-	9,326,047
Total Liabilities	-	-	9,326,047	49,978	9,376,025
<b><u>FUND BALANCES:</u></b>					
Restricted	5,166,487	-	10,673,953	-	15,840,440
Committed	-	15,455,641	-	4,088,757	19,544,398
Total Fund Balances	5,166,487	15,455,641	10,673,953	4,088,757	35,384,838
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 5,166,487</u></b>	<b><u>\$ 15,455,641</u></b>	<b><u>\$ 20,000,000</u></b>	<b><u>\$ 4,138,735</u></b>	<b><u>\$ 44,760,863</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

	Road Bonds Series 2004	Certificates Obligation Series 2006	Certificates Obligation Series 2008	Road Bonds Series 2006B
<b><u>REVENUES:</u></b>				
Investment Earnings	\$ 746	\$ 102	\$ 516	\$ 624
<b><u>TOTAL REVENUES</u></b>	<u>746</u>	<u>102</u>	<u>516</u>	<u>624</u>
<b><u>EXPENDITURES:</u></b>				
Supplies	-	-	-	-
Professional Services	-	-	-	-
Capital Outlay	-	24,145	66,025	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>-</u>	<u>24,145</u>	<u>66,025</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>746</u>	<u>(24,043)</u>	<u>(65,509)</u>	<u>624</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	-	-	-
Transfers Out	(446,000)	-	-	(300,474)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>(446,000)</u>	<u>-</u>	<u>-</u>	<u>(300,474)</u>
Net Change in Fund Balance	(445,254)	(24,043)	(65,509)	(299,850)
Fund Balances at Beginning of Year	<u>445,254</u>	<u>45,069</u>	<u>226,057</u>	<u>299,850</u>
<b><u>FUNDBALANCES AT END OF YEAR</u></b>	<u>\$ -</u>	<u>\$ 21,026</u>	<u>\$ 160,548</u>	<u>\$ -</u>



Road Bonds Series 2008A	Road Bonds Series 2008B	Certificates Obligation Series 2012	Certificates Obligation Series 2012A	Memo Totals from Page 165	Totals
\$ 360	\$ 716	\$ 8,886	\$ 5,443	\$ 3,827	\$ 21,220
360	716	8,886	5,443	3,827	21,220
-	-	-	-	150,017	150,017
-	-	2,772	-	65,534	65,534
-	-	514,452	283,738	1,667,722	2,556,082
-	-	517,224	283,738	1,883,273	2,774,405
360	716	(508,338)	(278,295)	(1,879,446)	(2,753,185)
-	-	-	-	10,414,975	10,414,975
(206,709)	(329,075)	-	-	(39,044)	(1,321,302)
(206,709)	(329,075)	-	-	10,375,931	9,093,673
(206,349)	(328,359)	(508,338)	(278,295)	8,496,485	6,340,488
206,349	328,359	4,462,494	828,259	26,888,353	33,730,044
\$ -	\$ -	\$ 3,954,156	\$ 549,964	\$ 35,384,838	\$ 40,070,532



**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2016**

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	Revenue Toll Bonds Series 2010	Jail Project 2013-2014	Pass Through Toll Projects	Capital Projects 2016	Memo Totals to page 163
<b><u>REVENUES:</u></b>					
Investment Earnings	\$ 3,827	\$ -	\$ -	\$ -	\$ 3,827
<b><u>TOTAL REVENUES</u></b>	<b><u>3,827</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,827</u></b>
<b><u>EXPENDITURES:</u></b>					
Supplies	-	-	-	150,017	150,017
Professional Services	-	-	-	65,534	65,534
Capital Outlay	788,296	-	-	879,426	1,667,722
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>788,296</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,094,977</u></b>	<b><u>1,883,273</u></b>
Excess (Deficiency) Revenue					
Over Expenditures	(784,469)	-	-	(1,094,977)	(1,879,446)
<b><u>OTHER FINANCING</u></b>					
<b><u>SOURCES/(USES):</u></b>					
Transfers In	-	2,265,634	-	8,149,341	10,414,975
Transfers Out	-	-	-	(39,044)	(39,044)
<b><u>TOTAL OTHER FINANCING</u></b>					
<b><u>SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>2,265,634</u></b>	<b><u>-</u></b>	<b><u>8,110,297</u></b>	<b><u>10,375,931</u></b>
Net Change in Fund Balance	(784,469)	2,265,634	-	7,015,320	8,496,485
Fund Balances at Beginning of Year	5,950,956	13,190,007	10,673,953	(2,926,563)	26,888,353
<b><u>FUND BALANCES AT</u></b>					
<b><u>END OF YEAR</u></b>	<b><u>\$ 5,166,487</u></b>	<b><u>\$ 15,455,641</u></b>	<b><u>\$ 10,673,953</u></b>	<b><u>\$ 4,088,757</u></b>	<b><u>\$ 35,384,838</u></b>



## **INTERNAL SERVICE FUNDS**

**Self-Insurance Medical Fund** - to account for the health benefits provided to County employees, retirees, and their dependents. Contributions to the fund are made as charges to the department for all full-time employees and contributions from employees and retirees.

**Self-Insurance Workers' Compensation Fund** - to account for employer contributions set aside to cover claims from an on-the-job injury sustained by a County employee.

**Self-Insurance Accident and Liability Fund** - to account for the receipt of insurance premiums from other funds as well as expenses for claims of the County's accident and liability program.

**Wellness Clinic Fund** - to account for the operations of the County's Wellness Clinic, funded through employee co-pays and County funding.

**MONTGOMERY COUNTY, TEXAS**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2016**

E-1

	Medical	Workers' Compensation	Accident and Liability	Wellness Clinic	Total
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 57,791	\$ -	\$ -	\$ 57,791
Accounts	725,801	23,288	15,113	-	764,202
Due from other funds	22,325,476	4,405,389	642,745	45,569	27,419,179
Due from other governments	-	23,182	-	-	23,182
Total Current Assets	23,051,277	4,509,650	657,858	45,569	28,264,354
Capital Assets (net of accumulated depreciation):					
Buildings	-	-	-	815,471	815,471
Improvements	-	-	-	718	718
Equipment	-	21,677	-	52,794	74,471
Total Capital Assets	-	21,677	-	868,983	890,660
Total Assets	23,051,277	4,531,327	657,858	914,552	29,155,014
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	1,151,399	-	19,263	67	1,170,729
Claims Payable	3,616,160	1,347,167	-	-	4,963,327
Total Current Liabilities	4,767,559	1,347,167	19,263	67	6,134,056
Total Liabilities	4,767,559	1,347,167	19,263	67	6,134,056
<b>NET POSITION:</b>					
Net Investment in Capital Assets	-	21,677	-	868,983	890,660
Unrestricted	18,283,718	3,162,483	638,595	45,502	22,130,298
Total Net Position	\$ 18,283,718	\$ 3,184,160	\$ 638,595	\$ 914,485	\$ 23,020,958

**MONTGOMERY COUNTY, TEXAS**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**

**Internal Service Funds**

**September 30, 2016**

E-2

	Medical	Workers' Compensation	Accident and Liability	Wellness Clinic	Total
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 29,421,174	\$ 1,228,766	\$ 1,584,004	\$ 1,112,633	\$ 33,346,577
Miscellaneous	-	-	126,452	-	126,452
Total Operating Revenues	29,421,174	1,228,766	1,710,456	1,112,633	33,473,029
<b>OPERATING EXPENSES:</b>					
Supplies	-	-	-	20,478	20,478
Services	29,022,173	1,328,793	1,562,463	1,092,155	33,005,584
Depreciation	-	4,335	-	36,902	41,237
Total Operating Expenses	29,022,173	1,333,128	1,562,463	1,149,535	33,067,299
Change in Net Position	399,001	(104,362)	147,993	(36,902)	405,730
Total Net Position - beginning	17,884,717	3,288,522	490,602	951,387	22,615,228
Total Net Position - ending	\$ 18,283,718	\$ 3,184,160	\$ 638,595	\$ 914,485	\$ 23,020,958

**MONTGOMERY COUNTY, TEXAS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**September 30, 2016**

E-3

	Medical	Workers' Compensatio	Accident and	Wellness Clinic	Total
Cash flows from operating activities:					
Receipts from customers	\$30,759,954	\$ 956,604	\$1,475,308	\$4,193,299	\$ 37,385,165
Receipts from others	-	-	126,452	-	126,452
Benefits paid	(31,363,662)	(959,558)	(1,601,760)	(4,193,299)	(38,118,279)
Net cash used by operating activities	(603,708)	(2,954)	-	-	(606,662)
Cash flows from noncapital financing activities:					
Intergovernmental contributions	-	6,302	-	-	6,302
Net cash provided by noncapital financing activities	-	6,302	-	-	6,302
Cash flows from capital financing activities:					
Acquisition and construction of capital assets	-	(26,012)	-	-	(26,012)
Net cash used by capital financing activities	-	(26,012)	-	-	(26,012)
Net decrease in cash and cash equivalents	(603,708)	(22,664)	-	-	(626,372)
Cash and cash equivalents - October 1, 2015	603,708	80,455	-	-	684,163
Cash and cash equivalents - September 30, 2016	\$ -	\$ 57,791	\$ -	\$ -	\$ 57,791
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:					
Operating income (loss)	\$ 399,001	\$ (104,362)	\$ 147,993	\$ (36,902)	\$ 405,730
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in due from other funds	(1,777,492)	(314,996)	(116,707)	6	(2,209,189)
Depreciation expense	-	4,335	-	36,902	41,237
(Increase) decrease in intergovernmental receivable	(9,963)	42,834	8,011	-	40,882
Increase (decrease) in accounts payable	784,746	369,235	(39,297)	(6)	1,114,678
Total adjustments	(1,002,709)	101,408	(147,993)	36,902	(1,012,392)
Net cash used by operating activities	\$ (603,708)	\$ (2,954)	\$ -	\$ -	\$ (606,662)



## **AGENCY FUND**

**County Officials Fund** - to account for the collection of fees and court ordered payments collected by various elected county officials and distribution of those funds on their behalf.

**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**September 30, 2016**

F-1

	County Officials
<b><u>ASSETS:</u></b>	
Cash	\$ 10,824,771
Accounts Receivable	7,855,860
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 18,680,631</u></b>
<b><u>LIABILITIES:</u></b>	
Due to Others	\$ 18,680,631
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 18,680,631</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended September 30, 2016**

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	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<b><u>COUNTY OFFICIALS:</u></b>				
<b>Assets:</b>				
Cash	\$ 12,654,197	\$ 2,883,031,598	\$ 2,884,861,024	\$ 10,824,771
Accounts Receivable	5,428,324	9,196,000	6,768,464	7,855,860
<b>TOTAL ASSETS</b>	<b>\$ 18,082,521</b>	<b>\$ 2,892,227,598</b>	<b>\$ 2,891,629,488</b>	<b>\$ 18,680,631</b>
<b>Liabilities:</b>				
Due to Others	18,082,521	2,892,227,598	2,891,629,488	18,680,631
<b>TOTAL LIABILITIES</b>	<b>\$ 18,082,521</b>	<b>\$ 2,892,227,598</b>	<b>\$ 2,891,629,488</b>	<b>\$ 18,680,631</b>



**CAPITAL ASSETS  
USED IN THE OPERATION  
OF  
GOVERNMENTAL FUNDS**



**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Activities**  
**Schedule by Source**  
**September 30, 2016**

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**GOVERNMENTAL ACTIVITIES CAPITAL ASSETS:**

Land	\$ 80,953,544
Buildings	207,630,910
Improvements Other than Buildings	23,515,820
Equipment	108,918,597
Infrastructure	1,345,318,809
Construction in Progress	594,008

<b><u>TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS</u></b>	<b><u>\$ 1,766,931,688</u></b>
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**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**

**BY SOURCE:**

General Fund	\$ 328,244,117
Special Revenue Funds	1,436,921,019
Capital Project Funds	594,008
Internal Service Funds	1,172,544

<b><u>TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS</u></b>	<b><u>\$ 1,766,931,688</u></b>
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In prior years this schedule only included capital assets in the operation of Governmental Funds. For the 2015 report, Internal Service Funds assets are included in these figures.

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Activities**  
**Schedule by Function and Activity**  
**September 30, 2016**

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Page 1 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<b><u>GENERAL ADMINISTRATION:</u></b>						
County Judge	\$ 2,903	\$ -	\$ -	\$ -	\$ 2,903	\$ -
Human Resources	4,271	-	-	-	4,271	-
Risk Management	1,206,483	-	951,264	2,394	252,825	-
County Clerk	485,073	-	-	-	485,073	-
Collections	6,493	-	-	-	6,493	-
Veterans' Service	1,367	-	-	-	1,367	-
Purchasing Agent	48,314	-	-	-	48,314	-
Information Technology	12,832,868	-	86,900	1,061,450	11,684,518	-
County Buildings	96,085,138	-	95,396,936	651,712	-	36,490
County Land	6,611,741	6,491,828	-	119,913	-	-
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>117,284,651</u></b>	<b><u>6,491,828</u></b>	<b><u>96,435,100</u></b>	<b><u>1,835,469</u></b>	<b><u>12,485,764</u></b>	<b><u>36,490</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>						
County Auditor	42,439	-	-	-	42,439	-
County Treasurer	19,520	-	-	-	19,520	-
Tax Assessor/Collector	118,651	7,500	-	-	111,151	-
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>180,610</u></b>	<b><u>7,500</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>173,110</u></b>	<b><u>-</u></b>
<b><u>CONSERVATION:</u></b>						
Extension Agents	877,115	1,682	815,958	48,017	11,458	-
Recycling Stations	192,833	-	61,318	53,478	78,037	-
<b><u>TOTAL CONSERVATION</u></b>	<b><u>1,069,948</u></b>	<b><u>1,682</u></b>	<b><u>877,276</u></b>	<b><u>101,495</u></b>	<b><u>89,495</u></b>	<b><u>-</u></b>
<b><u>ELECTIONS:</u></b>						
Elections Administrator	4,001,434	3,000	493,239	70,469	3,434,726	-
<b><u>TOTAL ELECTIONS ADM</u></b>	<b><u>4,001,434</u></b>	<b><u>3,000</u></b>	<b><u>493,239</u></b>	<b><u>70,469</u></b>	<b><u>3,434,726</u></b>	<b><u>-</u></b>
<b><u>FACILITIES:</u></b>						
Custodial Services	858,642	30,715	174,371	6,155	647,401	-
Building Maintenance	1,261,461	-	171,407	32,785	1,057,269	-
Parks	29,191,960	9,565,525	4,390,386	15,236,049	-	-
Jail	6,482,454	-	5,778,404	16,697	687,353	-
Civic Center	17,172,012	88,216	15,088,993	1,577,781	417,022	-
<b><u>TOTAL FACILITIES</u></b>	<b><u>54,966,529</u></b>	<b><u>9,684,456</u></b>	<b><u>25,603,561</u></b>	<b><u>16,869,467</u></b>	<b><u>2,809,045</u></b>	<b><u>-</u></b>
<b><u>HEALTH AND WELFARE:</u></b>						
Public Health	7,115,316	159,705	5,888,499	193,093	874,019	-
Mental Health Treatment	32,080,168	2,631,689	27,878,358	1,114,493	455,628	-
Community Development	11,607,364	563,626	10,614,528	-	429,210	-
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>50,802,848</u></b>	<b><u>3,355,020</u></b>	<b><u>44,381,385</u></b>	<b><u>1,307,586</u></b>	<b><u>1,758,857</u></b>	<b><u>-</u></b>



**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Activities**  
**Schedule by Function and Activity**  
**September 30, 2016**

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<b><u>JUDICIAL:</u></b>						
Courts	454,913	-	-	924	453,989	-
District Attorney	366,362	-	-	-	366,362	-
District Clerk	171,234	-	7,129	-	164,105	-
Justice of Peace	3,082,208	-	2,946,779	4,930	130,499	-
<b><u>TOTAL JUDICIAL</u></b>	<b><u>4,074,717</u></b>	<b><u>-</u></b>	<b><u>2,953,908</u></b>	<b><u>5,854</u></b>	<b><u>1,114,955</u></b>	<b><u>-</u></b>
<b><u>LEGAL SERVICES:</u></b>						
County Attorney	2,450	-	-	-	2,450	-
Law Library	786,550	-	-	-	786,550	-
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>789,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>789,000</u></b>	<b><u>-</u></b>
<b><u>PUBLIC SAFETY:</u></b>						
Emergency Management	16,753,064	-	629,431	424,940	15,698,693	-
Fire Marshal	427,691	-	-	-	427,691	-
Constables	4,989,781	22,813	462,577	37,990	4,466,401	-
Sheriff	45,334,067	1,496,955	3,872,666	723,173	39,241,273	-
District Attorney Forfeitures	396,526	-	14,838	13,838	367,850	-
County Attorney Forfeitures	7,171	-	-	-	7,171	-
Juvenile Probation	1,951,092	-	1,467,231	-	483,861	-
Adult Probation	17,626	-	13,151	-	4,475	-
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>69,877,018</u></b>	<b><u>1,519,768</u></b>	<b><u>6,459,894</u></b>	<b><u>1,199,941</u></b>	<b><u>60,697,415</u></b>	<b><u>-</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>						
Engineer	28,368	-	-	-	28,368	-
Commissioners' Operations	1,388,131,459	54,564,534	6,751,680	1,368,025	19,331,013	1,306,116,207
Airport	49,066,330	1,688,128	6,934,370	706,821	570,899	39,166,112
<b><u>TOTAL PUBLIC TRANSPORTATION</u></b>	<b><u>1,437,226,157</u></b>	<b><u>56,252,662</u></b>	<b><u>13,686,050</u></b>	<b><u>2,074,846</u></b>	<b><u>19,930,280</u></b>	<b><u>1,345,282,319</u></b>
<b><u>CULTURE AND RECREATION:</u></b>						
Memorial Library	26,064,768	3,637,628	16,740,497	50,693	5,635,950	-
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>26,064,768</u></b>	<b><u>3,637,628</u></b>	<b><u>16,740,497</u></b>	<b><u>50,693</u></b>	<b><u>5,635,950</u></b>	<b><u>-</u></b>
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>1,766,337,680</u></b>	<b><u>\$ 80,953,544</u></b>	<b><u>\$ 207,630,910</u></b>	<b><u>\$ 23,515,820</u></b>	<b><u>\$ 108,918,597</u></b>	<b><u>\$ 1,345,318,809</u></b>
Construction In Progress	<u>594,008</u>					
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,766,931,688</u></b>					

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Activities**  
**Schedule of Changes by Function and Activity**  
**Year Ended September 30, 2016**

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Function and Activity	Govtl Funds Capital Assets October 1, 2015	Additions	Deletions	Govtl Funds Capital Assets September 30, 2016
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge	\$ 2,903	\$ -	\$ -	\$ 2,903
Human Resources	7,667	-	3,396	4,271
Risk Management	1,180,471	26,012	-	1,206,483
County Clerk	496,422	-	11,349	485,073
Collections	7,593	-	1,100	6,493
Veterans' Service	-	1,367	-	1,367
Purchasing Agent	48,314	3,102,870	3,102,870	48,314
Information Technology	10,289,508	2,917,980	374,620	12,832,868
County Buildings	95,271,904	813,234	-	96,085,138
County Land	6,461,741	150,000	-	6,611,741
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>113,766,523</u></b>	<b><u>7,011,463</u></b>	<b><u>3,493,335</u></b>	<b><u>117,284,651</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor	44,739	-	2,300	42,439
County Treasurer	27,291	1,421	9,192	19,520
Tax Assessor/Collector	158,744	-	40,093	118,651
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>230,774</u></b>	<b><u>1,421</u></b>	<b><u>51,585</u></b>	<b><u>180,610</u></b>
<b><u>CONSERVATION:</u></b>				
Extension Agents	877,115	-	-	877,115
Recycling Stations	194,633	-	1,800	192,833
<b><u>TOTAL CONSERVATION</u></b>	<b><u>1,071,748</u></b>	<b><u>-</u></b>	<b><u>1,800</u></b>	<b><u>1,069,948</u></b>
<b><u>ELECTIONS:</u></b>				
Elections Administrator	4,021,660	38,743	58,969	4,001,434
<b><u>TOTAL ELECTIONS</u></b>	<b><u>4,021,660</u></b>	<b><u>38,743</u></b>	<b><u>58,969</u></b>	<b><u>4,001,434</u></b>
<b><u>FACILITIES:</u></b>				
Custodial Services	880,917	1,299	23,574	858,642
Building Maintenance	1,281,005	1,599	21,143	1,261,461
Parks	29,191,960	-	-	29,191,960
Jail	6,400,101	110,834	28,481	6,482,454
Civic Center	17,076,715	110,981	15,684	17,172,012
<b><u>TOTAL FACILITIES</u></b>	<b><u>54,830,698</u></b>	<b><u>224,713</u></b>	<b><u>88,882</u></b>	<b><u>54,966,529</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Public Health	7,190,582	40,608	115,874	7,115,316
Mental Health Facility	32,108,651	-	28,483	32,080,168
Community Development	11,106,175	518,486	17,297	11,607,364
<b><u>TOTAL HEALTH &amp; WELFARE</u></b>	<b><u>50,405,408</u></b>	<b><u>559,094</u></b>	<b><u>161,654</u></b>	<b><u>50,802,848</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Activities**  
**Schedule of Changes by Function and Activity**  
**Year Ended September 30, 2016**

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Function and Activity	Govtl Funds Capital Assets October 1, 2015	Additions	Deletions	Govtl Funds Capital Assets September 30, 2016
<b><u>JUDICIAL:</u></b>				
Courts	476,011	15,261	36,359	454,913
District Attorney	252,780	113,582	-	366,362
District Clerk	164,871	7,560	1,197	171,234
Justice of Peace	3,075,217	11,140	4,149	3,082,208
<b><u>TOTAL JUDICIAL</u></b>	<b><u>3,968,879</u></b>	<b><u>147,543</u></b>	<b><u>41,705</u></b>	<b><u>4,074,717</u></b>
<b><u>LEGAL SERVICES:</u></b>				
County Attorney	2,450	-	-	2,450
Law Library	1,512,672	63,831	789,953	786,550
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>1,515,122</u></b>	<b><u>63,831</u></b>	<b><u>789,953</u></b>	<b><u>789,000</u></b>
<b><u>PUBLIC SAFETY:</u></b>				
Emergency Management	16,413,608	468,036	128,580	16,753,064
Fire Marshal	250,974	212,055	35,338	427,691
Constables	4,116,179	1,079,002	205,400	4,989,781
Sheriff	41,113,682	5,056,623	836,238	45,334,067
District Attorney Forfeitures	405,361	6,293	15,128	396,526
County Attorney Forfeitures	7,171	-	-	7,171
Juvenile Probation	1,984,447	29,979	63,334	1,951,092
Adult Probation	22,592	-	4,966	17,626
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>64,314,014</u></b>	<b><u>6,851,988</u></b>	<b><u>1,288,984</u></b>	<b><u>69,877,018</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>				
Engineer	28,368	-	-	28,368
Commissioners' Operations	1,295,059,351	94,513,244	1,441,136	1,388,131,459
Airport	45,509,826	3,641,942	85,438	49,066,330
<b><u>TOTAL PUBLIC TRANS</u></b>	<b><u>1,340,597,545</u></b>	<b><u>98,155,186</u></b>	<b><u>1,526,574</u></b>	<b><u>1,437,226,157</u></b>
<b><u>CULTURE &amp; RECREATION:</u></b>				
Memorial Library	27,632,076	652,799	2,220,107	26,064,768
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>27,632,076</u></b>	<b><u>652,799</u></b>	<b><u>2,220,107</u></b>	<b><u>26,064,768</u></b>
Construction In Progress	1,777,498	3,725,975	4,909,465	594,008
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 1,664,131,945</u></b>	<b><u>\$ 117,432,756</u></b>	<b><u>\$ 14,633,013</u></b>	<b><u>\$ 1,766,931,688</u></b>







## **STATISTICAL SECTION**

(unaudited)

This part of Montgomery County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and additional supplementary information says about the County's overall financial health.

### **Contents**

### **Table**

<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	I, II, III, IV
<b>Revenue Capacity</b> - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	V, VI, VII, VIII
<b>Debt Capacity</b> - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	IX, X, XI, XII, XIII
<b>Economic and Demographic Indicators</b> - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	XIV, XV
<b>Operating Information</b> - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides.	XVI, XVII, XVIII

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Schedules presenting government-wide information include information beginning in that year.

**MONTGOMERY COUNTY, TEXAS****Net Position by Component****Last Ten Fiscal Years**

(accrual basis of accounting)

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 368,993,046	\$ 399,738,541	\$ 377,016,683	\$ 353,407,141
Restricted	7,070,714	7,656,130	8,311,363	8,839,721
Unrestricted	(59,096,992)	(61,641,311)	(45,241,159)	(32,066,403)
Total Governmental activities net position	<u>316,966,768</u>	<u>345,753,360</u>	<u>340,086,887</u>	<u>330,180,459</u>
Business -type activities				
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	368,993,046	399,738,541	377,016,683	353,407,141
Restricted	7,070,714	7,656,130	8,311,363	8,839,721
Unrestricted	(59,096,992)	(61,641,311)	(45,241,159)	(32,066,403)
Total primary government net position	<u>\$ 316,966,768</u>	<u>\$ 345,753,360</u>	<u>\$ 340,086,887</u>	<u>\$ 330,180,459</u>

**Note:** Accounting standards require that net position be reported in 3 components in the financial statements:

Net Investment in Capital Assets; Restricted; and Unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted.



**TABLE I**

2011	2012	2013	2014	2015	2016
\$ 380,478,332	\$ 319,059,222	\$ 364,555,659	\$ 266,597,783	\$ 314,750,807	\$ 386,697,807
9,360,962	26,137,977	61,986,405	71,863,955	54,197,228	63,131,106
(75,320,823)	(36,634,612)	(37,107,523)	59,772,088	90,395,375	70,203,109
314,518,471	308,562,587	389,434,541	398,233,826	459,343,410	520,032,022
-	-	-	-	45,949,353	60,315,827
-	-	-	-	-	-
-	-	-	-	(1,064,882)	(4,635,780)
-	-	-	-	44,884,471	55,680,047
380,478,332	319,059,222	364,555,659	266,597,783	360,700,160	447,013,634
9,360,962	26,137,977	61,986,405	71,863,955	54,197,228	63,131,106
(75,320,823)	(36,634,612)	(37,107,523)	59,772,088	89,330,493	65,567,329
\$ 314,518,471	\$ 308,562,587	\$ 389,434,541	\$ 398,233,826	\$ 504,227,881	\$ 575,712,069

**MONTGOMERY COUNTY, TEXAS**

**Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)

	2007	2008	2009	2010
<b>Expenses</b>				
<i>Governmental Activities:</i>				
General Administration	\$ 11,780,620	\$ 16,822,168	\$ 22,046,369	\$ 15,339,911
Judicial	17,042,393	15,894,641	22,794,440	24,893,295
Legal	2,233,072	2,445,787	2,678,359	2,824,360
Elections	1,466,229	1,947,963	1,694,067	1,827,247
Financial Administration	4,981,536	5,088,713	5,917,962	6,358,514
Public Facilities	20,208,449	19,887,748	41,255,267	43,618,780
Public Safety	44,725,170	51,558,472	55,941,218	62,650,758
Health and Welfare	7,637,646	16,301,079	29,039,919	9,085,174
Culture and Recreation	8,460,806	8,697,389	9,981,330	7,456,924
Conservation	760,370	825,476	341,910	986,843
Public Transportation	69,455,834	76,212,732	95,536,899	111,627,910
Miscellaneous	2,846,822	1,070,696	1,156,114	1,683,887
Debt Service	11,701,725	15,998,167	21,121,081	22,946,953
Total Governmental Activities Expenses	203,300,672	232,751,031	309,504,935	311,300,556
<i>Business-type activities:</i>				
Toll Road	-	-	-	-
Total business-type activities expenses	-	-	-	-
Total Expenses	203,300,672	232,751,031	309,504,935	311,300,556
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Fees, Fines, Forfeitures and Charges for Services				
General Administration	7,393,470	5,797,753	5,402,968	5,948,735
Judicial	7,440,711	8,712,572	10,475,877	12,702,190
Legal	527,537	483,018	501,896	518,257
Elections	1,569	2,081	1,131	103,831
Financial Administration	1,459,788	2,101,194	2,268,952	2,244,114
Public Facilities	1,000,092	4,548,064	24,717,702	21,800,561
Public Safety	14,774,292	14,255,517	15,388,348	19,139,564
Health and Welfare	1,266,457	1,495,403	1,478,897	1,735,047
Culture and Recreation	258,398	294,045	323,520	316,855
Conservation	-	-	-	-
Public Transportation	7,987,128	7,714,365	8,442,985	9,118,839
Operating Grants and Contributions	8,288,928	15,376,235	29,439,925	11,446,490
Capital Grants and Contributions	65,322,295	60,429,833	55,848,681	56,300,073
Total Governmental Activities Program Revenues	115,720,665	121,210,080	154,290,882	141,374,556
<i>Business-type activities:</i>				
Toll Road	-	-	-	-
Total business-type activities revenues	-	-	-	-
Total Revenues	115,720,665	121,210,080	154,290,882	141,374,556
Net (Expense)/Revenue				
Governmental Activities	(87,580,007)	(111,540,951)	(155,214,053)	(169,926,000)
Business-type Activities	-	-	-	-
Net (Expense)	(87,580,007)	(111,540,951)	(155,214,053)	(169,926,000)
<b>General Revenues and Other Changes in Net Position</b>				
<i>Governmental Activities:</i>				
Taxes				
Property Taxes	115,740,129	131,600,844	145,696,133	156,397,865
Other Taxes	1,381,764	1,610,605	1,719,903	1,824,262
Unrestricted Grants and Contributions	-	-	-	-
Investment Earnings	8,442,457	5,680,817	1,667,591	790,693
Miscellaneous	419,968	1,435,277	463,953	1,006,752
Transfers	-	-	-	-
Total Governmental Activities	125,984,318	140,327,543	149,547,580	160,019,572
<i>Business-type activities:</i>				
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Total Primary Government	125,984,318	140,327,543	149,547,580	160,019,572
Change in Net Position				
Governmental Activities	38,404,311	28,786,592	(5,666,473)	(9,906,428)
Business-type Activities	-	-	-	-
Change in Net Position	\$ 38,404,311	\$ 28,786,592	\$ (5,666,473)	\$ (9,906,428)

TABLE II

2011	2012	2013	2014	2015	2016
\$ 56,850,436	\$ 54,732,939	\$ 49,084,269	\$ 52,627,252	\$ 57,411,391	\$ 57,650,555
25,751,781	27,800,678	29,981,281	32,077,111	32,772,811	34,705,287
2,893,028	3,254,126	3,170,292	3,548,986	3,456,782	4,074,382
1,723,583	2,249,037	2,081,998	2,438,670	2,025,750	2,431,498
6,111,643	6,334,740	6,748,425	6,813,820	6,885,418	7,545,414
50,133,665	49,812,586	57,821,137	66,496,215	63,860,067	72,057,612
62,564,836	66,364,576	65,088,893	69,458,813	70,860,690	110,534,947
14,924,434	28,582,176	22,722,536	25,315,219	25,349,849	27,909,010
9,061,639	9,607,386	10,121,267	10,285,291	9,949,881	10,445,137
982,337	1,003,159	1,170,933	748,622	1,279,756	1,480,246
80,597,409	65,221,658	76,521,763	89,687,467	74,721,871	80,106,170
659,499	-	-	-	-	-
24,566,713	23,989,607	29,179,720	17,797,503	18,147,345	18,137,058
336,821,003	338,952,668	353,692,514	377,294,969	366,721,611	427,077,316
-	-	-	-	4,572,677	1,506,873
-	-	-	-	4,572,677	1,506,873
336,821,003	338,952,668	353,692,514	377,294,969	371,294,288	428,584,189
39,240,521	37,812,374	38,371,600	36,601,588	48,745,095	41,420,399
8,713,071	2,973,713	7,504,357	8,945,991	13,933,298	14,825,718
503,400	499,509	484,413	484,963	437,628	541,310
177	453	182	317	198	144,118
2,553,434	2,943,952	3,700,987	4,525,655	5,073,087	5,154,306
19,812,950	23,655,878	30,568,848	34,120,105	28,945,676	34,745,935
17,542,034	17,403,723	14,140,176	15,900,947	4,418,006	21,269,829
10,628,153	16,718,253	16,494,475	17,947,526	17,606,018	16,628,893
309,966	287,967	287,822	309,567	339,773	156,840
-	-	228,653	216,727	169,779	172,656
9,219,220	10,489,702	7,538,461	10,634,088	10,721,201	11,921,478
12,781,928	9,526,211	8,669,829	10,302,710	9,562,198	13,138,023
24,936,363	27,209,719	92,305,068	60,564,053	94,908,316	89,527,655
146,241,217	149,521,454	220,294,871	200,554,237	234,860,273	249,647,160
-	-	-	-	49,795,550	12,302,449
-	-	-	-	49,795,550	12,302,449
146,241,217	149,521,454	220,294,871	200,554,237	284,655,823	261,949,609
(190,579,786)	(189,431,214)	(133,397,643)	(176,740,732)	(131,861,338)	(177,430,156)
-	-	-	-	45,222,873	10,795,576
(190,579,786)	(189,431,214)	(133,397,643)	(176,740,732)	(86,638,465)	(166,634,580)
161,327,007	167,297,778	175,901,469	186,842,153	203,539,676	229,719,148
1,785,343	1,674,934	1,970,594	2,456,460	2,804,782	2,757,791
8,364,557	12,855,843	-	-	-	-
540,642	382,170	459,052	669,309	529,535	2,179,522
2,900,249	1,264,605	30,938,482	844,937	589,453	539,171
-	-	-	-	338,402	-
174,917,798	183,475,330	209,269,597	190,812,859	207,801,848	235,195,632
-	-	-	-	(338,402)	-
-	-	-	-	(338,402)	-
174,917,798	183,475,330	209,269,597	190,812,859	207,463,446	235,195,632
(15,661,988)	(5,955,884)	75,871,954	14,072,127	75,940,510	57,765,476
-	-	-	-	44,884,471	10,795,576
\$ (15,661,988)	\$ (5,955,884)	\$ 75,871,954	\$ 14,072,127	\$ 120,824,981	\$ 68,561,052

**MONTGOMERY COUNTY, TEXAS****Governmental Fund Balances****Last Ten Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved for:				
Prepaid items	\$ 405,442	\$ 226,088	\$ 1,209,368	\$ 614,103
Unreserved	20,357,618	25,621,544	33,804,639	43,326,405
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 20,763,060</u>	<u>\$ 25,847,632</u>	<u>\$ 35,014,007</u>	<u>\$ 43,940,508</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 3,183,467	\$ 769,559	\$ 1,533	\$ 42,762
Capital projects	119,067,943	109,016,095	91,075,383	35,255,056
Inventory	66,617	67,641	85,034	91,503
Debt service	2,633,600	4,561,190	12,206,656	10,761,379
Unreserved, reported in:				
Special revenue funds	3,908,678	21,832,516	26,929,735	32,894,308
Debt service funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 128,860,305</u>	<u>\$ 136,247,001</u>	<u>\$ 130,298,341</u>	<u>\$ 79,045,008</u>

(1) Beginning in 2011, the County's fund balances are stated in accordance with the requirements of GASB Statement 54.

TABLE III

Fiscal Year					
2011 <sup>(1)</sup>	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	11,217	2,010,097	1,442,838	3,425,360	3,119,811
134,855	91,718	5,909,899	2,292,056	10,793,467	16,794,364
19,571,942	32,806,254	36,450,842	44,517,198	42,441,944	50,680,646
29,647,002	30,241,977	35,336,437	39,722,291	40,938,206	40,619,824
<u>\$ 49,353,799</u>	<u>\$ 63,151,166</u>	<u>\$ 79,707,275</u>	<u>\$ 87,974,383</u>	<u>\$ 97,598,977</u>	<u>\$ 111,214,645</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
172,593	363,698	2,654,365	1,533,898	192,207	106,290
76,922,025	80,798,663	97,079,589	77,236,101	74,035,446	133,836,974
19,740	16,848	25,354,566	16,133,816	10,299,674	23,988,996
7,421,107	10,801,627	11,718,578	14,409,545	23,422,966	9,731,586
<u>\$ 84,535,465</u>	<u>\$ 91,980,836</u>	<u>\$ 136,807,098</u>	<u>\$ 109,313,360</u>	<u>\$ 107,950,293</u>	<u>\$ 167,663,846</u>

**MONTGOMERY COUNTY, TEXAS**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting)

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 117,303,468	\$ 132,652,213	\$ 147,492,907	\$ 157,541,607
Licenses and Permits	7,903,148	7,813,929	8,116,936	7,552,220
Fees	14,919,639	14,702,564	14,027,489	14,925,021
Intergovernmental	16,939,038	25,176,883	34,078,838	19,798,654
Charges for Services	1,683,063	1,927,909	2,094,454	2,168,606
Investment Earnings	8,580,033	5,898,574	1,312,224	790,282
Contract Reimbursements	10,385,885	11,138,260	12,126,654	16,506,829
Inmate Housing	1,607,241	3,566,886	23,895,939	21,085,088
Fines and Forfeitures	1,933,374	2,026,564	3,192,219	3,047,555
Miscellaneous	2,084,903	3,802,795	2,741,345	3,568,946
Total Revenues	183,339,792	208,706,577	249,079,005	246,984,808
<b>Expenditures</b>				
General Administration	12,293,414	13,532,419	17,048,371	15,758,058
Judicial	17,179,832	18,504,705	21,795,715	23,657,153
Legal Services	2,228,239	2,397,829	2,550,211	2,716,217
Elections	1,373,213	1,606,046	1,258,713	1,410,441
Financial Administration	4,966,523	5,251,827	5,624,961	5,877,896
Public Facilities	22,477,341	25,448,843	44,144,809	43,995,733
Public Safety	45,184,624	64,484,699	55,809,351	61,405,346
Health and Welfare	8,883,225	17,851,636	30,236,637	12,520,365
Culture and Recreation	7,812,017	7,314,312	8,008,564	8,393,594
Conservation	745,767	803,808	845,288	899,649
Public Transportation	17,161,732	18,991,837	20,469,397	25,913,518
Miscellaneous	2,846,822	1,070,696	1,156,114	1,683,887
Capital Projects	69,694,164	93,906,202	71,212,681	91,100,968
Debt Service:				
Principal Retirement	5,305,000	4,598,741	6,557,918	7,916,895
Interest and Fiscal Charges	13,929,488	16,024,292	18,713,749	20,511,045
Issuance Costs	1,356,675	1,443,423	1,265,496	1,336,839
Total Expenditures	233,438,076	293,231,315	306,697,975	325,097,604
Excess/(Deficiency) Revenues over (under) Expenditures	(50,098,284)	(84,524,738)	(57,618,970)	(78,112,796)
<b>Other Financing Sources/(Uses)</b>				
Transfers In	46,199,570	21,663,686	24,812,746	27,012,983
Transfers Out	(46,199,570)	(21,663,686)	(24,812,746)	(27,012,983)
Grant Funds Not Reimbursed	-	-	-	-
Capital Lease Financing	3,953,897	16,599,021	1,133,148	3,125,403
Issuance of General Obligation Debt	-	-	-	-
Issuance of Refunding Bonds	41,495,000	9,855,000	-	43,380,000
Payment to Refunded Bonds Escrow Agent	(41,706,307)	(10,211,444)	-	(44,643,876)
Sale of Capital Asset	-	-	-	-
Issuance of Other Bonds	44,834,989	79,885,000	56,190,000	1,167,562
Discounts/Premiums on Debt Issuance	820,247	1,868,429	3,513,538	32,756,874
Total Other Financing Sources/(Uses)	49,397,826	97,996,006	60,836,686	35,785,963
Net Change in Fund Balances	\$ (700,458)	\$ 13,471,268	\$ 3,217,716	\$ (42,326,833)
Debt Service as a percentage of noncapital expenditures	12.6%	11.1%	11.3%	13.4%

TABLE IV

2011	2012	2013	2014	2015	2016
\$ 162,716,956	\$ 169,042,135	\$ 178,176,320	\$ 189,037,048	\$ 206,377,981	\$ 231,994,520
7,498,169	7,340,620	7,933,209	8,559,827	8,175,139	9,029,910
16,404,832	17,013,807	19,145,966	18,355,114	18,446,593	20,616,445
32,110,368	31,530,494	47,182,714	33,269,063	38,700,051	35,983,483
1,633,673	1,975,389	2,892,355	4,968,141	4,088,981	6,715,271
540,616	382,173	459,053	669,336	529,538	2,179,437
24,213,859	30,930,076	28,960,527	28,370,644	36,963,546	30,184,415
18,958,951	22,670,575	29,373,490	32,383,821	27,265,236	32,712,111
3,662,448	4,247,571	4,392,610	4,792,027	4,458,853	3,920,461
5,055,183	4,354,033	5,557,556	1,920,078	3,512,456	5,419,640
272,795,055	289,486,873	324,073,800	322,325,099	348,518,374	378,755,693
26,145,340	24,829,831	22,145,663	26,136,632	29,982,617	24,481,407
25,547,447	26,939,088	28,623,495	30,585,284	32,286,937	33,444,158
2,982,862	3,136,043	2,963,853	3,332,642	3,388,347	3,892,560
1,344,669	2,156,915	1,887,236	2,512,216	1,888,438	2,241,412
5,983,660	5,997,385	6,237,056	6,346,867	6,806,814	7,067,579
42,038,981	46,681,717	55,409,376	63,531,573	59,634,179	66,801,231
65,088,924	63,136,032	62,574,123	66,190,543	72,849,381	81,417,910
23,540,364	27,684,389	22,365,117	23,979,722	25,246,552	27,300,562
8,480,049	8,621,870	8,800,215	8,967,110	9,182,400	9,432,186
960,483	910,093	1,074,697	1,065,899	1,219,373	1,426,722
33,746,483	25,354,154	34,898,188	42,400,671	44,760,403	51,782,691
659,499	-	-	-	-	-
26,806,719	8,809,026	18,177,561	27,503,608	2,774,405	20,246,230
11,304,861	16,970,899	20,185,150	19,460,000	20,115,000	21,360,000
23,757,714	23,245,469	23,025,209	17,618,628	18,941,447	18,743,285
329,498	382,183	590,333	435,540	-	448,473
298,717,553	284,855,094	308,957,272	340,066,935	329,076,293	370,086,406
(25,922,498)	4,631,779	15,116,528	(17,741,836)	19,442,081	8,669,287
20,909,835	27,961,981	98,091,394	23,737,039	25,524,507	29,359,836
(20,909,835)	(27,961,981)	(98,091,394)	(23,737,039)	(25,611,105)	(29,359,836)
-	-	-	-	-	(6,862)
1,197,802	830,702	218,758	949,101	622,106	595,566
-	-	-	-	-	51,662,323
-	30,885,000	15,880,000	101,760,000	-	60,402,677
-	(35,739,475)	(60,594,395)	(118,083,208)	-	(73,331,090)
-	-	65,000,000	-	-	-
31,390,000	14,925,000	13,350,000	-	-	-
4,238,443	5,709,732	4,353,152	13,889,313	-	22,414,184
36,826,245	16,610,959	38,207,515	(1,484,794)	535,508	61,736,798
\$ 10,903,747	\$ 21,242,738	\$ 53,324,043	\$ (19,226,630)	\$ 19,977,589	\$ 70,406,085
13.1%	14.8%	14.8%	11.9%	12.0%	11.6%





**MONTGOMERY COUNTY, TEXAS**  
**Taxable Assessed Value and Actual Value of Property** <sup>(1) (2)</sup>  
**Last Ten Fiscal Years**

**TABLE V**

Fiscal Year	Residential Property	Commercial Property	Other Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate <sup>(3)</sup>
2007	\$ 17,092,450	\$ 3,100,030	\$ 2,404,638	\$ 2,818,786	\$ (2,065,921)	\$ 23,349,983	\$0.4913
2008	20,050,557	3,347,344	3,421,027	3,085,402	(3,153,108)	26,751,222	0.4888
2009	23,181,793	3,725,463	3,662,668	3,374,666	(3,609,764)	30,334,826	0.4838
2010	24,780,448	4,130,865	3,545,480	3,673,289	(3,467,731)	32,662,351	0.4838
2011	25,470,544	4,313,292	3,635,389	3,557,689	(3,114,294)	33,862,620	0.4838
2012	26,546,279	4,406,788	3,637,096	3,710,767	(3,199,844)	35,101,086	0.4838
2013	27,633,521	4,749,812	3,644,710	3,767,339	(3,089,011)	36,706,371	0.4838
2014	29,215,860	5,529,356	3,600,829	4,345,886	(3,324,961)	39,366,970	0.4838
2015	33,047,928	6,419,044	3,779,489	4,693,637	(4,285,836)	43,654,262	0.4767
2016	37,876,334	7,401,355	3,906,748	5,133,399	(5,002,526)	49,315,310	0.4767

<sup>(1)</sup> Amounts expressed in thousands.

<sup>(2)</sup> Property in the County is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

<sup>(3)</sup> Tax rates are per \$100 of assessed value.

Source: Montgomery Central Appraisal District

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Rates<sup>(1)</sup> - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010
<b><u>MONTGOMERY COUNTY, TEXAS:</u></b>				
General Fund	\$ 0.3611	\$ 0.3630	\$ 0.3647	\$ 0.3576
Special Revenue Funds	0.0478	0.0478	0.0464	0.0464
Debt Service Fund	0.0824	0.0780	0.0727	0.0798
Total Montgomery County, Texas	0.4913	0.4888	0.4838	0.4838
<b><u>OVERLAPPING GOVERNMENTS:</u></b>				
Special Districts:				
Chateau Woods M.U.D.	0.1939	0.1847	0.1793	0.2016
Clover Creek M.U.D.	1.2500	1.2500	1.2500	1.2500
Conroe M.U.D. #1	-	0.6000	0.6000	0.6000
Corinthian Point M.U.D.	0.7122	0.6066	0.5587	0.5487
East Montgomery County M.U.D. #3	0.9500	0.9500	0.9500	0.9500
East Montgomery County M.U.D. #4	-	1.3500	1.3500	-
East Plantation U.D.	0.8000	0.7600	0.0729	0.7090
Far Hills U.D.	0.4700	0.4700	0.4700	0.4700
Grand Oaks M.U.D.	1.3500	1.3500	1.3500	1.3500
Harris County M.U.D. #386	-	-	-	-
Kings Manor M.U.D.	1.0000	0.8800	0.8600	0.8600
Lake Conroe Hills M.U.D.	0.5000	0.5000	0.5000	0.5000
Lazy River I.D.	0.6050	0.5623	0.5544	0.5547
Hendricks - Defined Area	-	-	-	-
Lone Star Community College	0.1167	0.1144	0.1101	0.1101
Montgomery County D.D. #6	0.2733	0.2666	0.2641	0.2641
Montgomery County D.D. #10	0.4580	0.4580	0.4470	0.4470
Montgomery County F.W.S.D. #6	0.3945	0.3945	0.3945	0.3945
Montgomery County Hospital Dist	0.0781	0.0777	0.0760	0.0755
Montgomery County M.U.D. #6	0.1100	0.1100	0.1100	0.1000
Montgomery County M.U.D. #7	0.2000	0.2000	0.1750	0.1750
Montgomery County M.U.D. #8	0.2272	0.2118	0.2179	0.2332
Montgomery County M.U.D. #9	0.6000	0.6000	0.6000	0.6000
Montgomery County M.U.D. #15	1.3268	1.2937	1.2450	1.2400
Montgomery County M.U.D. #16	1.3600	1.2300	1.2100	1.3000
Montgomery County M.U.D. #18	0.5000	0.4900	0.4500	0.4400
Montgomery County M.U.D. #19	No Tax	0.3243	0.3243	0.3243
Montgomery County M.U.D. #24	No Tax	1.4000	1.2800	1.2800
Montgomery County M.U.D. #36	0.1200	0.1200	0.1100	0.1000
Montgomery County M.U.D. #39	0.4800	0.4700	0.4400	0.4300
Montgomery County M.U.D. #40	0.2100	0.2100	0.1900	0.1800
Montgomery County M.U.D. #42	1.3200	1.2500	1.2400	1.2400
Montgomery County M.U.D. #46	0.4200	0.3800	0.3100	0.2850
Montgomery County M.U.D. #47	0.2800	0.2800	0.2600	0.2500
Montgomery County M.U.D. #56	1.2500	1.2500	1.2500	1.0000

**TABLE VI**

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2011	2012	2013	2014	2015	2016
\$ 0.3582	\$ 0.3629	\$ 0.3715	\$ 0.3657	\$ 0.3544	\$ 0.3547
0.0458	0.0464	0.0464	0.0464	0.0464	0.0486
0.0798	0.0745	0.0659	0.0717	0.0759	0.0734
0.4838	0.4838	0.4838	0.4838	0.4767	0.4767
0.2223	0.2317	0.2486	0.2592	0.2616	0.2498
1.2500	1.2500	1.2500	1.2500	0.7800	1.2500
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
0.5738	0.5393	0.5393	0.5393	0.4791	0.4355
0.9500	0.9500	0.9500	0.9500	0.6700	0.9500
No Tax	No Tax	No Tax	No Tax	No Tax	1.2500
0.7090	0.7090	0.7090	0.7090	0.6700	0.6300
0.4700	0.4820	0.4820	-	0.4740	0.6500
1.3500	1.3500	1.3500	1.3500	1.3200	1.3200
-	0.9900	0.9400	0.7200	0.5000	0.5000
0.8600	0.8600	0.8300	0.8100	0.7900	0.7400
0.5000	0.5000	0.5000	0.5000	0.4750	0.4650
0.5599	0.5342	0.5627	0.5662	0.5564	0.5213
-	-	-	0.5000	0.9850	0.9850
0.1176	0.1210	0.1198	0.1160	0.1081	0.1079
0.2641	0.2100	0.2100	0.2050	0.1925	0.1700
0.4470	0.4470	0.4500	0.4500	0.4400	0.4400
0.2941	0.2820	0.3385	0.3462	0.3770	0.3800
0.7540	0.0745	0.0729	0.7270	0.0725	0.0710
0.0950	0.0875	0.0800	0.0750	0.0750	0.0750
0.1750	0.1675	0.1675	0.1645	0.1645	0.1645
0.2494	0.2651	0.2651	0.2651	0.2651	0.2651
0.6000	0.6000	0.6000	0.6000	0.4555	0.4182
1.2400	1.2400	1.2400	1.2400	1.1970	1.0375
1.3000	1.3000	1.2600	1.2000	1.0300	0.9300
0.4400	0.4300	0.3800	0.3800	0.3600	0.3600
0.3243	0.3243	0.3243	0.3000	0.2800	0.2500
1.3800	1.1800	1.1800	1.2800	1.2800	1.1954
0.0550	0.0400	0.0350	0.0350	0.0550	0.0550
0.4300	0.4200	0.4200	0.4150	0.4150	0.4000
0.1700	0.1600	0.1500	0.1400	0.1300	0.0900
1.2300	1.1800	1.1500	1.2500	1.2500	1.1700
0.2750	0.2650	0.2550	0.2400	0.2300	0.2250
0.2500	0.2450	0.2450	0.2450	0.2450	0.2450
1.0000	1.0000	1.0000	1.0000	0.9964	0.8600

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Rates<sup>(1)</sup> - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010
Special Districts (continued):				
Montgomery County M.U.D. #60	0.3000	0.2900	0.2650	0.2400
Montgomery County M.U.D. #67	0.3400	0.3300	0.3200	0.3200
Montgomery County M.U.D. #83	1.2500	No Tax	1.2500	1.2500
Montgomery County M.U.D. #84	1.2500	No Tax	1.2500	1.2500
Montgomery County M.U.D. #88	No Tax	1.3900	1.3900	1.3900
Montgomery County M.U.D. #89	1.3900	1.3700	1.3000	1.2500
Montgomery County M.U.D. #90	0.6000	0.6000	0.6000	0.6000
Montgomery County M.U.D. #92	0.6000	0.6000	0.6000	0.6000
Montgomery County M.U.D. #94	1.2200	1.2100	1.2000	1.1600
Montgomery County M.U.D. #95	No Tax	No Tax	No Tax	No Tax
Montgomery County M.U.D. #98	No Tax	No Tax	1.2300	1.2300
Montgomery County M.U.D. #99	1.0400	1.0400	1.0400	1.0400
Montgomery County M.U.D. #107	0.6000	0.6000	0.6000	0.7000
Montgomery County M.U.D. #112	-	No Tax	1.1000	1.1000
Montgomery County M.U. D #113	-	-	1.1000	1.1000
Montgomery County M.U.D. #115	-	1.3500	1.3500	1.3500
Montgomery County M.U.D. #119	-	-	1.4500	1.4500
Montgomery County M.U.D. #123	-	-	-	-
Montgomery County M.U.D. #127	-	-	-	-
Montgomery County U.D. #2	0.5700	0.5700	0.5700	0.5700
Montgomery County U.D. #3	0.4516	0.4516	0.4516	0.4412
Montgomery County U.D. #4	0.4200	0.5200	0.5002	0.4952
Montgomery County W.C.I.D. #1	0.8200	0.7750	0.7750	0.7750
New Caney M.U.D.	0.5376	0.5862	0.5862	0.6200
New Caney M.U.D. Valley Ranch	-	-	-	-
Point Aquarius M.U.D.	0.6777	0.7463	0.7275	0.7015
Porter M.U.D.	0.5150	0.5150	0.5150	0.5150
Rayford Road M.U.D.	0.7020	0.6420	0.6020	0.5920
River Plantation M.U.D.	0.3387	0.3156	0.3112	0.3101
Roman Forest Cons. M.U.D.	0.3974	0.3708	0.3183	0.3000
Roman Forest P.U.D. #3	1.2500	1.2500	1.2500	1.2500
Roman Forest P.U.D. #4	1.1500	1.1500	1.1500	1.1500
South Montgomery County M.U.D.	0.2200	0.2200	0.2200	0.2200
Spring Creek U.D.	1.0000	1.0000	1.0000	1.0000
Stanley Lake M.U.D.	0.5800	0.5000	0.4900	0.5200
Texas National M.U.D.	0.8966	0.9190	0.9040	1.0959
Valley Ranch M.U.D. #1	1.4000	1.4000	1.4000	1.4000
Wood Trace M.U.D. #1	No Tax	0.7500	0.7500	0.7500
Woodlands Metro-Center M.U.D.	0.2300	0.2100	0.1900	0.1900
Woodlands M.U.D. #2	0.2700	0.2400	0.1900	0.2300
Woodlands R.U.D. #1	0.4800	0.4800	0.4738	0.4491
Woodridge M.U.D.	-	-	-	-
Emergency Service District #1	0.0973	0.1000	0.1000	0.0975
Emergency Service District #2	0.1000	0.1000	0.1000	0.0940

TABLE VI

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2011	2012	2013	2014	2015	2016
0.2400	0.2375	0.2275	0.2175	0.1975	0.1850
0.3200	0.3125	0.3125	0.3025	0.2800	0.2575
1.2000	1.1300	1.0500	0.9800	0.9000	0.8200
1.2500	1.2500	1.2500	1.2000	1.0200	0.9500
1.3900	1.3900	1.3900	1.3900	1.3900	1.3900
1.1800	1.1100	1.0900	1.0600	1.0600	0.9500
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
1.1600	1.1300	1.1000	1.0100	0.9300	0.8400
No Tax	1.3500	1.3500	1.3500	1.3500	1.3000
1.2300	1.2250	1.2250	1.2250	1.2100	1.1650
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
0.7000	0.7000	0.7000	0.0700	0.7000	0.7000
1.1000	1.1000	1.1000	1.1000	1.1000	1.0257
1.1900	1.1900	0.7500	0.7100	1.1200	1.0200
1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
1.4500	1.4500	1.4500	1.4500	1.4500	1.3700
-	1.2500	-	-	-	-
-	-	-	-	1.3500	1.3500
0.5700	0.5700	0.5700	0.5700	0.5700	0.5000
0.4554	0.4515	0.4515	0.4515	0.0900	0.0900
0.4895	0.4895	0.4100	0.4100	0.0800	0.0800
0.7750	0.8100	0.8100	0.8100	0.8100	0.7600
0.7100	0.7100	0.7100	0.7100	0.3797	0.6797
-	-	-	-	0.7800	0.7800
0.7032	0.7032	0.7032	0.7032	0.6631	0.6000
0.5150	0.5150	0.5150	0.5150	0.5150	0.4800
0.5920	0.6220	0.6100	0.6000	0.5800	0.5500
0.3101	0.3200	0.3200	0.3200	0.3200	0.3200
0.2900	0.2700	0.2000	0.2200	0.2100	0.2035
1.2500	1.2500	-	-	-	-
1.1500	1.1500	1.1540	1.1540	1.1657	1.1720
0.2266	0.2266	0.2266	0.2258	0.2175	0.1733
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5200	0.5100	0.5000	0.5200	0.5300	0.5300
1.0959	1.0959	1.0823	1.1330	1.1330	1.1300
1.4000	1.4000	1.4000	1.4000	1.4000	1.2000
0.7500	0.7500	0.7500	0.7500	1.5000	1.5000
0.1900	0.1750	0.1750	0.1650	0.1650	0.1550
0.1900	0.1700	0.1500	0.1300	0.1100	0.1000
0.4300	0.4266	0.4063	0.3600	0.3800	0.3200
-	-	-	1.5000	1.3000	0.1000
0.0974	0.9640	0.0964	0.0964	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Rates<sup>(1)</sup> - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010
<b>Special Districts (continued):</b>				
Emergency Service District #3	0.0968	0.1000	0.1000	0.0972
Emergency Service District #4	0.0843	0.1000	0.0984	0.1000
Emergency Service District #5	0.1000	0.1000	0.1000	0.0982
Emergency Service District #6	0.1000	0.1000	0.1000	0.0988
Emergency Service District #7	0.1000	0.1000	0.1000	0.1000
Emergency Service District #8	0.0725	0.0736	0.0722	0.0762
Emergency Service District #9	0.0998	0.0948	0.0974	0.1000
Emergency Service District #10	0.1000	0.1000	0.1000	0.0950
Emergency Service District #11	0.1000	0.1000	0.1000	0.1000
Emergency Service District #12	0.1000	0.0908	0.0999	0.1000
Emergency Service District #14	0.1000	0.1000	0.0100	0.1000
Total Special Districts	40.6722	44.6022	50.3512	49.7103
<b>Cities:</b>				
Cleveland	-	-	-	-
Conroe	0.4300	0.4250	0.4200	0.4200
Magnolia	0.4847	0.4914	0.4914	0.4914
Montgomery	0.5605	0.5423	0.4523	0.4450
Oak Ridge North	0.7300	0.7000	0.6431	0.6389
Panorama Village	0.6608	0.6694	0.6474	0.6517
Patton Village	0.5000	0.4851	0.4366	0.4091
Roman Forest	0.4697	0.4697	0.4750	0.4706
Shenandoah Village	0.3610	0.3470	0.3470	0.3282
Splendora	0.3000	0.2955	0.2984	0.2978
Stagecoach	0.5775	0.5675	0.5525	0.5400
Willis	0.5442	0.5431	0.5376	0.5808
Woodbranch Village	0.4031	0.3719	0.3537	0.3448
Woodlands Township	-	-	-	0.3280
Woodloch	0.5954	0.5953	0.6257	0.5468
Auburn Trail Defined Area	-	-	-	-
Auburn Trail II Defined Area	-	-	-	-
Houston (County Line City)	0.6450	0.6438	0.6388	0.6388
Total Cities	7.2619	7.1470	6.9195	7.1319
<b>School Districts:</b>				
Cleveland I.S.D.	1.5850	1.3150	1.3150	1.3150
Conroe I.S.D.	1.5900	1.2400	1.2700	1.2850
Humble I.S.D.	-	-	-	-
Magnolia I.S.D.	1.6600	1.4200	1.4000	1.3800

**TABLE VI**

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2011	2012	2013	2014	2015	2016
0.1000	0.0998	0.0990	0.0954	0.0955	0.1000
0.1000	0.0986	0.0961	0.1000	0.0917	0.0808
0.0935	0.1000	0.1000	0.1000	0.1000	-
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.0998	0.0996	0.0967	0.1000
0.1000	0.1000	0.1000	0.0960	0.0946	0.0926
0.1000	0.0946	0.0917	0.0855	0.0814	0.1000
0.1000	0.0988	0.1000	0.1000	0.0980	0.0970
0.1000	0.1000	0.1000	0.1000	0.1000	-
0.1000	0.0996	0.0996	0.1000	0.0983	0.1000
0.1000	0.1000	0.1000	0.0951	0.0885	0.1000
50.0391	53.2208	48.9162	49.9980	50.9709	49.8633
-	0.6850	0.7800	0.7800	0.7800	0.7800
0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
0.4914	0.4814	0.4786	0.4786	0.4629	0.4629
0.4199	0.4155	0.4155	0.4155	0.4155	0.4155
0.5996	0.5996	0.5744	0.5244	0.4822	0.4598
0.6512	0.6698	0.6844	0.6741	0.6591	0.6743
0.3890	0.3779	0.3779	0.3818	0.3818	0.3459
0.4707	0.4721	0.4819	0.4819	0.4819	0.4945
0.3282	0.3237	0.3137	0.2664	0.2404	0.2399
0.2968	0.2797	0.2797	0.2720	0.2473	0.2473
0.5214	0.5044	0.5000	0.5429	0.5353	0.5207
0.5893	0.5669	0.5208	0.5363	0.6077	0.5961
0.3373	0.3514	0.3544	0.3496	0.3597	0.3597
0.3274	0.3250	0.3173	0.2940	0.2500	0.2300
0.5199	1.0000	0.5000	0.4971	0.8125	0.6566
-	-	0.9850	0.5750	0.6190	0.7110
-	-	-	0.5750	0.6190	0.7110
0.6388	0.6388	0.6388	0.6388	0.6311	-
7.0009	8.1112	8.6224	8.7034	9.0054	8.3252
1.3150	1.3150	1.3150	1.3150	1.3150	1.3150
1.2950	1.2950	1.2900	1.2850	1.2800	1.2800
-	1.5200	1.5200	1.5200	1.5200	1.5200
1.3995	1.3995	1.3995	1.3995	1.3895	1.3795

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Rates<sup>(1)</sup> - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
School Districts (continued):				
Montgomery I.S.D.	1.5419	1.3500	1.3500	1.3400
New Caney I.S.D.	1.6400	1.4150	1.4400	1.4800
Richards I.S.D.	1.3700	1.0400	1.0400	1.0400
Splendora I.S.D.	1.5447	1.3173	1.5100	1.3200
Tomball I.S.D.	1.5800	1.2750	1.3600	1.3600
Willis I.S.D.	1.6020	1.3060	1.3700	1.3700
Total School Districts	<u>14.1136</u>	<u>11.6783</u>	<u>12.0550</u>	<u>11.8900</u>
<b><u>TOTAL PROPERTY TAX RATES -</u></b>				
<b><u>DIRECT AND OVERLAPPING</u></b>				
<b><u>GOVERNMENTS</u></b>	<u>\$62.5390</u>	<u>\$63.9163</u>	<u>\$69.8095</u>	<u>\$69.2160</u>

<sup>(1)</sup> Per \$100 of assessed valuation.

**NOTE:** The County's property tax rate may only be changed in a public hearing.

**Sources:** Montgomery Central Appraisal District, Harris County Appraisal District, Liberty County Appraisal District, Tomball Independent School District.



**TABLE VI**

Page 4 of 4

2011	2012	2013	2014	2015	2016
1.3400	1.3400	1.3400	1.3400	1.3400	1.3400
1.5400	1.5400	1.5400	1.6700	1.6700	1.6700
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
1.3599	1.3300	1.3600	1.3155	1.3155	1.3155
1.3600	1.3600	1.3155	1.3600	1.3600	1.3600
1.3700	1.3700	1.3700	1.3900	1.3900	1.3900
12.0194	13.5095	13.4900	13.6350	13.6350	13.6200
<u>\$69.5432</u>	<u>\$75.3252</u>	<u>\$71.5123</u>	<u>\$72.8202</u>	<u>\$72.8202</u>	<u>\$76.3130</u>

**MONTGOMERY COUNTY, TEXAS****Principal Taxpayers****Current Year and Nine Years Ago****TABLE VII**

<u>2016 Taxpayer</u>	<u>Type of Business</u>	<u>2016 Assessed Valuation <sup>(1)</sup></u>	<u>Percentage of Total Assessed Valuation <sup>(2)</sup></u>
Entergy Texas Inc.	Electric Utility	\$ 308,981,233	0.63 %
Anadarko Realty Co.	Oil & Gas Industrial	245,216,510	0.50
Wal-Mart Real Estate Bus Trust	Retail	244,768,150	0.50
Woodlands Land Development	Land Development	131,433,113	0.27
Kingwood Medical Plaza Ltd	Medical	124,029,593	0.25
Denbury Onshore LLC	Oil & Gas Industrial	113,882,490	0.23
The Woodlands Mall Associates	Retail	111,747,467	0.23
Conroe Hospital Corporation	Medical	94,723,650	0.19
IMI Market Street LLC	Retail	89,596,510	0.18
Drill Bit - Baker Hughes	Industrial	70,240,951	0.14
		<u>\$ 1,534,619,667</u>	<u>3.12 %</u>
<u>2007 Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Valuation <sup>(1)</sup></u>	<u>Percentage of Total Assessed Valuation <sup>(3)</sup></u>
Wal-Mart Real Estate Bus Trust	Retail	\$ 189,878,210	0.67 %
Gulf States Utilities Company	Electric Utility	176,514,177	0.62
Columbia Conroe Regional Medical Center/Kingwood Medical Plaza	Medical	122,408,109	0.43
Woodlands Land Development	Land Development	121,923,947	0.43
Consolidated Communications of Texas	Communications	84,646,310	0.30
Huntsman Petrochemical Corp.	Industrial	67,397,526	0.24
The Woodlands Mall Association	Retail	62,156,387	0.22
Devon Energy Operating Company	Oil & Gas	58,638,020	0.21
South West Bell Telephone Co.	Telephone Utility	57,132,520	0.20
McKesson Corporation	Distribution Center	51,017,953	0.18
		<u>\$ 991,713,159</u>	<u>3.50 %</u>

<sup>(1)</sup> Source: Montgomery Central Appraisal District<sup>(2)</sup> Net Assessed Valuation - 2016 \$ 49,315,309,067<sup>(3)</sup> Net Assessed Valuation - 2007 \$ 28,289,463,350

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Levies and Collections** <sup>(1)</sup>  
**Last Ten Fiscal Years**

**TABLE VIII**

Fiscal Year	Collected in first period				Collections in subsequent periods <sup>(2)</sup>	Total collections			
	Levy		Amount	Percentage		Amount		Percentage	
2007	\$	114,138,148	\$	112,640,155	98.7 %	\$ 138,434	\$	112,778,589	98.8 %
2008		129,601,440		127,903,113	98.7 %	263,282		128,166,395	98.9 %
2009		144,971,851		142,781,596	98.5 %	492,852		143,274,448	98.8 %
2010		155,635,330		153,508,163	98.6 %	1,051,175		154,559,338	99.3 %
2011		160,613,960		158,449,175	98.7 %	2,050,830		160,500,005	99.9 %
2012		166,759,322		164,636,997	98.7 %	1,738,784		166,375,781	99.8 %
2013		175,204,298		173,007,132	98.7 %	1,274,998		174,282,130	99.5 %
2014		186,703,350		184,735,498	98.9 %	1,169,214		185,904,712	99.6 %
2015		203,940,719		201,321,741	98.7 %	557,551		201,879,292	99.0 %
2016		229,191,858		226,359,011	98.8 %	-		226,359,011	98.8 %

<sup>(1)</sup> Taxes levied in any year which are collected from October 1 through June 30 are shown as current collections. Such amounts include collections of the current levy after February 1, which is the date taxes become legally delinquent. Source: Montgomery County Tax Assessor-Collector

<sup>(2)</sup> Collections in subsequent periods reflect only those amounts collected in 2012, 2013, 2014, 2015, and 2016.

**MONTGOMERY COUNTY, TEXAS**  
**Ratios of Outstanding Debt by Type** <sup>(1)</sup>  
**Last Ten Fiscal Years**

**TABLE IX**

Fiscal Year	General Obligation Bonds	Revenue Bonds <sup>(3)</sup>	Certificates of Obligation	Capital Leases Obligation	Net: Interest Premiums and Discounts	Total Long-Term Debt	Percent of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
2007	\$ 237,618,866	\$ 44,834,989	\$ 46,660,000	\$ 3,452,124	\$ 7,715,713	\$ 340,281,692	1.94 %	\$ 862.53
2008	285,645,701	44,834,989	73,180,000	19,053,887	9,064,658	431,779,235	2.13 %	1,002.36
2009	337,600,000	43,758,601	71,685,000	17,409,156	12,051,322	482,504,079	2.44 %	1,108.18
2010	332,565,000	42,256,701	102,580,000	17,164,115	11,787,129	506,352,945	2.38 %	1,105.16
2011	270,030,000	128,266,840	99,190,000	15,336,959	15,233,295	528,057,094	2.31 %	1,142.62
2012	268,735,000	122,140,941	101,120,000	13,671,491	10,236,430	515,903,862	2.09 %	1,071.90
2013	261,590,000	75,075,000	109,930,000	11,209,724	12,589,534	470,394,258	1.77 %	956.79
2014	278,565,000	67,995,000	74,555,000	9,942,261	28,256,466	459,313,727	N/A	913.29
2015	269,415,000	60,585,000	71,000,000	7,694,658	26,085,333	434,779,991	N/A	837.81
2016	315,110,000	52,825,000	58,535,000	5,893,321	43,468,294	475,831,615	N/A	885.17

<sup>(1)</sup> Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>(2)</sup> See Table XIV for personal income and population data.  
Personal income for 2014, 2015 and 2016 is not available.

<sup>(3)</sup> The County began issuing revenue bonds in 2007.

**MONTGOMERY COUNTY, TEXAS**  
**Ratios of Net General Bonded Debt Outstanding** <sup>(1)</sup>  
**Last Ten Fiscal Years**

**TABLE X**

Fiscal Year	General Bonded Debt Outstanding				Less: Amounts Available for Debt Service	Total	Percentage of Actual Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
	General Obligation Bonds	Revenue Bonds <sup>(4)</sup>	Certificates of Obligation	Total				
2007	\$ 234,277,478	\$ 44,834,989	\$ 46,660,000	\$ 325,772,467	\$ 2,633,600	\$ 323,138,867	1.38 %	\$ 819.07
2008	285,396,527	44,834,989	73,180,000	403,411,516	4,561,190	398,850,326	1.49 %	925.92
2009	337,600,000	43,758,601	71,685,000	453,043,601	12,206,657	440,836,944	1.45 %	1,012.48
2010	332,565,000	42,256,701	102,580,000	477,401,701	10,761,379	466,640,322	1.43 %	1,018.49
2011	270,030,000	128,266,840	99,190,000	497,486,840	14,239,096	483,247,744	1.43 %	1,045.66
2012	268,735,000	122,140,941	101,120,000	491,995,941	15,950,460	476,045,481	1.36 %	989.09
2013	261,590,000	75,075,000	109,930,000	446,595,000	17,795,351	428,799,649	1.17 %	872.19
2014	278,565,000	67,995,000	74,555,000	421,115,000	20,906,476	400,208,524	1.02 %	795.77
2015	269,415,000	60,585,000	71,000,000	401,000,000	32,453,453	368,546,547	0.84 %	710.18
2016	315,110,000	52,825,000	58,535,000	426,470,000	48,577,323	377,892,677	0.77 %	702.98

<sup>(1)</sup> Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>(2)</sup> Taxable Assessed Valuation can be found in Table V.

<sup>(3)</sup> Population data can be found in Table XIV.

<sup>(4)</sup> The County began issuing revenue bonds in 2007.

**MONTGOMERY COUNTY, TEXAS**

**Legal Debt Margin <sup>(1)</sup>**

**Last Ten Fiscal Years**

	2007	2008	2009	2010
Assessed value <sup>(2)</sup>	\$ 20,531,197	\$ 23,665,820	\$ 26,960,161	\$ 32,662,351
Debt limit <sup>(3)</sup>	5,132,799	5,916,455	6,740,041	8,165,588
Debt applicable to limit				
Total bonded debt	329,114	403,661	453,044	477,402
Less: Assets in Debt				
Service Funds available				
for payment of principal	(2,631)	(4,561)	(12,207)	(10,761)
Total debt applicable				
to limit	326,483	399,100	440,837	466,640
Legal debt margin	<u>\$ 4,806,316</u>	<u>\$ 5,517,355</u>	<u>\$ 6,299,204</u>	<u>\$ 7,698,947</u>
Total debt applicable				
to the limit as a				
percent of debt limit	6.36%	6.75%	6.54%	5.71%

<sup>(1)</sup> Amounts expressed in thousands.

<sup>(2)</sup> Assessed valuation is equal to total valuation less personal property.

<sup>(3)</sup> The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

<sup>(4)</sup> Beginning in 2014, total bonded debt includes total debt outstanding for both Montgomery County and Woodlands RUD #1.

**TABLE XI**

2011	2012	2013	2014	2015	2016
\$ 33,862,620	\$ 35,101,086	\$ 36,706,371	\$ 39,366,970	\$ 43,654,262	\$ 49,315,310
8,465,655	8,775,272	9,176,593	9,841,743	10,913,566	12,328,828
497,487	491,996	446,595	493,740	463,080	487,680 <sup>(4)</sup>
(14,239)	(15,950)	(17,795)	(20,906)	(32,453)	(48,577)
483,248	476,046	428,800	472,834	430,627	439,103
<u>\$ 7,982,407</u>	<u>\$ 8,299,226</u>	<u>\$ 8,747,794</u>	<u>\$ 9,368,910</u>	<u>\$ 10,482,939</u>	<u>\$ 11,889,725</u>
5.71%	5.42%	4.67%	4.80%	3.95%	3.56%

**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2016****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County <sup>(1)</sup>	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 475,831,615	100.00	\$ 475,831,615
<b>TOTAL DIRECT DEBT</b>	<b>475,831,615</b>		<b>475,831,615</b>
<b><u>OVERLAPPING GOVERNMENTS:</u></b>			
Special Districts:			
Clovercreek M.U.D.	890,000	100.00	890,000
Corinthian Point M.U.D. #2	1,460,000	100.00	1,460,000
East Montgomery Co M.U.D #3	13,040,000	100.00	13,040,000
East Plantation U.D.	2,000,000	100.00	2,000,000
Far Hills U.D.	9,050,000	100.00	9,050,000
Grand Oaks M.U.D.	2,945,000	100.00	2,945,000
Kings Manor M.U.D.	13,885,000	69.16	9,602,866
Lazy River I.D.	565,000	100.00	565,000
Lone Star College System	526,080,000	25.41	133,676,928
Conroe M.U.D. #1	3,670,000	100.00	3,670,000
Montgomery Co. D.D. #10	10,490,000	100.00	10,490,000
Montgomery Co. M.U.D. #7	1,735,000	100.00	1,735,000
Montgomery Co. M.U.D. #8	10,055,000	100.00	10,055,000
Montgomery Co. M.U.D. #9	12,535,000	100.00	12,535,000
Montgomery Co. M.U.D. #15	21,675,000	100.00	21,675,000
Montgomery Co. M.U.D. #18	16,965,000	100.00	16,965,000
Montgomery Co. M.U.D. #39	10,445,000	100.00	10,445,000
Montgomery Co. M.U.D. #42	1,015,000	100.00	1,015,000
Montgomery Co. M.U.D. #46	86,450,000	100.00	86,450,000
Montgomery Co. M.U.D. #47	23,185,000	100.00	23,185,000
Montgomery Co. M.U.D. #56	3,108,366	100.00	3,108,366
Montgomery Co. M.U.D. #60	15,995,000	100.00	15,995,000
Montgomery Co. M.U.D. #67	11,955,000	100.00	11,955,000
Montgomery Co. M.U.D. #83	15,545,000	100.00	15,545,000
Montgomery Co. M.U.D. #84	30,175,000	100.00	30,175,000
Montgomery Co. M.U.D. #88	10,165,000	100.00	10,165,000
Montgomery Co. M.U.D. #89	26,275,000	100.00	26,275,000
Montgomery Co. M.U.D. #90	6,530,000	100.00	6,530,000
Montgomery Co. M.U.D. #92	3,395,000	100.00	3,395,000
Montgomery Co. M.U.D. #94	34,860,000	100.00	34,860,000
Montgomery Co. M.U.D. #95	11,650,000	100.00	11,650,000
Montgomery Co. M.U.D. #98	8,635,000	100.00	8,635,000



**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2016****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County <sup>(1)</sup>	County
Special Districts:(Continued)			
Montgomery Co. M.U.D. #99	5,480,000	100.00	5,480,000
Montgomery Co. M.U.D. #107	14,320,000	100.00	14,320,000
Montgomery Co. M.U.D. #112	47,285,000	100.00	47,285,000
Montgomery Co. M.U.D. #113	73,240,000	100.00	73,240,000
Montgomery Co. M.U.D. #115	37,505,000	100.00	37,505,000
Montgomery Co. M.U.D. #119	29,265,000	100.00	29,265,000
Montgomery Co. U.D. #2	7,240,000	100.00	7,240,000
Montgomery Co. U.D. #3	4,140,000	100.00	4,140,000
Montgomery Co. U.D. #4	12,295,000	100.00	12,295,000
Montgomery Co. W.C.I.D. #1	14,100,000	100.00	14,100,000
New Caney M.U.D.	19,803,524	100.00	19,803,524
Point Aquarius M.U.D.	11,110,000	100.00	11,110,000
Porter M.U.D.	9,230,000	100.00	9,230,000
Porter M.U.D. Auburn Trails Def #1	2,240,000	100.00	2,240,000
Porter M.U.D. Auburn Trails Def #2	4,125,000	100.00	4,125,000
Porter M.U.D Hendricks Def	1,455,000	100.00	1,455,000
Rayford Road M.U.D.	21,865,000	100.00	21,865,000
Roman Forest Con. M.U.D.	770,000	100.00	770,000
Harris-Montgomery Co MUD #386	143,840,000	9.29	13,362,736
Spring Creek U.D.	45,235,000	100.00	45,235,000
Stanley Lake M.U.D.	13,670,000	100.00	13,670,000
Southern Montgomery County MUD	8,075,000	100.00	8,075,000
Texas National M.U.D.	850,000	100.00	850,000
Valley Ranch M.U.D. #1	11,960,000	100.00	11,960,000
Woodlands Metro-Center I.D.	12,495,000	100.00	12,495,000
Roman Forest P.U.D. #4	765,000	100.00	765,000
Wood Trace M.U.D. #1	3,565,000	100.00	3,565,000
Woodlands R.U.D. #1	61,210,000	100.00	61,210,000
The Woodlands Township	38,760,000	91.51	35,469,276
Emergency Service District #4	524,323	100.00	524,323 <sup>(2)</sup>
Emergency Service District #7	226,350	100.00	226,350 <sup>(2)</sup>
Emergency Service District #12	196,241	100.00	196,241 <sup>(2)</sup>
Total Special Districts	1,603,263,804		1,072,810,610
Cities:			
Cleveland	13,555,000	0.17	23,044
Conroe	130,980,000	100.00	130,980,000
Magnolia	10,285,000	100.00	10,285,000
Montgomery	6,780,000	100.00	6,780,000



**MONTGOMERY COUNTY, TEXAS****Direct and Overlapping Debt****September 30, 2016****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County <sup>(1)</sup>	County
Cities: (Continued)			
Oak Ridge North	7,410,000	100.00	7,410,000
Panorama Village	3,815,000	100.00	3,815,000
Shenandoah	22,145,000	100.00	22,145,000
Roman Forest	3,635,000	100.00	3,635,000
Willis	15,630,000	100.00	15,630,000
Woodbranch Village	169,000	100.00	169,000
Houston	2,924,340,000	0.25	7,310,850
Total Cities	<u>3,138,744,000</u>		<u>208,182,894</u>
School Districts			
Cleveland I.S.D.	64,639,845	1.34	866,174
Conroe I.S.D.	1,042,395,000	100.00	1,042,395,000
Magnolia I.S.D.	203,435,000	100.00	203,435,000
Montgomery I.S.D.	353,615,000	100.00	353,615,000
New Caney I.S.D.	345,046,645	98.26	339,042,833
Splendora I.S.D.	48,125,000	100.00	48,125,000
Tomball I.S.D.	374,810,000	6.57	24,625,017
Willis I.S.D.	119,332,276	97.87	116,790,499
Total School Districts	<u>2,551,398,766</u>		<u>2,128,894,523</u>
TOTAL OVERLAPPING DEBT	<u>7,293,406,570</u>		<u>3,409,888,026</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$7,769,238,185</u></u>		<u><u>\$ 3,885,719,641</u></u>

<sup>(1)</sup> The percentage of overlapping debt applicable is computed by dividing the other entity's net taxable assessed property value by the net taxable assessed property value in all of Montgomery County

<sup>(2)</sup> Amounts shown for the Emergency Service Districts represent total debt levy, not overlapping debt.

**MONTGOMERY COUNTY, TEXAS**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

	Lease Revenue Bonds <sup>(1)</sup>					
		Less:	Net:	Debt Service		
Year	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008	2,396,229	2,027,434	368,795	-	1,883,754	0.20
2009	23,189,192	19,902,963	3,286,229	1,076,389	1,998,534	1.07
2010	19,587,421	17,633,106	1,954,315	1,501,900	1,941,581	0.57
2011	18,334,041	15,808,119	2,525,922	1,569,861	1,873,619	0.73
2012	20,997,947	18,372,582	2,625,365	1,640,899	1,802,582	0.76
2013	19,053,761	17,818,794	1,234,967	1,715,150	1,728,330	0.36
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-

**NOTE:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Operating expenses do not include interest, depreciation or amortization expenses.

<sup>(1)</sup> The revenue bonds were issued in 2007 to finance the construction of an 1,100 bed facility. The County began lease purchasing the facility from the Jail Financing Corporation in fiscal year 2010. The bonds were backed from the lease payments that the County will make to the Jail Financing Corporation. During fiscal year 2013, the detention facility was sold to the operator, GEO Corrections, and utilized the proceeds of the sale to defease the debt.

<sup>(2)</sup> The County has pledged pass-through tolling revenue to repay the debt service on selected bond issues.

**TABLE XIII**

Pass -Through Toll Revenue Bonds <sup>(2)</sup>					
TXDOT Revenue		Debt Service		Coverage	
		Principal	Interest		
\$	-	\$	-	\$	-
	-		-		-
	-		-		-
	-		79,300		-
7,883,095		-	1,077,755		7.31
19,235,365		4,485,000	2,733,321		2.66
25,969,528		6,785,000	3,589,583		2.50
29,275,155		7,080,000	3,356,300		2.81
35,248,559		7,410,000	3,025,850		3.38
42,260,009		7,760,000	2,678,400		4.05

**MONTGOMERY COUNTY, TEXAS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

**TABLE XIV**

<u>Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income <sup>(2)(3)</sup></u>	<u>Per Capita Personal Income <sup>(3)</sup></u>	<u>School Enrollment <sup>(4)</sup></u>	<u>School Average Daily Attendance <sup>(4)</sup></u>	<u>Unemployment Rate <sup>(5)</sup></u>
2007	394,517	\$17,562,064	\$ 42,704	91,192	84,323	3.9 %
2008	430,763	20,259,024	47,030	95,156	88,627	4.7 %
2009	435,403	19,737,310	45,331	98,137	89,328	7.9 %
2010	458,171	21,298,765	46,486	92,490	86,689	7.4 %
2011	462,144	22,882,899	49,514	95,250	90,554	7.9 %
2012	481,298	24,638,680	51,192	96,912	91,276	5.7 %
2013	491,636	26,549,916	53,192	95,815	91,235	5.3 %
2014	502,920	N/A	N/A	98,887	92,983	4.7 %
2015	518,947	N/A	N/A	101,598	96,755	4.3 %
2016	537,559	N/A	N/A	120,488	114,955	4.3 %

<sup>(1)</sup> Source: Greater Conroe Economic Development Council, U.S. Census Bureau

<sup>(2)</sup> Amounts expressed in thousands.

<sup>(3)</sup> Source: Texas Workforce Commission website

Information for fiscal years 2006 through 2015 from The Bureau of Economic Analysis website  
Personal income information for 2014, 2015 and 2016 is not available.

<sup>(4)</sup> Source: Superintendent's Annual Report: Includes the nine independent school districts located in the County.

<sup>(5)</sup> Source: The Work Source website

<http://www.wrksolutions.com/employer/lmi/unemploymentrates/LAUSHISTORY.pdf>

Information for fiscal years 2007 and 2008 was obtained from the financial reports of the appropriate year.

**MONTGOMERY COUNTY, TEXAS****Principal Employers****Current Year and Nine Years Ago****TABLE XV**

<u>2016 Employer <sup>(1)</sup></u>	<u>Employees</u>	<u>Percentage of Total County Employment <sup>(2)</sup></u>
Conroe Independent School District	6,760	2.61 %
Anadarko Petroleum	3,868	1.49
Montgomery County, Texas	2,176	0.84
Memorial Hermann - The Woodlands	2,001	0.77
ExxonMobil	1,900	0.73
New Caney Independent School District	1,804	0.70
Aon Hewitt	1,800	0.69
Magnolia Independent School District	1,548	0.60
CHI St. Luke's The Woodlands Hospital	1,510	0.58
Lone Star College System	1,482	0.57
	<u>24,849</u>	<u>9.57 %</u>
<u>2007 Employer <sup>(3)</sup></u>	<u>Employees</u>	<u>Percentage of Total County Employment <sup>(2)</sup></u>
Conroe Independent School District	5,501	2.83 %
Anadarko Petroleum	2,377	1.22
Montgomery County, Texas	1,683	0.86
Hewitt Associates	1,500	0.77
Magnolia Independent School District	1,382	0.71
New Caney Independent School District	1,203	0.62
Conroe Regional Medical Center	1,200	0.62
Memorial Hermann The Woodlands Hospital	1,200	0.62
Hughes Christensen	745	0.38
Willis Independent School District	741	0.38
	<u>17,532</u>	<u>9.01 %</u>

<sup>(1)</sup> Source: <http://socrates.cdr.state.tx.us/iSocrates/Employers/EmployerContacts2.asp>

Information has been derived from the South Montgomery County Economic Development Partnership and the SOCRATES database listed above since county-wide information is not available for 2016.

<sup>(2)</sup> Total County Employment for 2016 and 2007:

259,473 and 194,680 respectively

Source: <http://www.wrksolutions.com>

<sup>(3)</sup> <http://ritter.tea.state.tx.us>

<http://www.edpartnership.net>





**MONTGOMERY COUNTY, TEXAS****County Employees by Function** <sup>(1)</sup>**Last Ten Fiscal Years****TABLE XVI**

<b><u>Function</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
General Administration	111	111	116	118	135	127	132	130	132	125
Judicial	213	213	231	265	269	278	289	291	297	296
Legal Services	29	28	30	29	30	32	32	33	32	33
Elections	9	9	10	10	11	11	11	11	12	15
Financial Administration	89	90	93	93	95	101	103	99	93	98
Public Facilities	334	348	357	372	388	405	404	398	415	416
Public Safety	529	565	612	611	628	655	662	679	714	742
Health and Welfare	55	57	57	71	77	77	48	46	47	48
Culture and Recreation	136	148	148	153	161	161	161	162	163	140
Conservation	15	13	17	18	20	21	21	10	19	10
Public Transportation	163	161	165	174	205	213	226	230	232	249
	<b><u>1,683</u></b>	<b><u>1,743</u></b>	<b><u>1,836</u></b>	<b><u>1,914</u></b>	<b><u>2,019</u></b>	<b><u>2,081</u></b>	<b><u>2,089</u></b>	<b><u>2,089</u></b>	<b><u>2,156</u></b>	<b><u>2,172</u></b>

<sup>(1)</sup> Information derived from the annual salary schedules adopted by Montgomery County Commissioners' Court.

**MONTGOMERY COUNTY, TEXAS**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b><u>Function</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
<b>General Government</b>				
Construction permits issued <sup>(1)</sup>	5,304	3,699	2,455	2,598
Estimated value of construction <sup>(1) (2)</sup>	1,203,248	1,206,874	1,085,532	719,797
Health inspections performed <sup>(3)</sup>	11,338	11,194	11,234	11,281
Birth certificates filed <sup>(4)</sup>	5,233	5,343	5,674	5,419
Death certificates filed <sup>(4)</sup>	1,766	1,994	2,017	2,087
Marriage license applications <sup>(4)</sup>	2,417	2,324	2,432	2,160
Registered voters <sup>(5)</sup>	223,157	237,299	239,246	249,620
Number of voting precincts <sup>(5)</sup>	85	85	85	85
<b>Public Safety - Sheriff</b>				
Total arrests <sup>(6)</sup>	21,098	19,676	18,229	19,402
Average number of inmates <sup>(6)</sup>	1,093	1,025	881	964
Calls for service <sup>(6)</sup>	239,492	265,255	285,098	259,486
Number of accidents investigated <sup>(6)</sup>	2,838	3,588	1,621	1,485
Miles patrolled <sup>(6)</sup>	2,752,276	2,582,405	3,224,282	2,615,320
Gallons of gas used <sup>(6)</sup>	296,675	364,159	362,958	281,746
<b>Culture and Recreation - Libraries (tentative)</b>				
Number of items checked out <sup>(7)</sup>	1,628,139	1,697,999	1,924,198	2,035,605
Number of libraries <sup>(7)</sup>	7	7	7	7
Volumes in collection <sup>(7)</sup>	523,000	580,378	655,756	652,426
Number of library visits <sup>(7)</sup>	1,099,870	1,202,297	1,402,326	1,386,130
Library programs attendance <sup>(7)</sup>	127,971	100,655	141,744	132,916

<sup>(1)</sup> Source: Montgomery County Engineer.

<sup>(2)</sup> Dollar values are in thousands.

<sup>(3)</sup> Source: Montgomery County Health Department.

<sup>(4)</sup> Source: Montgomery County Clerk.

<sup>(5)</sup> Source: Montgomery County Elections Administrator.

<sup>(6)</sup> Source: Montgomery County Sheriff's Department. In Fiscal Year 2005, the Sheriff's Department system tracked the of calls for service and number of accidents investigated for all law number enforcement agencies in the County. Beginning in Fiscal Year 2007, the responsibility for investigating most traffic accidents in the County has been taken over by the Texas Department of Public Safety.

<sup>(7)</sup> Source: Montgomery County Memorial Library System Annual Report.

**TABLE XVII**

Fiscal Year					
2011	2012	2013	2014	2015	2016
2,440	2,905	4,336	4,947	4,754	4,052
575,758	1,054,912	1,344,371	2,019,423	1,381,849	1,414,524
11,638	14,214	14,968	15,623	17,274	16,552
5,283	5,213	5,325	5,392	6,602	5,766
2,214	2,235	2,384	2,638	2,820	2,874
2,351	2,399	2,630	2,795	4,505	2,927
244,080	260,253	265,424	274,536	289,000	308,597
85	86	86	89	89	90
20,802	22,057	22,758	24,679	22,523	21,483
1,026	965	1,033	1,152	1,058	999
286,719	312,405	333,548	346,749	317,501	411,796
1,122	951	1,356	2,385	4,184	4,937
2,717,733	3,867,763	5,906,651	5,747,155	5,876,771	4,063,212
409,337	444,854	465,391	468,806	490,073	368,033
2,008,110	1,963,074	1,996,503	2,018,491	2,055,189	2,066,886
7	7	7	7	7	7
670,068	683,803	691,892	686,870	665,009	694,536
1,296,899	1,286,333	1,184,833	1,108,782	1,107,085	1,105,760
127,694	101,789	118,959	124,738	130,780	134,163

**MONTGOMERY COUNTY, TEXAS**  
**Capital Asset and Infrastructure Statistics by Function**  
**Last Ten Fiscal Years**

<b><u>Function</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
General Government				
Office Buildings/Courthouses <sup>(1)</sup>	31	34	35	39
Public Safety - Sheriff				
Sheriff's Vehicles <sup>(2)</sup>	278	382	351	374
Academy Square Footage <sup>(1)</sup>	13,800	13,800	13,800	13,800
Public Transportation				
County Roads (miles) <sup>(3)</sup>	2,475	2,525	2,589	2,636
Bridges <sup>(3)</sup>	157	157	157	158
Public Facilities				
Park Acreage <sup>(4)</sup>	1,657	1,748	1,974	1,870
Convention Center Square Footage <sup>(5)</sup>	56,000	56,000	56,000	56,000
Community Centers <sup>(2)</sup>	17	17	18	17
Culture and Recreation				
Total Library Square Footage <sup>(6)</sup>	169,776	169,776	169,776	169,776

<sup>1)</sup> Montgomery County Risk Management Department. Includes the offices of the four County Commissioners.

<sup>2)</sup> Montgomery County Auditor's Office Capital Assets Listing.

<sup>3)</sup> Montgomery County Engineer.

<sup>4)</sup> Montgomery County Parks Department. The County began work on the Spring Creek Greenway Project in 2007.

<sup>5)</sup> Montgomery County Civic Center Complex;

<sup>6)</sup> Montgomery County Memorial Library System Annual Report.

**TABLE XVIII**

2011	2012	2013	2014	2015	2016
42	43	43	38	44	49
427	460	463	467	505	512
13,800	13,800	13,800	13,800	13,800	13,800
2,640	2,656	2,685	2,703	2,704	2,751
158	158	159	159	160	160
2,072	2,956	2,061	2,061	2,089	2,089
56,000	56,000	56,000	56,000	56,000	56,000
18	17	17	17	17	17
171,400	171,400	171,400	171,400	171,400	173,800

