

# **MONTGOMERY COUNTY TEXAS**

## **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended  
September 30, 2003**

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**MONTGOMERY COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2003**

**Prepared by**  
**THE MONTGOMERY COUNTY AUDITOR'S OFFICE**  
**Linda R. Breazeale**  
**County Auditor**





**MONTGOMERY COUNTY, TEXAS**  
**Comprehensive Annual Financial Report**  
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# INTRODUCTORY SECTION





Linda R. Breazeale  
County Auditor

Montgomery County, Texas  
Office of  
County Auditor  
April 30, 2004

Peggie Rushing  
1st Asst County Auditor

James Robey, Supervisor  
Accounts Payable

Carol Stroud, Supervisor  
Internal Audit

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

Honorable Judges and Commissioners:

The Comprehensive Annual Financial Report of Montgomery County, Texas, for the year ended September 30, 2003, is submitted herewith. This report was prepared by the County Auditor in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, and is in compliance with Chapter 114 Section 025 of the Local Government Code (Vernon's Texas Codes Annotated).

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 Generally Accepted Accounting Principles (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 operation 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 Hereford, Lynch, Sellars & Kirkham, LLP, 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, 2003 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 unqualified opinion that the financial statements of Montgomery County for the year ended September 30, 2003 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 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 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. Collin County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of Montgomery County**

Montgomery County was created in 1837, and is located on the southern edge of the Big Thicket, approximately forty miles north of metropolitan Houston. 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 North Harris Montgomery Community College District 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 and four Commissioners, each of whom is elected from four geographical precincts. The County Judge is elected for a term of four years, and the Commissioners for four-year staggered terms.

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. This 63% growth was evident in the increased demand for service at the county level.

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 Fund, the Special Revenue Funds, and the Debt Service Fund 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 statutorily responsible for compiling and presenting a budget to Commissioners' Court for their consideration and approval. Once adopted, the budget is enforced by the County Auditor.

### **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 the County operates.

**Local economy-** The County's economy has historically been based on mineral production (oil, gas, sand, and gravel), agriculture (horses, cattle, greenhouse nurseries, peaches), and lumbering (timber products). Commercial construction has continued to increase, as a result of several large shopping centers being developed along the Interstate 45 corridor through South Montgomery County. Residential construction permits increased again over last year by some 21%. Investments made in Texas highways recently have assisted in attracting new and diverse businesses to the County. The Woodlands, a planned community in south Montgomery County, is home to biomedical and technology businesses, causing continued growth in the southern part of the County. Evidence of this growth is seen in the inclusion of The Woodlands Companies at the top of the list of ten principal taxpayers in the County again during 2003.

**Long-term financial planning-** The Commissioners' Court continues to be very active in infrastructure development to help insure economic growth. They are currently studying transportation needs so that



Montgomery County will remain a viable option for both industry and its employees. The County anticipates issuance of the final \$11million portion of previously authorized road bonds in the summer of 2004 in order to continue various road improvement projects throughout the County. Engineering consultants have been engaged to assist in planning the size of future road bond issues, so that growth in the County may continue unimpeded.

In fiscal year 2003, the County engaged a consulting firm to assist with development of a long term plan for the anticipated growth of county government. Included in that plan will be standardization of facilities and furnishings to make government activities more portable, resulting in better access to services by taxpayers.

**Cash management policies and practices-** The County's investment function operates within the guidelines of a written policy as required by the Public Funds Investment Act. An investment committee comprised of the County Treasurer, Tax Assessor-Collector, District Clerk, and a member of Commissioners' Court oversees the investment activities for the County. The County Auditor and County Attorney are advisors to the committee. Commissioners' Court has designated the County Treasurer the investment officer for the County.

Specific investment strategies have been identified for each group of funds. Strategies emphasize safety of principal as well as liquidity. Demand deposits are covered by pledged collateral maintained in joint safekeeping accounts at the Federal Reserve Bank of Dallas and Compass Bank. Special attention is paid to timing maturities to be consistent with construction project draws and regular operating expenditures.

**Risk Management -** The County retains various levels of risk, and accounts for the associated expenditures in the General Fund. The portions of risk that are not transferred to third party coverage, are self-funded by the County under formal arrangements. Additional information concerning the County's risk management activities is included in the notes to the financial statements.

**Pension and other post-employment benefits-** The County provides retirement, disability, and death benefits for all of its full-time regular employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Detail information on the retirement plan and other post-employment benefits can be found in the notes to the financial statements.

#### **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 (CAFR) for the fiscal year ended September 30, 2002. This was the fifteenth 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 comprehensive annual financial report. 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 commitment to a standard of excellence in financial accounting. I especially want to thank Phyllis Martin, Financial Reporting Analyst for her contribution to this effort.

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,

LINDA R. BREAZEALE  
Montgomery County Auditor

/s

# 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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



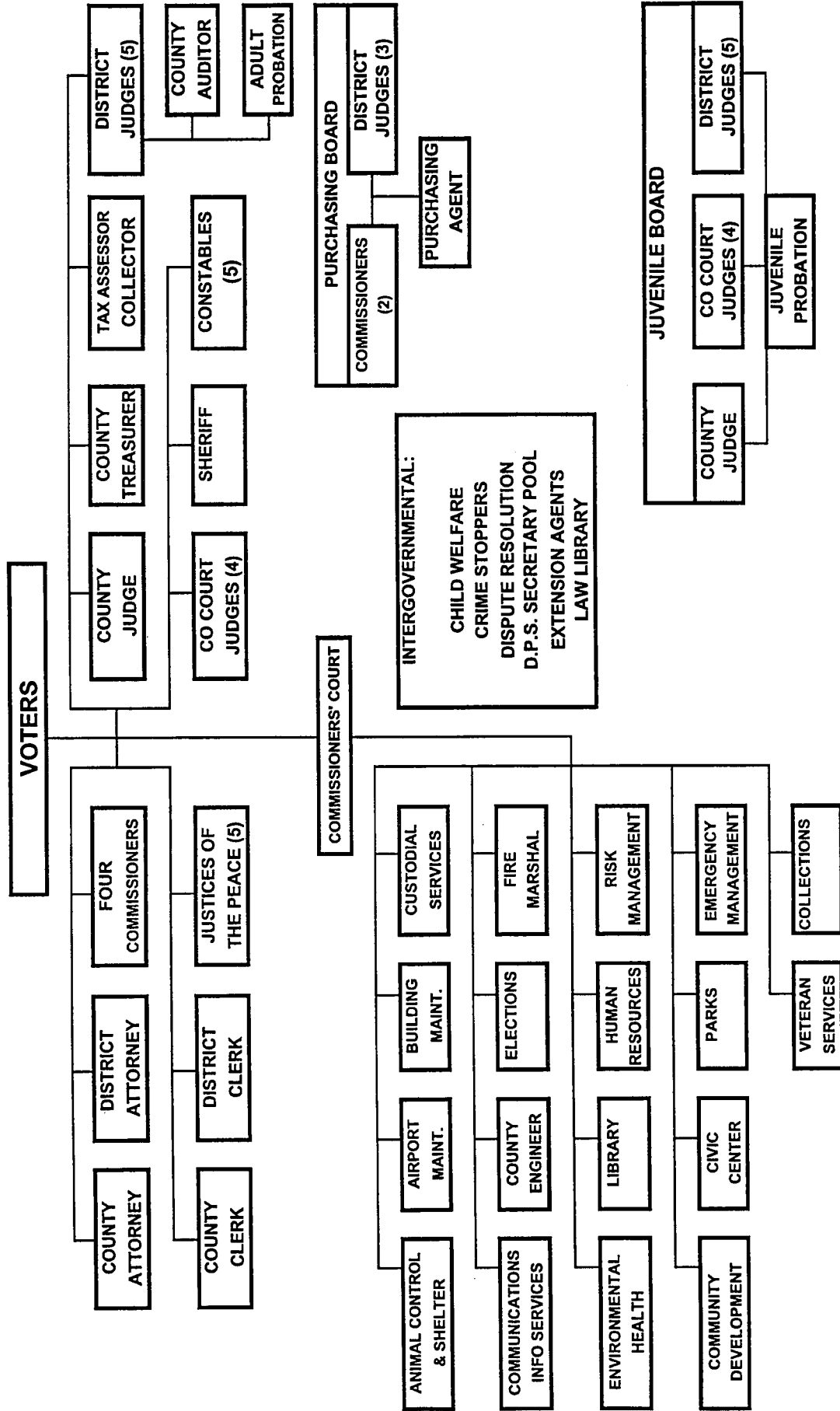
*Edward Haney*

President

*Jeffrey R. Emen*

Executive Director

# MONTGOMERY COUNTY, TEXAS ORGANIZATION



**MONTGOMERY COUNTY, TEXAS**  
**DIRECTORY OF OFFICIALS**  
**SEPTEMBER 30, 2003**

**COMMISSIONERS' COURT:**

Alan B. Sadler  
Mike Meador  
Craig Doyal  
Ernest E. Chance  
Ed Rinehart

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

**DISTRICT COURT:**

Fred Edwards  
Suzanne Stovall  
Olen Underwood  
Kathleen Hamilton  
K. Michael Mayes  
Michael McDougal  
Barbara G. Adamick

Judge, 9th Judicial District  
Judge, 221st Judicial District  
Judge, 284th Judicial District  
Judge, 359th Judicial District  
Judge, 410th Judicial District  
District Attorney  
District Clerk

**COUNTY COURT AT LAW:**

Dennis Watson  
Luther J. Winfree  
E. Mason Martin  
Mary Ann Turner  
David Walker  
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  
County Attorney  
County Clerk

**JUSTICE COURT:**

Lanny Moriarty  
Grady Trey Spikes  
Mary E. Connelly  
James Metts  
Carolyn Cox

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:**

Guy Williams  
Donnie O. Chumley  
Gene DeForest  
Tim Holifield  
Travis L. Bishop  
David H. Hill

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

**FINANCIAL ADMINISTRATION:**

J.R. Moore, Jr.  
Martha N. Gustavsen  
Linda R. Breazeale  
Mark Bosma

Tax Assessor-Collector  
County Treasurer  
County Auditor\*  
Purchasing Agent\*

\* Designates appointed official. All others are elected.



# FINANCIAL SECTION









**Hereford, Lynch, Sellars & Kirkham**  
Certified Public Accountants • A Professional Corporation

1110 Loop 336 W., 4th Floor  
P. O. Box 2548  
Conroe, Texas 77305

Members of the  
American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants  
Private Companies Practice Section  
of the AICPA Division for Firms

Conroe (936) 756-8127  
Fax (936) 756-8132  
Houston Metro 936-441-1338

**INDEPENDENT AUDITOR'S REPORT**

Honorable County Judge and  
Commissioners' Court  
Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas (the County) as of and for the year then ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Montgomery County, Texas's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an Amendment of GASB Statements No. 21 and No. 34*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, effective October 1, 2002.

In accordance with *Government Auditing Standards*, we will issue at a later date, a report 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 10-26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, additional supplementary information, combining and individual nonmajor fund financial statements, schedules of capital assets used in the operation of governmental funds, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, additional supplementary information, and schedules of capital assets used in the operation of governmental funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hereford, Lynch, Sellars & Kirkham, P.C.*  
**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**February 5, 2004**

## 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, 2003. 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). Since this is a transition year for a government-wide format, only one year of financial data is presented. In future years a comparative analysis will be offered.

### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$34,515,042 (net assets). Of this amount, \$13,715,108 is restricted for specific purposes. As required by GASB Statement No. 34, net assets also reflect \$70,953,418 that is invested in capital assets, net of related debt. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$50,153,484. Analysis of the negative unrestricted net assets reveals that a large portion of debt was used to purchase land for road expansion projects that are a joint undertaking with the State. In these instances of expansion of State-owned roads, the County will report the debt at this time, but not the asset.
- The revenues of the County's government-wide activities were \$116,408,715 and expenses were \$100,070,386. This resulted in an increase in total net assets of \$16,338,329. Approximately one-half of this increase is attributable to an increase in taxes collected during the fiscal year.
- In contrast to the government-wide statements, as of September 30, 2003, the County's governmental funds reported combined ending fund balances of \$50,645,791, an increase of \$19,519,480 in comparison with the prior year. From the ending fund balance, \$45,068,152 is reserved for specific purposes. Approximately one-fifth of the ending balance, \$5,577,639, is available for spending at the government's discretion, with \$2,466,223 of those unreserved funds being reported in the special revenue funds.
- At September 30, 2003, unreserved fund balance for the General Fund was \$3,111,416, or 4.0% of total General Fund expenditures.
- The County's total net bonded debt increased by \$42,690,131 (39.7%) during the current fiscal year. Key factors in this increase include the issuance of \$24,000,000 and \$10,000,000 in voter-approved road and library bonds, respectively, and the issuance of \$11,600,000 in certificates of obligation.

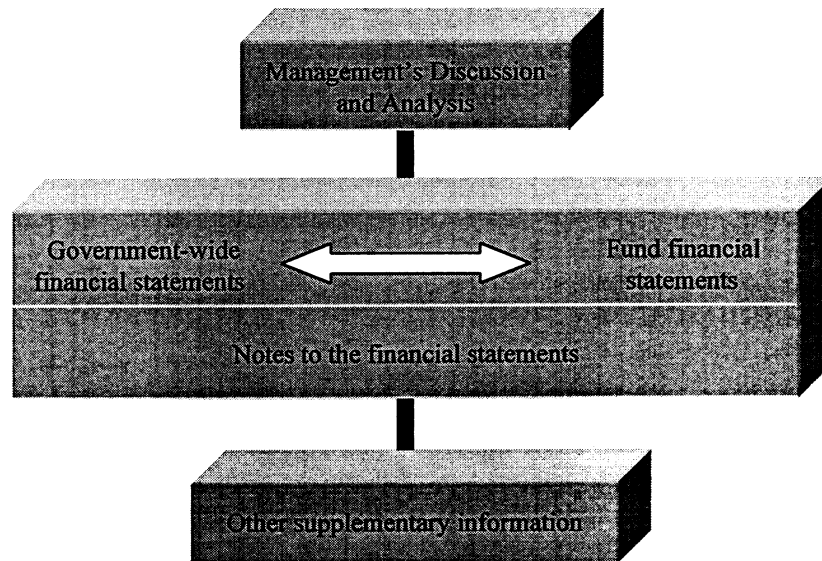
### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Montgomery County's basic financial statements. Beginning with this fiscal year 2003, the County will be presenting its basic financial statements under a new reporting model established by the Governmental Accounting Standards Board's (GASB's) Statement No. 34.

The County's basic financial statements comprise three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

In light of the fact that this is a very different presentation of the County's previous general purpose financial statements, the following illustration and discussion are provided for review.



In the past, the primary focus of governmental financial statements has been to summarize fund outflows and inflows on a current economic resource basis. This approach has been modified, and for the first time, the County's financial statements present two sets of statements, each with a different snapshot of the County's financial position. The new focus is on both the County as a whole (government-wide) and the major individual funds. The government-wide financial statements, which are new, consolidate all of a government's operations and include within their measurement focus all of the government's economic resources, including long-lived assets, using the full accrual method of accounting. The fund financial statements, which have been provided in the past, focus on the individual parts of the County government by reporting the County's operations in more detail than the government-wide statements. These statements focus only on current financial resources and accordingly are prepared on a modified accrual basis. They are organized so the reader can understand the County as a financial operating entity. As the reader moves through the statements, there is ever-increasing detail to further explain information presented. Both perspectives (government-wide and fund financial) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the County's accountability.

### ***Government-Wide Financial Statements***

The Statement of Net Assets 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 paid. These statements include capital assets of the County (including infrastructure added during the fiscal year) 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 Assets presents information on all of Montgomery County's assets and liabilities, with the difference between the two being reported as net assets. 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 assets 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 assets for the fiscal year ended September 30, 2003. All changes in net assets 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, miscellaneous, and debt service.

The government-wide financial statements can be found on pages 29-30 of this report.

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

The fund financial statements are similar to Montgomery County's previously reported general-purpose financial statements. The fund financial statements focus on the County's most significant funds (major funds) rather than fund types, as has occurred in the past. 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 two categories: governmental 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) 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 assets, 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.

The County maintained 29 individual governmental funds, two of which (the South Montgomery County, Texas Road District Number 1 Interest and Sinking Fund, and the Capital Projects Administration Building Fund) were closed during the fiscal year ended September 30, 2003. 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, the Capital Projects Library Construction Fund, the Capital Projects Road Bonds Series 2002A Fund, and the Capital Projects Road Bonds Series 2003A 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 Combining and Individual Fund Financial Statements and Schedules Nonmajor Funds 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 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 for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and all Special Revenue funds. These budgetary comparisons can be used to demonstrate compliance with the budget both in its original and final forms. Although GASB Statement No. 34 only requires comparisons at the basic financial statement level for the General Fund and major Special Revenue Funds, the County has chosen to include the major Debt Service Fund in that comparison. Although not required, the County feels the Debt Service Fund is an integral part of a complete picture that represents the allocation of our annual debt levy.

The basic governmental fund financial statements can be found on pages 31-42 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 43 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 44-69 of this report.

**Additional supplementary information** is comprised of only the General Fund final budget versus actual at the department level and can be found on pages 71-82 of this report.

**Other supplementary information** includes combining financial statements for nonmajor governmental and fiduciary funds. These funds are totaled by fund type and presented in single columns in the basic

financial statements. They are not reported individually, as with major funds, on the governmental fund financial statements.

Other supplementary information can be found on pages 85-128 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This fiscal year is the first period Montgomery County applied GASB Statement No. 34. The County has not restated prior periods for purposes of providing the comparative data for the Management's Discussion and Analysis (MD&A) because certain prior-year information is unavailable. However, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

As noted earlier, the GASB believes that net assets may serve over time as a useful indicator of a government's financial position. In the case of Montgomery County, assets exceeded liabilities by \$34,515,042 at September 30, 2003, as shown in the table below.

Montgomery County, Texas	
Net Assets	
	Governmental Activities
Current and other assets	\$ 78,378,129
Capital assets	129,482,719
Total assets	<u>207,860,848</u>
Long-term liabilities outstanding	157,309,994
Other liabilities	16,035,812
Total liabilities	<u>173,345,806</u>
Net assets:	
Invested in capital assets, net of related debt	70,953,418
Restricted	13,715,108
Unrestricted	(50,153,484)
Total net assets	<u>\$ 34,515,042</u>

The County's total assets of \$207,860,848 are largely comprised of investments of \$50,597,170, or 24.3%, and capital assets net of accumulated depreciation of \$129,482,719, or 62.3%. Historically, infrastructure (roads, bridges, signs, etc.) has not been included in capital asset reporting for governmental activities. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations.

By far, long-term debt of \$157,309,994 comprises the largest portion of the County's total liabilities of \$173,345,806 at 90.7%. Of total long-term liabilities, \$4,174,194 is due within one year, with the remainder of \$153,135,800 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 exceed its liabilities by \$34,515,042 (net assets) on September 30, 2003. Roughly 39.7%, or \$13,715,108, of the County's net assets represents restricted net assets. These resources are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants, and granting conditions. Of those restricted net assets, \$9,716,809 is restricted for

capital projects and \$3,998,299 is restricted for debt service of compensated absences and arbitrage rebate payable. The most significant portion (\$70,953,418) of the County's net assets reflects its investment in capital assets, net of related debt. Although unrestricted net assets is negative for government-wide net assets, it should be noted that the County's fund financial statements continue to reflect positive unreserved fund balances.

Montgomery County's governmental activities increased net assets by \$16,338,329. The key components of this increase are as follows:

<b>Montgomery County, Texas</b>	
<b>Activities</b>	
	<b>Governmental Activities</b>
<b>Revenues:</b>	
<i>Program revenues:</i>	
Fees, fines, forfeitures, and charges for services	\$ 28,355,009
Federal grants and contributions	3,809,093
State grants and contributions	2,417,468
Other grants and contributions	298,638
<i>General revenues:</i>	
Property taxes	78,482,657
Other taxes	730,506
Contributions	1,016,103
Other general revenues	1,299,241
Total revenues	<u>116,408,715</u>
<b>Expenses:</b>	
General administration	11,648,705
Judicial	12,773,623
Legal services	1,535,772
Elections	578,472
Financial administration	3,545,228
Public facilities	6,756,690
Public safety	39,426,821
Health and welfare	4,735,049
Culture and recreation	4,207,762
Conservation	595,714
Public transportation	1,447,670
Miscellaneous	4,589,512
Debt service interest and fiscal charges	8,229,368
Total expenses	<u>100,070,386</u>
Change in net assets	16,338,329
Net assets - beginning	18,176,713
Net assets - ending	<u>\$ 34,515,042</u>

The County's total revenues of \$116,408,715 were all from governmental activities. Property tax revenue accounts for \$78,482,657, or 67.4%; program revenues of fees, fines, forfeitures, and charges for services comprise \$28,355,009, or 24.4%; and grants and contributions include \$6,525,199, or 5.6% of total government-wide revenues.

Expenses for the year totaled \$100,070,386. The public safety function accounted for \$39,426,821, or 39.4% of this total. The judicial (\$12,773,623) and general administration (\$11,648,705) functions represent 12.8% and 11.6% of total government-wide expenditures, respectively.



The government's ending net assets of \$34,515,042 represent an increase from the prior year's \$18,176,713 in net assets of \$16,338,329. The County's change in net assets is summarized by the following chart:

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

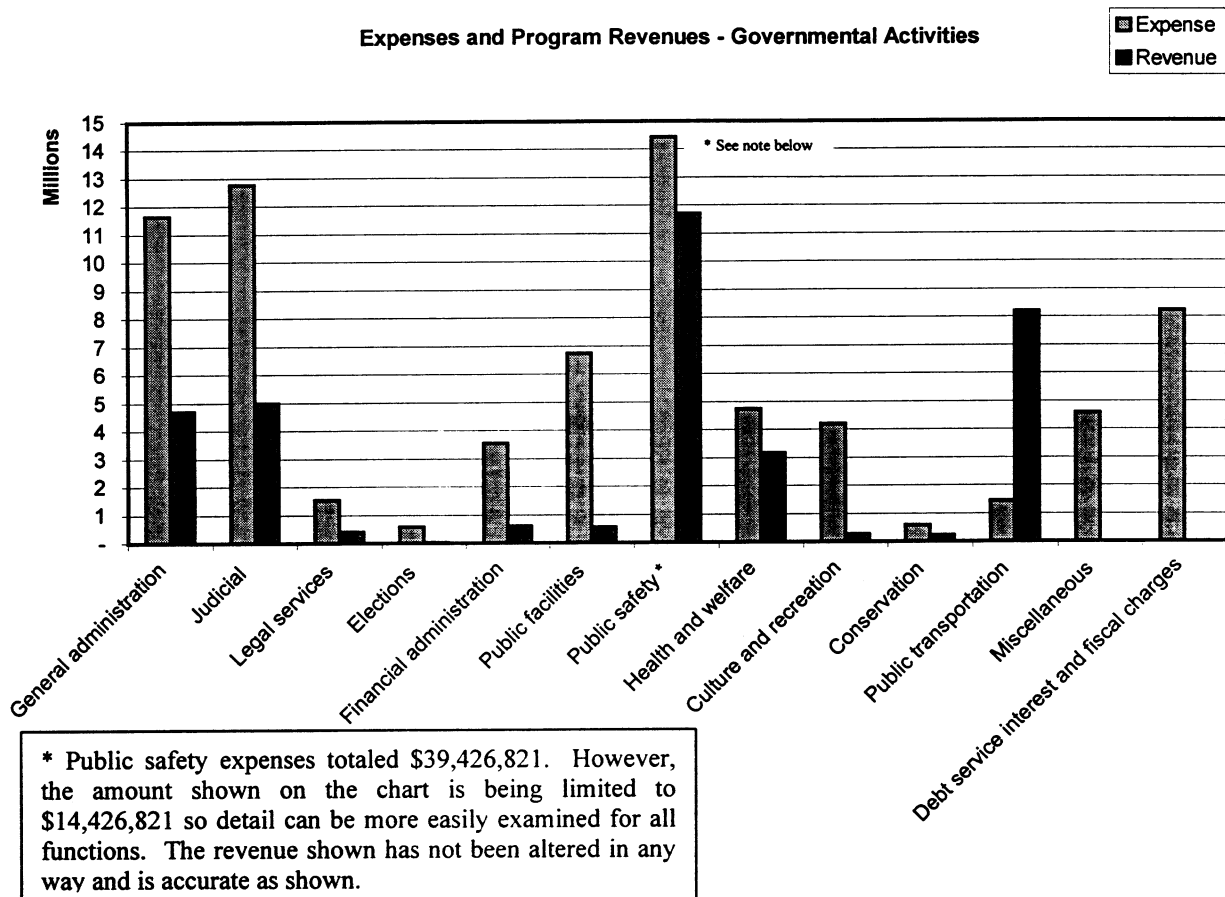
<i>Governmental funds activity:</i>	
Total revenues	\$ 116,418,887
Total expenditures	142,751,262
(Deficiency) of revenues over expenditures	(26,332,375)
Capital lease financing	151,948
Proceeds of certificates of obligation	11,587,458
Proceeds of general obligation bonds	34,112,449
Net change in fund balance	19,519,480
<i>Government-wide activity:</i>	
Difference between current year's capital outlay expenditures and depreciation expense	32,654,725
Net effect of capital asset sales, donations, trade-ins, etc.	306,942
Revenues not reported in funds because they do not provide current-period financial resources	(317,115)
Long-term debt not reported in funds because it does not affect the current period	(34,869,335)
Expenses not reported in the funds because they do not use current-period financial resources	(956,368)
Total change in net assets	<u>\$ 16,338,329</u>

This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$26,332,375), along with other financing sources (\$45,851,855). 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 (\$32,961,667) also affects this change. Where capital assets are concerned, it must be noted that during the year, for the first time, infrastructure assets were added to net assets. For the County, this \$32,257,082 net of \$2,766,080 in depreciation expense represents a never-before-recorded asset.

Other factors influencing the change in net assets are those revenues and expenses that do not provide or require the use of current financial resources (\$1,273,483). GASB Statement No. 34 dictates that the County, for the first time, record an allowance for accounts that are unlikely to be collected. These allowances for doubtful accounts combine with other previously unrecorded amounts, such as the deferrals of long-term balances not being paid in the current year, to constitute further changes in net assets. Additionally, long-term debt, whether being issued or retired, has an effect on the change in net assets (\$34,869,335). During the current fiscal year, the County issued new debt and paid off some of its existing long-term debt. These financings represent further changes in the net assets of the County.

Primarily due to the increase of \$915,929 in the combined fund balance of Montgomery County's three major operating funds, it can be concluded that the overall financial position of the County has marginally improved over the last year. However, it is not where management desires or intends for it to be. As part of long-range planning management has pledged to continue increasing the level of the operating funds' fund balances until such time as they represent at least 25% of annual operating costs.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2003 for governmental activities.

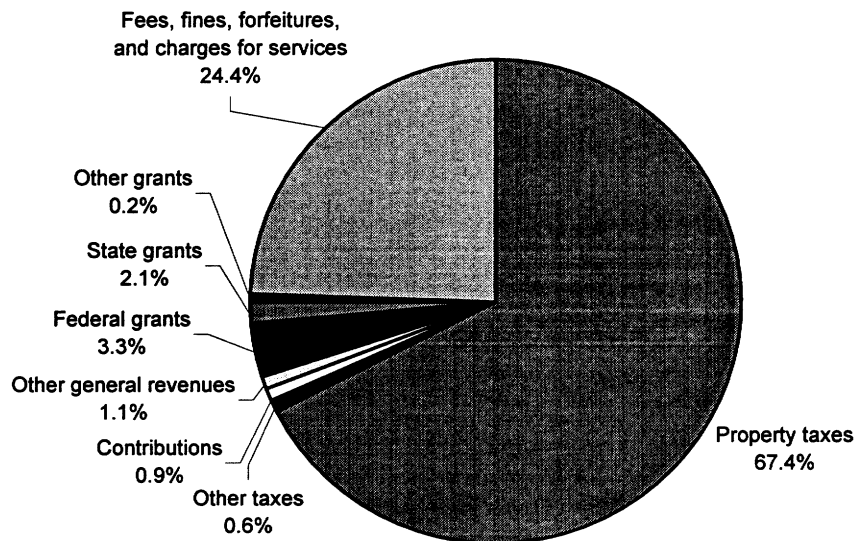


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$34,880,208 are comprised in large part (33.6%) by public safety's revenues of \$11,706,590. The judicial function makes up 14.3% of program revenues at \$4,990,972, and the general administration function covers 13.5% of program revenues with \$4,698,737. As mentioned above, the expenses of these functions account for 39.4%, 12.8%, and 11.6%, respectively. As expected, general revenues provided the required support and coverage for additional expenses.
- Public transportation is the only function with revenues exceeding expenses. The program revenues of \$8,212,797 for public transportation constitute 23.5% of all program revenues. The expenses of that same function are \$1,447,670, and are responsible for only 1.4% of all expenses by function.
- Grant revenues and contributions comprise 18.7% of all program revenues. Federal grants decreased by \$2,332,661 (35.0%) from the previous year. This deficit was partially overcome by an increase in state grants of \$1,343,864. Grants from agencies other than the federal or the state government increased by \$23,710 from the previous year.

The following chart depicts revenues of the governmental activities for the fiscal year ending on September 30, 2003.

Revenues by Source - Governmental Activities



## GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, 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, unreserved 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, 2003, the County's governmental funds report combined ending fund balances of \$50,645,791, an increase of \$19,519,480 in comparison with the prior year. Approximately one-tenth of this total amount (\$5,577,639) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to fund capital projects (\$42,881,808), pay debt service (\$2,043,861), reflect inventories (\$72,409), and reflect prepaid items (\$70,074).

The General Fund is the chief operating fund of the County. On September 30, 2003, unreserved fund balance of the General Fund was \$3,111,416, while total fund balance reached \$3,136,625. Total assets in the General Fund amounted to \$20,498,852, accounting for 26.3% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$3,672,998), Debt Service Fund (\$3,009,507), Capital Projects Library Construction Fund (\$10,363,349), Capital Projects Road Bonds Series 2002A Fund (\$8,839,540), and Capital Projects Road Bonds Series 2003A Fund (\$21,421,975). Together, all major funds account for \$67,806,221 of total assets of \$77,934,182 (87.0% of total assets).

The fund balance of the County's General Fund increased by \$1,683,823 during the current fiscal year. Key factors in this growth are as follows:

- An increase in the appraised value of real and personal property of \$2,007,353,223 boosted ad valorem tax revenues \$8,546,128.
- Significant increases in fees for the County Clerk, Justices of the Peace, Constables, and Courthouse Security contributed toward total fee increases of \$979,154.

The Road and Bridge Special Revenue Fund has a total fund balance of \$851,909 which is reported as \$72,409 reserved for inventory and \$779,500 unreserved. The unreserved portion of the fund balance decreased \$1,347,559 during the current year due to budgeted transfers to the General Fund to satisfy obligations for operations.

The Debt Service Fund has a total fund balance of \$2,043,861, all of which is reserved for the repayment of debt. The net increase of \$462,900 during the current year in the Debt Service Fund is largely due to an increase in the property tax rate for debt service of \$0.0162.

The total fund balance in the Capital Projects Library Construction Fund is \$10,363,349, all of which is reserved for capital projects. The net increase of \$10,246,481 over the course of the current year is primarily the result of the issuance of \$10,000,000 in voter-approved library bonds which has not yet been used for construction.

The Capital Projects Road Bonds Series 2002A Fund has a total fund balance of \$7,756,527, all of which is reserved for capital projects. This fund balance decreased during the current year by \$10,306,543 principally because of capital project expenditures of \$10,403,909.

The entire \$20,623,670 fund balance of the Capital Projects Road Bonds Series 2003A Fund is an increase from the prior year, due to the fact that the fund is new to this fiscal year. The funding is from \$24,000,000 in voter-approved road bonds that were issued during the current fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The published budget of Montgomery County is 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 whose County Auditor serves as Budget Officer for the Commissioners' Court. The original adopted budget of the General Fund includes revenues of \$72,890,641 and expenditures of \$65,969,828. The General Fund's final amended budget contains revenues of \$80,769,883 and expenditures of \$79,358,298.

The following table presents the changes between the original adopted budget and the final budget, as amended, for the General Fund as of September 30, 2003.

**General Fund  
Budget Variances  
Year Ended September 30, 2003**

	Original Budget	Final Budget	Variance with Original Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 58,464,555	\$ 59,486,782	\$ 1,022,227
Licenses and Permits	1,007,700	1,021,447	13,747
Fees	9,153,288	9,289,332	136,044
Intergovernmental	578,725	2,155,718	1,576,993
Charges for Services	40,000	53,502	13,502
Interest	473,448	474,108	660
Contract Reimbursements	2,071,317	6,819,186	4,747,869
Inmate Housing	260,000	394,000	134,000
Fines and Forfeitures	120,000	121,500	1,500
Miscellaneous	721,608	954,308	232,700
Total Revenues	72,890,641	80,769,883	7,879,242
<b>Expenditures:</b>			
General Administration	10,939,622	11,874,367	(934,745)
Judicial	8,100,466	8,165,079	(64,613)
Legal Services	1,253,234	1,312,187	(58,953)
Elections	454,316	562,201	(107,885)
Financial Administration	3,631,889	3,741,291	(109,402)
Public Facilities	5,726,395	6,418,537	(692,142)
Public Safety	30,234,452	39,399,329	(9,164,877)
Health and Welfare	2,523,335	2,655,053	(131,718)
Conservation	352,769	397,169	(44,400)
Miscellaneous	2,753,350	4,833,085	(2,079,735)
Total Expenditures	65,969,828	79,358,298	(13,388,470)
Excess Revenues Over Expenditures	6,920,813	1,411,585	(5,509,228)
<b>Other Financing Sources/(Uses):</b>			
Operating Transfers In	-	3,150,549	3,150,549
Operating Transfers Out	-	(2,387,174)	(2,387,174)
Capital Lease Financing	-	151,948	151,948
Proceeds of Certificates of Obligation	-	1,100,000	1,100,000
Total Other Financing Sources/(Uses)	-	2,015,323	2,015,323
Net Change in Fund Balances	6,920,813	3,426,908	(3,493,905)
Fund Balance - Beginning	1,452,802	1,452,802	-
Fund Balance - Ending	\$ 8,373,615	\$ 4,879,710	\$ (3,493,905)

Final budgeted revenues were higher than originally budgeted by \$7,879,242. The final budget for taxes increased \$1,022,227 over the original budget due to higher than originally expected collections of delinquent taxes, along with their penalties and interest. Intergovernmental revenue has \$1,576,993 more in the final budget than in the original budget. This increase is largely due to the anticipated receipt of several federal and state grants during the year that were not foreseen at the time the original budget was drafted.

The final budget for contract reimbursements is \$4,747,869 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,246,000 contract reimbursement for the Community Supervision and Corrections Department's participation in the employee benefit plan. During the original budget process, Commissioners' Court does not budget for funds that are not at the discretion of the County to spend. Since this contract reimbursement is earmarked for specific purposes, it is not included in the original budget.

The originally unanticipated revenue partially offsets the expenditure differences of \$13,388,470 between the original budget and the final amended budget. The general administration function has a final expenditure budget that is \$934,745 higher than the original budget. During the previous fiscal year, money was budgeted for a software project in the Communication Information Services budget. Those funds were not included in the original budget for 2003, in keeping with the County's policy to let encumbrances lapse at year-end and re-appropriate them in the new year. The current fiscal year is also the first full year of operations for the Risk Management department as a separate department. This fiscal year \$2,288,318 more was paid than last fiscal year in expenditures for employee health benefits. In addition, the County began a self-insurance project for workers' compensation during the current fiscal year; there was no history to provide estimates for budgeting in these areas, so adjustments were made during the year to allocate funds that were needed for claims.

A \$9,164,877 increase in the final budget over the original budget for the public safety function is the result of several factors. Included in the public safety function is the Community Supervision and Corrections Department (CSCD), which is not a County department. However, the County has entered into a contract with the CSCD that enables those employees to participate in the County's employee benefit plan. CSCD reimburses the County 100% of the costs associated with said participation. Management believes inclusion of 100% reimbursed contracts in the original budget would unnecessarily inflate revenues and expenditures because the revenues will always be sufficient to cover the expenditures. The County has elected not to include these amounts in the budget each year. The increase in the Sheriff's budget from the original budget is \$4,067,428. This is largely due to a proposed reduction to all departments of 2.5% at the beginning of the budget process. The Sheriff's department's share of that reduction was \$5,376,955. In order not to affect public safety county wide, this reduction was not implemented for the Sheriff's department.

The final budget of the miscellaneous function shows an increase of \$2,079,735 from the original budget. During the year, \$1,309,575 was budgeted to cover the new self-insurance plan, as discussed above. Additionally, funds that had been encumbered in a prior year for a remodeling project were not expended in that year. Again, the County's policy is to let encumbrances lapse at year-end and re-appropriate them in the new year. The re-appropriation resulted in the final budget being adjusted, whereas the original budget was not.

The increase of expenditures in the final amended budget over the original budget that was not covered by the revenues increase was primarily reported as a decrease in the final amended budgeted net change in fund balances. This amount was reduced by \$3,493,905.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2003.

**General Fund  
Budget versus Actual  
Year Ended September 30, 2003**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 59,486,782	\$ 60,245,151	\$ 758,369
Licenses and Permits	1,021,447	1,053,847	32,400
Fees	9,289,332	9,404,000	114,668
Intergovernmental	2,155,718	2,159,537	3,819
Charges for Services	53,502	36,721	(16,781)
Interest	474,108	396,254	(77,854)
Contract Reimbursements	6,819,186	6,952,378	133,192
Inmate Housing	394,000	479,399	85,399
Fines and Forfeitures	121,500	118,573	(2,927)
Miscellaneous	954,308	1,075,185	120,877
Total Revenues	<u>80,769,883</u>	<u>81,921,045</u>	<u>1,151,162</u>
Expenditures:			
General Administration	11,874,367	10,116,841	1,757,526
Judicial	8,165,079	8,075,160	89,919
Legal Services	1,312,187	1,339,872	(27,685)
Elections	562,201	562,397	(196)
Financial Administration	3,741,291	3,520,998	220,293
Public Facilities	6,418,537	6,093,188	325,349
Public Safety	39,399,329	38,055,807	1,343,522
Health and Welfare	2,655,053	3,441,917	(786,864)
Conservation	397,169	380,843	16,326
Miscellaneous	4,833,085	5,594,822	(761,737)
Total Expenditures	<u>79,358,298</u>	<u>77,181,845</u>	<u>2,176,453</u>
Excess Revenues Over Expenditures	<u>1,411,585</u>	<u>4,739,200</u>	<u>3,327,615</u>
Other Financing Sources/(Uses):			
Operating Transfers In	3,150,549	4,457,449	1,306,900
Operating Transfers Out	( 2,387,174)	(8,562,063)	(6,174,889)
Capital Lease Financing	151,948	151,948	-
Proceeds of Certificates of Obligation	1,100,000	-	(1,100,000)
Total Other Financing Sources/(Uses)	<u>2,015,323</u>	<u>(3,952,666)</u>	<u>(5,967,989)</u>
Net Change in Fund Balances	<u>3,426,908</u>	<u>786,534</u>	<u>(2,640,374)</u>
Fund Balance - Beginning	1,452,802	1,452,802	-
Residual Equity Transfer	-	897,289	897,289
Fund Balance - Ending	<u>\$ 4,879,710</u>	<u>\$ 3,136,625</u>	<u>\$ (1,743,085)</u>

Actual revenues exceeded final budgeted revenues by \$1,151,162. Of that amount, \$758,369 represents taxes. A \$452,536 difference between the final amended budget and the actual revenues for the collection of current ad valorem taxes is the result of an increase of \$2,007,353,223 in the assessed value of property in the County.

Actual expenditures were \$2,176,453 lower than final budgeted expenditures. The general administration function represents \$1,757,526 of that amount. As with the differences between the original budget and the final budget, the Risk Management department constitutes the largest portion of this difference. Additional funding was budgeted for that department in anticipation of needed resources for the County's

project for self-insured workers' compensation. Fortunately, those funds were not needed and can be applied toward future needs.

In the public safety function, the final budget of the Sheriff's department not only did not reflect the 2.5% proposed reduction in the original budget, it also included \$2,000,000 in supplemental funds that were necessary to meet the demands of ongoing operations for the year.

The proceeds of the certificates of obligation variance occurs because the debt was issued in the capital projects funds. The funding was subsequently treated as a transfer into the General Fund after originally being budgeted as revenue in the General Fund. This subsequent transfer-in constitutes the majority of the \$1,306,900 variance between the final budget and the actual transactions of transfers in.

The \$1,743,085 actual reduction in the ending fund balance over the final budget is the result of transfers to the other funds. The Jury Special Revenue Fund received \$2,847,029 more than shown in the final budget, and the Memorial Library Special Revenue Fund received \$4,210,727 more than was budgeted. In both of these funds, the emphasis is on providing a service. In the case of the Jury Special Revenue Fund, that service is the form of a court system. The Memorial Library Special Revenue Fund's emphasis is on culture and recreation. Neither fund is 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 those funds. 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 activities as of September 30, 2003 amounts to \$129,482,719 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. It includes investments in infrastructure projects that were purchased or completed only during the fiscal year ended September 30, 2003. Major capital asset events during the current fiscal year included the following:

- Over five acres of land valued at \$175,000 were donated to the County by Philip and Holly LeFevre for the purposes of constructing a library in the western part of the county.
- Capital expenditures to the buildings category of \$186,234 included purchases to update the show barn at the Civic Center Complex, to build storage facilities at various locations throughout the county, and to construct parking lot additions. Included in this amount are expenditures to build recycling stations in two precincts, and to construct a radio tower for the use of law enforcement officials.
- Vehicles, trailers, and other various equipment were purchased at a cost of \$3,607,420.
- Purchases of improvements to County-owned property, other than buildings, throughout the year totaled \$562,287.
- 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 2003 amounted to \$32,257,082.
- Projects that were capitalized from ongoing construction throughout the year, including parks, playing fields, and a Community Services building totaled \$4,431,898. Additional expenditures of \$3,744,902 were incurred for construction that was in progress throughout the year.
- Increases in assets were offset by depreciation expense of \$9,066,623.



**Montgomery County, Texas**  
**Capital Assets**

	Governmental Activities	Accumulated Depreciation	Value of Capital Asset Net of Accumulated Depreciation
Land	\$ 5,876,958	\$ -	\$ 5,876,958
Buildings	85,112,913	21,220,202	63,892,711
Improvements	6,215,045	2,909,951	3,305,094
Equipment	38,726,232	23,183,650	15,542,582
Infrastructure	32,257,082	2,766,080	29,491,002
Construction in Progress	11,374,372	-	11,374,372
Total	<u>\$179,562,602</u>	<u>\$50,079,883</u>	<u>\$ 129,482,719</u>

The County is committed to several capital projects that have been completed during the current fiscal year, or are anticipated will be completed in the near future.

In the eastern section of the county, a 17,500 square foot multi-purpose community building was constructed to house several non-profit organizations. It was funded by a portion of the Community Development Block Grant from the U.S. Department of Housing and Urban Development. This facility has \$2,075,000 invested in it at September 30, 2003; and will house agencies such as the Montgomery County Food Bank, the Women's Center, and the Society of Samaritans.

During the current fiscal year, a new wing was constructed for the Montgomery County Jail. Still in progress at September 30, 2003, this design will increase the Jail's capacity by 384 beds. The job has since been completed in November of 2003 and turned over to the County at a final cost of approximately \$8,000,000.

For County use, a new office building was significantly completed during the year on W. Phillips Street, in downtown Conroe, adjacent to the Atrium Building, which houses the county courts at law. The new building will house the entire departments of the County Attorney, the District Attorney, and the Collections department. It will also provide office space for staff connected with the 9<sup>th</sup> Circuit Court of Appeals. It is anticipated that the building will open in May of 2004 at a total investment of \$5,280,000, inclusive of furnishings.

In conjunction with the Texas Department of Transportation (TxDOT), the County is in the process of constructing a new taxilane for the Montgomery County Lone Star Executive Airport. The design phase of the taxilane, which will serve an 11 acre development parcel, is substantially complete at September 30, 2003. Bids for the project are being accepted during the beginning of fiscal year 2004. The Federal Aviation Administration will provide 90% of the estimated \$500,000 in funding required for this project, with Montgomery County covering the remaining 10%. Expenditures in the fiscal year ended September 30, 2003 totaled \$61,734.

TxDOT will also be acting as agent for the reconstruction and extension of Runway 1-19 at the Lone Star Executive Airport. The runway is to be extended in length to better serve a full range of aircraft, and to serve as a backup runway when others are closed. Current width of the runway is 100 feet, which exceeds the FAA requirement for this type of runway. The design for the reconstruction and extension of this runway is estimated to cost \$250,000 with the County funding 10% of that amount and the federal government funding the remainder. The construction phase of the runway is estimated to cost approximately \$1,800,000.

The County has committed to multiple construction projects in fiscal year 2004. Various issues of general obligation bonds are funding road improvements throughout the county. In addition, library bonds of \$10,000,000 have been issued in order to build three branch libraries. One will replace an outdated facility, while the other two will be new facilities. One of the new facilities is being built in partnership with the East Montgomery County Improvement District, which donated \$500,000 and the land on which the library will be located.

Additional information on the County's capital assets can be found in Note 7 on page 57 of this report.

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

At September 30, 2003, Montgomery County had total bonded debt outstanding of \$150,286,800 (inclusive of the accreted portion of various capital appreciation bonds). Commissioners' Court continues to keep maturity dates confined to no more than 22 years. The County maintains "Aaa" and "AAA" ratings from Moody's Investors Service, Inc. and Standard and Poor's Corporation, respectively, by purchasing additional insurance on each outstanding bond issue.

The County issues two types of debt; general obligation bonds are approved by the voters of the County and certificates of obligation are approved by Commissioners' Court. Of the County's total debt, \$97,746,800 corresponds to general obligation debt and \$52,540,000 represents certificates of obligation. Montgomery County's total bonded debt had a net increase of \$42,690,131 during 2003. The following table represents the entire long-term debt of the County at September 30.

<b>Montgomery County, Texas</b>	
<b>Outstanding Long-Term Debt</b>	
	Governmental Activities
General obligation bonds	\$ 89,458,098
Certificates of obligation	52,540,000
Accreted interest	8,288,702
Capital Leases	2,588,746
Premiums, net of discounts	436,149
Compensated absences	3,880,836
Arbitrage Rebate	117,463
Total	<u>\$ 157,309,994</u>

Debt activity in 2003 includes an issue of \$24,000,000 in voter-approved road bonds, the second part of a \$60,000,000 plan that will span a five-to-seven year period. A separate release of \$10,000,000 was for voter-approved library bonds. In addition, certificates of obligation were issued in the amount of \$11,600,000 to complete improvements to parks and to complete the purchase of three county buildings. The County retired \$2,909,869 in debt through scheduled principal payments made during the year.

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. The current debt limitation for the County is \$3,390,490,609, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2003.

Additional information on Montgomery County's long-term debt can be found in Note 9 on page 59 of this report.

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

- The unemployment rate for the County is currently 5.4%<sup>1</sup>, which is an increase from a rate of 4.6% a year ago. This compares favorably to the State's average unemployment rate of 6.8%<sup>2</sup> and the national average rate of 6.2%<sup>3</sup>.
- Senate Bill 7, the Fair Defense Act, implemented by the State effective January 1, 2002 has impacted the costs of providing counsel for indigent defendants. The additional cost for fiscal year 2003 over fiscal year 2002 is \$989,202 (\$2,439,752 in 2003, as opposed to \$1,450,550 in 2002).
- Continuing increased costs for employee health benefits resulted in a \$2,288,318 increase in the County's funding to the employee benefit plan.
- Commissioners' Court approved a 3.0% "across the board" salary increase for all officials, department heads, and employees of the County.
- Commissioners' Court has made a commitment to increase the County's fund balance by \$3,000,000 during the next fiscal year, as well as increase the fund balance by at least \$2,000,000 in subsequent years. This commitment is intended to provide the County with a strong equity base.

All of these factors were considered in preparing the Adopted Budget of Montgomery County, Texas for the fiscal year ending September 30, 2004.

During the current fiscal year, unreserved fund balance in the general fund increased \$1,658,614. The County has taken action in the 2004 fiscal year budget to increase the total fund balances by \$3,000,000. This will be accomplished through prudent fiscal management, and an increase in the 2003 tax rate, which supports the 2004 budget, of \$0.0118 over the 2002 rate.

## **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>1</sup> Texas Workforce Commission. <http://www.tracer2.com/publication.asp?PUBLICATIONID=695>.

<sup>2</sup> Texas Workforce Commission. <http://www.tracer2.com/publication.asp?PUBLICATIONID=694>.

<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics. [ftp://ftp.bls.gov/pub/suppl/empst.cpsa6.txt](ftp://ftp.bls.gov/pub/suppl/empst/empst.cpsa6.txt).



## **BASIC FINANCIAL STATEMENTS**

**MONTGOMERY COUNTY, TEXAS**

**Statement of Net Assets**

**September 30, 2003**

**EXHIBIT I**

<b>ASSETS:</b>	<b>Governmental Activities</b>
Cash	\$ 8,435,388
Investments, at fair value	50,597,170
Restricted cash	538,962
Receivables:	
Taxes (net)	6,455,438
Accounts (net)	5,734,393
Accrued interest	103,604
Due from fiduciary funds	1,124,433
Due from other governments	3,262,295
Inventory, at cost	72,409
Deferred Charges	1,983,963
Prepaid items	70,074
Capital assets, net of accumulated depreciation	
Land	5,876,958
Buildings	63,892,711
Improvements	3,305,094
Equipment	15,542,582
Infrastructure	29,491,002
Construction in Progress	11,374,372
Total assets	<u>207,860,848</u>
<b>LIABILITIES:</b>	
Accounts payable	11,279,522
Retainage payable	1,141,897
Accrued interest payable	1,601,126
Due to other governments	1,416,273
Unearned revenue	596,994
Noncurrent liabilities	
Due within one year:	4,174,194
Due in more than one year:	153,135,800
Total liabilities	<u>173,345,806</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	70,953,418
Restricted for:	
Capital projects	9,716,809
Debt service	3,998,299
Unrestricted	(50,153,484)
Total net assets	<u>\$ 34,515,042</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS****Statement of Activities****Year Ended September 30, 2003****EXHIBIT II**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Fees, Fines, Forfeitures, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Current:					
General Administration	\$ 11,648,705	\$ 4,698,737	\$ -	\$ -	\$ (6,949,968)
Judicial	12,773,623	4,493,874	497,098	-	(7,782,651)
Legal Services	1,535,772	413,579	-	-	(1,122,193)
Elections	578,472	1,942	17,561	-	(558,969)
Financial Administration	3,545,228	606,035	-	-	(2,939,193)
Public Facilities	6,756,690	563,663	-	-	(6,193,027)
Public Safety	39,426,821	9,530,150	2,174,481	1,959	(27,720,231)
Health and Welfare	4,735,049	867,358	2,314,338	-	(1,553,353)
Culture and Recreation	4,207,762	163,108	108,660	-	(3,935,994)
Conservation	595,714	-	214,868	-	(380,846)
Public Transportation	1,447,670	7,016,563	878,448	317,786	6,765,127
Miscellaneous	4,589,512	-	-	-	(4,589,512)
Debt service interest and fiscal charges	8,229,368	-	-	-	(8,229,368)
Total governmental activities	<u>\$100,070,386</u>	<u>\$ 28,355,009</u>	<u>\$ 6,205,454</u>	<u>\$ 319,745</u>	<u>(65,190,178)</u>
General revenues:					
Property Taxes					78,482,657
Other Taxes					8,688
Mixed Beverage Taxes					551,408
Bingo Taxes					82,010
Vehicle Weight Tax					88,400
Insurance Reimbursements					89,328
Contributions					1,016,103
Unrestricted Investment Earnings					1,168,435
Gain on Sale of Capital Assets					41,478
Total general revenues					<u>81,528,507</u>
Change in net assets					16,338,329
Net assets - beginning					18,176,713
Net assets - ending					<u>\$ 34,515,042</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2003**

EXHIBIT III

	General	Road & Bridge	Debt Service
<b><u>ASSETS:</u></b>			
Cash	\$ 4,878,813	\$ 629,315	\$ 1,997
Investments, at Fair Value	5,767,505	1,648,544	280,000
Restricted Cash	-	4,380	-
Receivables:			
Taxes (net)	4,848,285	721,158	885,995
Accounts (net)	557,158	12,715	-
Accrued Interest	38,588	3,397	91
Due From Other Funds	2,988,441	117,693	1,841,424
Due From Other Governments	1,394,853	463,387	-
Inventory, at Cost	-	72,409	-
Prepaid Items	25,209	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 20,498,852</u></b>	<b><u>\$ 3,672,998</u></b>	<b><u>\$ 3,009,507</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
Liabilities:			
Accounts Payable	\$ 6,801,226	\$ 1,059,465	\$ 119,059
Retainage Payable	-	4,380	-
Due to Other Funds	4,376,051	997,552	-
Due to Other Governments	1,355,730	54,252	-
Deferred Revenue	4,829,220	705,440	846,587
Total liabilities	<u>17,362,227</u>	<u>2,821,089</u>	<u>965,646</u>
Fund Balances:			
Reserved for:			
Prepaid Items	25,209	-	-
Capital Projects	-	-	-
Inventory	-	72,409	-
Debt Service	-	-	2,043,861
Unreserved, reported in:			
General Fund	3,111,416	-	-
Special Revenue Funds	-	779,500	-
Total Fund Balances	<u>3,136,625</u>	<u>851,909</u>	<u>2,043,861</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 20,498,852</u></b>	<b><u>\$ 3,672,998</u></b>	<b><u>\$ 3,009,507</u></b>

See accompanying notes to the financial statements.



Library Construction	Road Bonds Series 2002A	Road Bonds Series 2003A	Other Governmental Funds	Total Governmental Funds
\$ 6,495	\$ 1,342,710	\$ 1,004,886	\$ 571,172	\$ 8,435,388
9,851,567	7,147,865	19,923,433	5,978,256	50,597,170
-	36,006	16,914	481,662	538,962
-	-	-	-	6,455,438
-	-	-	25,735	595,608
5,287	14,174	26,548	15,519	103,604
-	48,745	450,194	2,356,737	7,803,234
500,000	250,040	-	654,015	3,262,295
-	-	-	-	72,409
-	-	-	44,865	70,074
<u>\$ 10,363,349</u>	<u>\$ 8,839,540</u>	<u>\$ 21,421,975</u>	<u>\$ 10,127,961</u>	<u>\$ 77,934,182</u>
\$ -	\$ 1,047,007	\$ 781,391	\$ 1,471,374	\$ 11,279,522
-	36,006	16,914	1,084,597	1,141,897
-	-	-	1,305,198	6,678,801
-	-	-	6,291	1,416,273
-	-	-	390,651	6,771,898
-	1,083,013	798,305	4,258,111	27,288,391
-	-	-	44,865	70,074
10,363,349	7,756,527	20,623,670	4,138,262	42,881,808
-	-	-	-	72,409
-	-	-	-	2,043,861
-	-	-	-	3,111,416
-	-	-	1,686,723	2,466,223
<u>10,363,349</u>	<u>7,756,527</u>	<u>20,623,670</u>	<u>5,869,850</u>	<u>50,645,791</u>
<u>\$ 10,363,349</u>	<u>\$ 8,839,540</u>	<u>\$ 21,421,975</u>	<u>\$ 10,127,961</u>	<u>\$ 77,934,182</u>



**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Governmental Funds Fund Balance**  
**to the Statement of Net Assets**  
**Year Ended September 30, 2003**

Total fund balances - governmental funds (page 32)		\$ 50,645,791
Amounts reported for governmental activities in the statement of net assets are different because:		
Bond issuance costs are expenditures in the funds but are amortized over the life of the bonds in government-wide statements.		
		1,983,963
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets (net of accumulated depreciation) consist of:		
Land	5,876,958	
Buildings	63,892,711	
Improvements	3,305,094	
Equipment	15,542,582	
Infrastructure	29,491,002	
Construction in Progress	11,374,372	
Total Capital Assets		129,482,719
Other long term assets that were not available to pay for current-period expenditures were deferred in the funds. These assets consist of fines and fees receivable, net of allowance.		
		5,138,785
Property taxes earned that are not available to pay for current-period expenditures are deferred in the funds.		
		6,174,904
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Interest payable	(1,601,126)	
Bonds and capital leases payable	(153,311,695)	
Arbitrage payable	(117,463)	
Compensated absences	(3,880,836)	
Total future period liabilities		(158,911,120)
Net assets of governmental activities		\$ 34,515,042

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, 2003**

EXHIBIT IV

	General	Road & Bridge	Debt Service
<b><u>REVENUES:</u></b>			
Taxes	\$ 60,245,151	\$ 8,937,044	\$ 10,052,985
Licenses and Permits	1,053,847	5,625,119	-
Fees	9,404,000	-	-
Intergovernmental	2,159,537	1,260,750	-
Charges for Services	36,721	-	-
Interest	396,254	36,042	57,991
Contract Reimbursements	6,952,378	-	-
Inmate Housing	479,399	-	-
Fines and Forfeitures	118,573	1,087,804	-
Miscellaneous	1,075,185	366,795	-
<b><u>TOTAL REVENUES</u></b>	<b><u>81,921,045</u></b>	<b><u>17,313,554</u></b>	<b><u>10,110,976</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
General Administration	10,116,841	-	-
Judicial	8,075,160	-	-
Legal Services	1,339,872	-	-
Elections	562,397	-	-
Financial Administration	3,520,998	-	-
Public Facilities	6,093,188	-	-
Public Safety	38,055,807	-	-
Health and Welfare	3,441,917	-	-
Culture and Recreation	-	-	-
Conservation	380,843	331,317	-
Public Transportation	-	15,977,150	-
Miscellaneous	5,594,822	-	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	9,700,493
Interest and Fiscal Charges	-	-	6,169,771
Issuance Costs	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>77,181,845</u></b>	<b><u>16,308,467</u></b>	<b><u>15,870,264</u></b>
Excess (Deficiency) Revenues			
Over Expenditures	4,739,200	1,005,087	(5,759,288)
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>			
Operating Transfers In	4,457,449	69,836	6,204,837
Operating Transfers Out	(8,562,063)	(1,409,956)	-
Capital Lease Financing	151,948	-	-
Proceeds of Certificates of Obligation	-	-	-
Proceeds of General Obligation Bonds	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>(3,952,666)</u></b>	<b><u>(1,340,120)</u></b>	<b><u>6,204,837</u></b>
Net Change in Fund Balance	786,534	(335,033)	445,549
Fund Balances at Beginning of Year	1,452,802	2,186,942	1,476,722
Residual Equity Transfer	897,289	(1,000,000)	121,590
Prior Period Adjustment	-	-	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 3,136,625</u></b>	<b><u>\$ 851,909</u></b>	<b><u>\$ 2,043,861</u></b>

See accompanying notes to the financial statements.

Library Construction	Road Bonds Series 2002A	Road Bonds Series 2003A	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 79,235,180
-	-	-	95,204	6,774,170
-	-	-	300,730	9,704,730
-	-	-	4,108,064	7,528,351
-	-	-	1,089,468	1,126,189
39,585	168,452	97,588	92,812	888,724
-	-	-	-	6,952,378
-	-	-	-	479,399
-	-	-	379,958	1,586,335
500,000	-	-	201,451	2,143,431
<u>539,585</u>	<u>168,452</u>	<u>97,588</u>	<u>6,267,687</u>	<u>116,418,887</u>
-	-	-	182,645	10,299,486
-	-	-	4,700,072	12,775,232
-	-	-	220,532	1,560,404
-	-	-	-	562,397
-	-	-	-	3,520,998
-	-	-	-	6,093,188
-	-	-	1,559,926	39,615,733
-	-	-	3,148,163	6,590,080
-	-	-	4,390,872	4,390,872
-	-	-	-	712,160
-	-	-	883,438	16,860,588
-	-	-	-	5,594,822
3,048	10,403,909	3,209,864	3,927,825	17,544,646
-	-	-	-	9,700,493
-	-	-	-	6,169,771
173,188	1,250	369,054	216,900	760,392
<u>176,236</u>	<u>10,405,159</u>	<u>3,578,918</u>	<u>19,230,373</u>	<u>142,751,262</u>
<u>363,349</u>	<u>(10,236,707)</u>	<u>(3,481,330)</u>	<u>(12,962,686)</u>	<u>(26,332,375)</u>
-	-	-	9,117,753	19,849,875
(119,877)	(69,836)	(4,440)	(9,683,703)	(19,849,875)
-	-	-	-	151,948
-	-	-	11,587,458	11,587,458
10,003,009	-	24,109,440	-	34,112,449
<u>9,883,132</u>	<u>(69,836)</u>	<u>24,105,000</u>	<u>11,021,508</u>	<u>45,851,855</u>
10,246,481	(10,306,543)	20,623,670	(1,941,178)	19,519,480
116,868	18,063,070	-	7,871,770	31,168,174
-	-	-	(18,879)	-
-	-	-	(41,863)	(41,863)
<u>\$ 10,363,349</u>	<u>\$ 7,756,527</u>	<u>\$ 20,623,670</u>	<u>\$ 5,869,850</u>	<u>\$ 50,645,791</u>



**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2003**

Amounts reported for governmental activities in the statement of activities (page 30) are different because:

Net change in fund balances - total governmental funds (page 36)	\$ 19,519,480
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.	32,654,725
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.	306,942
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(317,115)
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 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.	(34,869,335)
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.	<u>(956,368)</u>
Change in net assets of governmental activities (page 30)	<u><u>\$ 16,338,329</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Major Governmental Funds**  
**Year Ended September 30, 2003**

EXHIBIT V  
Page 1 of 4

	General Fund			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$ 58,464,555	\$ 59,486,782	\$ 60,245,151	\$ 758,369
Licenses and Permits	1,007,700	1,021,447	1,053,847	32,400
Fees	9,153,288	9,289,332	9,404,000	114,668
Intergovernmental	578,725	2,155,718	2,159,537	3,819
Charges for Services	40,000	53,502	36,721	(16,781)
Interest	473,448	474,108	396,254	(77,854)
Contract Reimbursements	2,071,317	6,819,186	6,952,378	133,192
Inmate Housing	260,000	394,000	479,399	85,399
Fines and Forfeitures	120,000	121,500	118,573	(2,927)
Miscellaneous	721,608	954,308	1,075,185	120,877
<b><u>TOTAL REVENUES</u></b>	<b><u>72,890,641</u></b>	<b><u>80,769,883</u></b>	<b><u>81,921,045</u></b>	<b><u>1,151,162</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	10,939,622	11,874,367	10,116,841	1,757,526
Judicial	8,100,466	8,165,079	8,075,160	89,919
Legal Services	1,253,234	1,312,187	1,339,872	(27,685)
Elections	454,316	562,201	562,397	(196)
Financial Administration	3,631,889	3,741,291	3,520,998	220,293
Public Facilities	5,726,395	6,418,537	6,093,188	325,349
Public Safety	30,234,452	39,399,329	38,055,807	1,343,522
Health and Welfare	2,523,335	2,655,053	3,441,917	(786,864)
Conservation	352,769	397,169	380,843	16,326
Public Transportation	-	-	-	-
Miscellaneous	2,753,350	4,833,085	5,594,822	(761,737)
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>65,969,828</u></b>	<b><u>79,358,298</u></b>	<b><u>77,181,845</u></b>	<b><u>2,176,453</u></b>
Excess (Deficiency) Revenues Over Expenditures	6,920,813	1,411,585	4,739,200	3,327,615
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Operating Transfers In	-	3,150,549	4,457,449	1,306,900
Operating Transfers Out	-	(2,387,174)	(8,562,063)	(6,174,889)
Capital Lease Financing	-	151,948	151,948	-
Proceeds of Certificates of Obligation	-	1,100,000	-	(1,100,000)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>2,015,323</u></b>	<b><u>(3,952,666)</u></b>	<b><u>(5,967,989)</u></b>
Net Changes in Fund Balances	6,920,813	3,426,908	786,534	(2,640,374)
Fund Balances at Beginning of Year	1,452,802	1,452,802	1,452,802	-
Residual Equity Transfer	-	-	897,289	897,289
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 8,373,615</u></b>	<b><u>\$ 4,879,710</u></b>	<b><u>\$ 3,136,625</u></b>	<b><u>\$ (1,743,085)</u></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**  
**Major Governmental Funds**  
**Year Ended September 30, 2003**

EXHIBIT V  
Page 2 of 4

	Road & Bridge Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
Taxes	\$ 8,780,531	\$ 8,800,531	\$ 8,937,044	\$ 136,513
Licenses and Permits	5,680,300	5,694,050	5,625,119	(68,931)
Fees	-	-	-	-
Intergovernmental	145,000	1,066,719	1,260,750	194,031
Charges for Services	-	-	-	-
Interest	70,000	70,000	36,042	(33,958)
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,030,000	1,042,000	1,087,804	45,804
Miscellaneous	-	166,876	366,795	199,919
<b>TOTAL REVENUES</b>	<b>15,705,831</b>	<b>16,840,176</b>	<b>17,313,554</b>	<b>473,378</b>
<b>EXPENDITURES:</b>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	3,923	335,522	331,317	4,205
Public Transportation	15,628,276	18,894,936	15,977,150	2,917,786
Miscellaneous	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>15,632,199</b>	<b>19,230,458</b>	<b>16,308,467</b>	<b>2,921,991</b>
Excess (Deficiency) Revenues Over Expenditures	73,632	(2,390,282)	1,005,087	3,395,369
<b>OTHER FINANCING SOURCES/(USES):</b>				
Operating Transfers In	-	1,083,389	69,836	(1,013,553)
Operating Transfers Out	-	(836,532)	(1,409,956)	(573,424)
Capital Lease Financing	-	-	-	-
Proceeds of Certificates of Obligation	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>-</b>	<b>246,857</b>	<b>(1,340,120)</b>	<b>(1,586,977)</b>
Net Changes in Fund Balances	73,632	(2,143,425)	(335,033)	1,808,392
Fund Balances at Beginning of Year	2,186,942	2,186,942	2,186,942	-
Residual Equity Transfer	-	-	(1,000,000)	(1,000,000)
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 2,260,574</b>	<b>\$ 43,517</b>	<b>\$ 851,909</b>	<b>\$ 808,392</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**  
**Major Governmental Funds**  
**Year Ended September 30, 2003**

EXHIBIT V  
Page 3 of 4

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b><u>REVENUES:</u></b>				
Taxes	\$ 9,885,023	\$ 9,885,023	\$ 10,052,985	\$ 167,962
Licenses and Permits	-	-	-	-
Fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	203,848	196,399	57,991	(138,408)
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b><u>TOTAL REVENUES</u></b>	<u>10,088,871</u>	<u>10,081,422</u>	<u>10,110,976</u>	<u>29,554</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	-	-	-	-
Public Transportation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal Retirement	3,755,368	9,795,729	9,700,493	95,236
Interest and Fiscal Charges	6,333,503	6,333,503	6,169,771	163,732
<b><u>TOTAL EXPENDITURES</u></b>	<u>10,088,871</u>	<u>16,129,232</u>	<u>15,870,264</u>	<u>258,968</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(6,047,810)</u>	<u>(5,759,288)</u>	<u>288,522</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Operating Transfers In	-	6,047,810	6,204,837	157,027
Operating Transfers Out	-	-	-	-
Capital Lease Financing	-	-	-	-
Proceeds of Certificates of Obligation	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>6,047,810</u>	<u>6,204,837</u>	<u>157,027</u>
Net Changes in Fund Balances	-	-	445,549	445,549
Fund Balances at Beginning of Year	1,476,722	1,476,722	1,476,722	-
Residual Equity Transfer	-	-	121,590	121,590
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 1,476,722</u>	<u>\$ 1,476,722</u>	<u>\$ 2,043,861</u>	<u>\$ 567,139</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Major Governmental Funds**  
**Year Ended September 30, 2003**

EXHIBIT V  
Page 4 of 4

	Totals			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$ 77,130,109	\$ 78,172,336	\$ 79,235,180	\$ 1,062,844
Licenses and Permits	6,688,000	6,715,497	6,678,966	(36,531)
Fees	9,153,288	9,289,332	9,404,000	114,668
Intergovernmental	723,725	3,222,437	3,420,287	197,850
Charges for Services	40,000	53,502	36,721	(16,781)
Interest	747,296	740,507	490,287	(250,220)
Contract Reimbursements	2,071,317	6,819,186	6,952,378	133,192
Inmate Housing	260,000	394,000	479,399	85,399
Fines and Forfeitures	1,150,000	1,163,500	1,206,377	42,877
Miscellaneous	721,608	1,121,184	1,441,980	320,796
<b><u>TOTAL REVENUES</u></b>	<b><u>98,685,343</u></b>	<b><u>107,691,481</u></b>	<b><u>109,345,575</u></b>	<b><u>1,654,094</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	10,939,622	11,874,367	10,116,841	1,757,526
Judicial	8,100,466	8,165,079	8,075,160	89,919
Legal Services	1,253,234	1,312,187	1,339,872	(27,685)
Elections	454,316	562,201	562,397	(196)
Financial Administration	3,631,889	3,741,291	3,520,998	220,293
Public Facilities	5,726,395	6,418,537	6,093,188	325,349
Public Safety	30,234,452	39,399,329	38,055,807	1,343,522
Health and Welfare	2,523,335	2,655,053	3,441,917	(786,864)
Conservation	356,692	732,691	712,160	20,531
Public Transportation	15,628,276	18,894,936	15,977,150	2,917,786
Miscellaneous	2,753,350	4,833,085	5,594,822	(761,737)
Debt Service:				
Principal Retirement	3,755,368	9,795,729	9,700,493	95,236
Interest and Fiscal Charges	6,333,503	6,333,503	6,169,771	163,732
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>91,690,898</u></b>	<b><u>114,717,988</u></b>	<b><u>109,360,576</u></b>	<b><u>5,357,412</u></b>
Excess (Deficiency) Revenues Over Expenditures	6,994,445	(7,026,507)	(15,001)	7,011,506
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Operating Transfers In	-	10,281,748	10,732,122	450,374
Operating Transfers Out	-	(3,223,706)	(9,972,019)	(6,748,313)
Capital Lease Financing	-	151,948	151,948	-
Proceeds of Certificates of Obligation	-	1,100,000	-	(1,100,000)
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>8,309,990</u></b>	<b><u>912,051</u></b>	<b><u>(7,397,939)</u></b>
Net Changes in Fund Balances	6,994,445	1,283,483	897,050	(386,433)
Fund Balances at Beginning of Year	5,116,466	5,116,466	5,116,466	-
Residual Equity Transfer	-	-	18,879	18,879
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 12,110,911</u></b>	<b><u>\$ 6,399,949</u></b>	<b><u>\$ 6,032,395</u></b>	<b><u>\$ (367,554)</u></b>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Statement of Assets and Liabilities**

**Fiduciary Funds**

**September 30, 2003**

EXHIBIT VI

	<u>Agency Funds</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 8,939,405
Investments, at Fair Value	1,038,569
Accounts Receivable	<u>13,406</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 9,991,380</u></b>
<b><u>LIABILITIES:</u></b>	
Accounts Payable	\$ 4,190,394
Due to Other Funds	1,124,433
Due to Other Governments	<u>4,676,553</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 9,991,380</u></b>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2003**

**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.

In 1991, GASB issued Statement No. 14, *The Financial Reporting Entity*, which established standards for defining and reporting on the financial reporting entity. 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-** The following entities are included in the financial statements as blended component units based upon their significant financial and operational relationships to the County:

**South Montgomery County, Texas Road District No.1 (Road District):**

The Road District was formed in 1982 by order of Commissioners' Court to enable the residents thereof to provide for construction of roads in the area. The Road District is empowered to levy property taxes, and is governed by the Commissioners' Court of Montgomery County. The County is also required to authorize any issuance of debt and to adopt the annual appropriations budget.

The Road District's complete financial statements have been included in the County's Debt Service Funds.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2003**

**County Officials:**

Pursuant to state law, various officials elected to manage specific government functions (i.e., treasurer, county and district clerks, tax collector, sheriff, constables, and justices of the peace) are responsible solely to the electorate. They are legally independent of the entity of Montgomery County in the manner and method by which they carry out their responsibilities. Nevertheless, the reporting entity includes all transactions of these elected officials since they comprise what is commonly considered one unit of government.

**Discretely Presented Component Units-** One entity met the criteria for inclusion in the financial statements of the County as a discrete component unit; however, it had no financial activity in 2003 that required the issuance of separate audited financial statements. This disclosure is limited to the following description of the entity.

**Montgomery County Industrial Development Corporation:**

An industrial development corporation is created by an act of the State legislature for the specific purpose of promoting and developing commercial, industrial and manufacturing enterprise and encouraging employment. Commissioners' Court of the County appoints the corporation's board of directors. Although the Commissioners may remove members of the board of directors at will, their other rights are confined to those that would be classified as ministerial (or compliant). The law authorizes the corporation to issue industrial development bonds after approval by Commissioners' Court; however the bonds do not constitute indebtedness of the County. The bonds are secured solely by revenues received from the commercial organizations on whose behalf the bonds are issued.

Additional information regarding this corporation may be obtained from the entity's registered agent: David W. Crews, Attorney at Law, 1915 N. Frazier, Suite 103, Conroe, Texas, 77301.

**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 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 1022 McCall Street, Conroe, Texas, 77301.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2003**

**B) IMPLEMENTATION OF NEW STANDARDS:**

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

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34), which establishes accounting and financial reporting standards for state and local governments in order to enhance the understandability and usefulness of the financial reports to citizenry, legislative and oversight bodies, and investors and creditors.

GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, an Amendment of GASB Statements No. 21 and No. 34*, which revises the escheat reporting requirements, limits the topics discussed in Management's Discussion and Analysis, eliminates capitalization of construction-period interest requirements on capital assets used in government activities, and further clarifies the provisions of GASB 34.

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, which clarifies the application of modified accrual recognition of certain liabilities and expenditures.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability, and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The implementation of these standards had the following impact in the accompanying financial statements:

- Presentation of MD&A
- Presentation and classification of net assets
- Reporting certain additional note disclosures.

The following table shows beginning net assets for governmental activities, restated for the effects of the implementation of GASB 34:

Fund Balance, October 1, 2002, as previously reported	\$ 31,168,174
Prior period adjustment	(41,863)
Receivables	5,423,819
Deferred charges	1,363,383
Net capital assets	97,279,966
Deferred revenue	6,196,921
Unamortized discounts and premiums on debt	(364,638)
Long-term debt	(122,849,049)
Net Assets, October 1, 2002, full accrual	<u>\$ 18,176,713</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2003**

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

**Government-wide Statements**

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its blended component unit. 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 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 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 deferred revenue. Property taxes levied prior to September 30, 2002 that were due October 1, 2002, have been assessed to finance the budget of the fiscal year ending October 1, 2002. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2003, and beyond the 60 days after year end have been reflected as deferred revenue 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.



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**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds. 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, intergovernmental revenues, and investment interest income. 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 primarily by a designated part of the annual property tax levy.

**The 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 certain capital leases. Financing is provided by a specific annual property tax levy, and the investment interest earned thereon.

**The Capital Projects-Library Construction Fund** is used to account for the improvements to buildings within the Memorial Library System. Proceeds from the issuance of \$10million in general obligation bonds provide the financing for this fund.

**The Capital Projects-Road Bonds, Series 2002A Fund** is used to account for the initial phase of road construction projects as identified in the project plan approved by voters in 2001. Proceeds from the issuance of \$25million of general obligation bonds were used to finance this fund.

**The Capital Projects-Road Bonds, Series 2003A Fund** is used to account for the second phase of the countywide road construction plan. The proceeds from the issuance of an additional \$24million in general obligation bonds were used to finance this fund. A portion of the proceeds will be used to satisfy the County's obligation under several agreements with the State of Texas to improve state-owned roads.

The County reports the following *nonmajor governmental funds*:

**Special revenue funds** are used to account for specific revenue sources (other than for capital projects) that are restricted to expenditures for specified purposes. These restrictions exist both externally (by agreement with other entities or by statute) and internally (by policy of Commissioners' Court).

**A Debt service fund** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest associated with South Montgomery County, Texas Road District No. 1. Following the retirement of the District's debt, this fund was closed during fiscal

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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year 2003, and the residual equity was transferred to the County's major governmental Debt Service Fund.

**Capital project funds** are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure. Existing projects include construction of a courts building, a jail expansion, and various remodeling plans.

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 trust funds, cash bail bonds, and other similar arrangements.

**D) ASSETS, LIABILITIES, AND FUND EQUITY:**

**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.

The County is authorized by the Public Funds Investment Act of 1987 to invest 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.

The County reports its investments as required by GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments with a maturity of less than a year at acquisition are reported at amortized cost. Investments in open-end mutual funds are reported at fair value, as determined by the funds' current share prices. This value also approximates cost. And, the County's investments in the state's public funds investment pool are reported at fair value based on the value per share of the pool's underlying portfolio. Historically, the value per share in this public fund investment pool has approximated cost; therefore, the County's investments in this pool are reported at amortized cost.

**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 and revenues 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 for 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.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts.

**MONTGOMERY COUNTY, TEXAS**

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Receivables are shown net of an allowance for uncollectibles.

**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. Inventories and Prepaid Items**

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventory in the Road and Bridge Fund consists of expendable paving materials held for consumption in accordance with several contracts. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the fund financial statements, reported inventories and prepaid items are offset by a reservation of fund balance, 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, 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. 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, bridges, signals, and runways; however, the government-wide statements include only those infrastructure assets acquired subsequent to the fiscal year ended September 30, 2002. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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):

<u>Assets</u>	<u>Years</u>
Buildings	5-50
Improvements	10-30
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.

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**7. Deferred Revenue**

The County records deferred revenue for uncollected taxes, received but unearned grant revenues and other miscellaneous fee revenues in the fund financial statements. In the government-wide statements, tax revenues are not deferred, but are recognized in the year of levy.

**8. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

**9. 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, the following criteria has 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 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 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. Compensatory time is earned in accordance with the provisions of the Fair Labor Standards Act, as it applies to government employees.

**10. Arbitrage Rebate**

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 2003.

**11. Net Assets/Fund Balance (reserved, restricted)**

For the government-wide financial statements, restricted net assets represent externally imposed restrictions by creditors, grantors, contributors or laws or regulations of other

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2003**

governments. It may also represent restrictions imposed by law through constitutional provisions or enabling legislation.

For the fund financial statements, reserved fund balances represent those portions of fund equity not available for appropriation or that are legally segregated for a specific future use. Fund reservations include debt service, capital projects, prepaid items, and inventories.

Generally, resources that are *reserved* in the fund financial statements are broader in scope than resources that are *restricted*. However, in some instances, there may be some resources that would be considered restricted in the government-wide financial statements, but not considered reserved in the fund financial statements.

**12. 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.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between **net changes in fund balances – total governmental funds and changes in net assets 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	\$ 41,721,348
Depreciation expense	<u>(9,066,623)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 32,654,725</u>

*“The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.”* 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 assets differs from the Change in fund balance by the cost of the capital assets sold.	\$ (51,263)
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The acquisition of capital assets by seizure and by donations increase net assets in the statement of activities, but do not appear in the governmental funds

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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because they are not financial resources. 403,958

The statement of activities reports losses arising from the trade-in of existing Capital assets, as well as the salvage of certain existing assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets or the retirement of a capital asset.

(45,753)

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities

\$ 306,942

*"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 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." The details of this difference are as follows:*

Debt issued or incurred:

Issuance of general obligation bonds	\$ (34,000,000)
Issuance of certificates of obligation	(11,600,000)
Premium on bonds issued	(99,907)
Capital lease financing	(151,948)

Principal repayments:

General obligation debt	2,074,869
Certificates of obligation debt	835,000
Capital leases	8,072,651

Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities

\$ (34,869,335)

*"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	\$ (319,865)
Accrued interest	(536,628)
Amortization of issuance costs	(138,333)
Amortization of bond discounts	(6,596)
Amortization of bond premiums	34,991
Reduction of receivable for reimbursement of county expenditures	10,063
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (956,368)

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2003**

**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 seven 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. In addition, management files notice of all line item transfers for public record.

For fiscal year 2003, formal budgets were adopted for the General Fund, the Special Revenue Funds (except the Juvenile Probation Fund), and one of the two Debt Service Funds. The budget for the Juvenile Probation Fund is established pursuant to grant awards. The "unbudgeted" Debt Service Fund was established to retire the debt issued by the South Montgomery County, Texas Road District No. 1, a blended component unit of the County. During 2003, the Road District's Debt Service Fund was closed, as all outstanding debt has been retired. 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 on-going 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 2003, budget amendments totaling \$8,617,200 were approved that met this criteria. An additional amendment for \$2,035,510 was approved to fund an anticipated shortage in the Sheriff's operating budget (General Fund) due to increased costs associated with overtime payments.

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 2003, supplemental appropriations were approved in the amounts of \$4,089,231, \$4,747,869, and \$151,948 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

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**B) EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS:**

Expenditures exceeded appropriations in four funds during fiscal year 2003. Expenditures in the Attorney Administration, Forfeitures, Sheriff Commissary, and Animal Shelter Special Revenue Funds exceeded appropriations by \$23,245, \$67,122, \$6,345, and \$2,439, respectively. These excesses were absorbed by unanticipated revenues and an operating transfer from the General Fund, and had no impact on fund balances.

**C) DEFICIT FUND EQUITY:**

At September 30, 2003, the Attorney Administration Special Revenue Fund, the Capital Project-County Jail Fund, and the Capital Project-Airport Improvements Fund had deficit fund balances of \$2,803, \$1,457, and \$30,197, respectively. Management anticipates that future revenues will replenish the Attorney Administration Fund. The deficits in the two Capital Project funds will be addressed by operating transfers from the General Fund.

**NOTE 4- DEPOSITS AND INVESTMENTS:**

**A) DEPOSITS:**

Of the \$17,913,755 in cash reflected on the Balance Sheets for Governmental Funds and Fiduciary Funds at year end, \$22,550 represented cash on hand in various locations. The remaining \$17,891,205 represented the carrying amount of the County's deposits. The total bank balance (collected funds) at the balance sheet date was \$19,454,062. At September 30, 2003, the County's deposits were collateralized by securities pledged by the depository and held by third party agents of the County in the County's name.

**B) INVESTMENTS:**

There are three levels of risk associated with the investment of public funds. The categories of such risk are defined as follows:

- Category 1- Insured or registered, or securities are held by the County's agent in the County's name.
- Category 2- Uninsured or unregistered, and securities are held by the counter party's trust department, or agent in the County's name.
- Category 3- Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the County's name.

In accordance with the County's investment policy, a third party institution is required to hold the securities underlying the County's investments in a safekeeping account in the County's name. Following is a schedule of the County's investments at September 30, 2003:

	<u>Category</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	1	\$24,402,055	\$24,402,055
Investments not subject to categorization:			
State's Investment Pool (TEXPOOL)		1,104,287	1,104,287
Money Market Mutual Fund (ICT)		11,502,644	11,502,644
Money Market Mutual Fund (BPIF)		7,468,167	7,468,167
Money Market Mutual Fund (AIM)		7,158,586	7,158,586
Total Investments		<u>\$51,635,739</u>	<u>\$51,635,739</u>



**MONTGOMERY COUNTY, TEXAS**

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The County's investments in the three money market mutual funds and the state sponsored local government pool are not subject to risk categorization; however, management offers the following additional disclosure.

The County invested idle funds in a) the Government Portfolio of Investors' Cash Trust, b) the Trust for Federal Securities (T-Fund) with BlackRock Provident Institutional Funds, and c) the Short-Term Investments Trust (STIT) Government and Agency Portfolio with AIM Funds. These three mutual funds share several characteristics that have a positive effect on the safety of the County's funds, including:

- SEC registration and regulation,
- AAAm rating by Standard and Poor's,
- Limitations on investments to direct obligations of the US Treasury, US agencies, and its instrumentalities, and repurchase agreements collateralized by same,
- An average weighted maturity that is less than 90 days, and
- A portfolio valuation of net assets that is maintained at \$1 per share.

Additionally, funds were invested in the Texas Local Government Investment Pool (TexPool). This external investment pool was created in conformity with certain acts in the Government Code of the Texas Civil Statutes. The operations of the pool are managed by a third-party investment service and oversight is provided by the Comptroller of Public Accounts of the State of Texas along with a statewide advisory board. Although TexPool is not SEC-registered, it adheres to the same standards as money market mutual funds for limitations on its investments, the length of its average weighted maturity, and the valuation of its net assets.

**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 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 \$0.4710 per \$100, which means that the County has a tax margin of \$0.329 per \$100, and could raise up to \$53,592,065 additional taxes from the present assessed valuation of \$16,289,381,371 before the limit is reached.

The South Montgomery County, Texas Road District No. 1 (a blended component unit of the County) is no longer permitted by the State Constitution (Article III, Section 52) to levy taxes for the payment of principal and interest on long-term debt, as its debt obligation was retired in 2000. Any remaining taxes receivable collected on behalf of the Road District are required to be deposited into the Debt Service Fund of the County.

**MONTGOMERY COUNTY, TEXAS****Notes to the Financial Statements****September 30, 2003**

The thirty years' property taxes receivable at September 30, 2003, as reported by the Tax Assessor-Collector are presented as follows:

	<b>Taxes Receivable</b>	<b>Less: Allowance for Uncollectibles</b>	<b>Net Taxes Receivable</b>
General Fund	\$4,947,230	\$ 98,945	\$4,848,285
Road & Bridge Fund	735,876	14,718	721,158
Debt Service Fund (inclusive of So. Montgomery Co Road Dist No 1)	904,076	18,081	885,995
Total Receivable	<u>\$6,587,182</u>	<u>\$131,744</u>	<u>\$6,455,438</u>

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

Amounts due from other governments arise from funding received from federal and state grants, as well as interlocal agreements with local governments. At September 30, 2003, the following amounts were recorded as due to the County:

	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
General Fund	\$ 612,699	\$ 472,873	\$ 309,281	\$1,394,853
Special Revenue Funds	550,737	440,930	64,516	1,056,183
Capital Project Funds	37,807	273,452	500,000	811,259
Total Due from Governments	<u>\$1,201,243</u>	<u>\$1,187,255</u>	<u>\$ 873,797</u>	<u>\$3,262,295</u>

**NOTE 7- CAPITAL ASSETS:****A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2003:**

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions (1)</b>	<b>Deletions (1)</b>	<b>Ending Balance</b>
Land	\$ 4,737,583	\$ 1,142,903	\$ ( 3,528)	\$ 5,876,958
Construction in Progress	11,571,748	4,236,272	(4,433,648)	11,374,372
Total Capital Assets not being depreciated	<u>16,309,331</u>	<u>5,379,175</u>	<u>(4,437,176)</u>	<u>17,251,330</u>
Buildings	82,809,394	3,807,222	(1,503,703)	85,112,913
Improvements	4,242,213	3,381,431	(1,408,599)	6,215,045
Equipment	36,048,766	4,103,307	(1,425,841)	38,726,232
Infrastructure	-	32,257,082	-	32,257,082
Total Capital Assets being depreciated	<u>123,100,373</u>	<u>43,549,042</u>	<u>(4,338,143)</u>	<u>162,311,272</u>
Less accumulated depreciation for:				
Buildings	(20,271,506)	(1,818,230)	869,534	(21,220,202)
Improvements	(1,835,355)	(1,074,596)	-	(2,909,951)
Equipment	(20,022,878)	(4,133,211)	972,439	(23,183,650)
Infrastructure	-	(2,766,080)	-	(2,766,080)
Total Capital Assets being depreciated, net	<u>\$ 97,279,965</u>	<u>\$ 39,136,100</u>	<u>\$ (6,933,346)</u>	<u>\$ 129,482,719</u>

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

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2003**

**B) DEPRECIATION EXPENSE:**

Depreciation expense on capital assets is recorded in the Government-wide financial statements, but not in the Fund financial statements. For the year ended September 30, 2003, the County charged depreciation expense to functions/programs as follows:

Governmental activities:	
General Administration	\$ 1,634,952
Judicial	177,656
Legal Services	56,942
Elections	20,827
Financial Administration	36,146
Public Facilities	665,344
Public Safety	1,435,209
Health and Welfare	117,034
Culture and Recreation	923,705
Conservation	15,329
Public Transportation	3,983,479
Total depreciation expense-governmental activities	<u>\$ 9,066,623</u>

**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, 2003:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Jail Expansion	Substantially complete	\$ 8,700,000	\$ 7,991,313
Courts Building	Under construction	5,280,929	3,102,949
Custodial Building	Under construction	175,000	102,061
Three Libraries	Design/planning phase	10,000,000	178,049
Various road projects	Under construction	30,911,531	2,531,334
Total		<u>\$ 55,067,460</u>	<u>\$ 13,905,706</u>

**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, 2003, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
General	\$1,353,725	\$ -	\$ 2,005	\$ 1,355,730
Road & Bridge	-	-	54,252	54,252
Other Nonmajor	-	6,291	-	6,291
Total	<u>\$1,353,725</u>	<u>\$ 6,291</u>	<u>\$ 56,257</u>	<u>\$ 1,416,273</u>

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2003**

**B) DEFERRED REVENUES:**

The county reports deferred 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, deferred revenues were presented as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Unearned Fees</u>	<u>Total Deferred Revenues</u>
General	\$ 4,622,875	\$ 206,345	\$ 4,829,220
Road & Bridge	705,440	-	705,440
Debt Service	793,942	52,645	846,587
Other Nonmajor	-	390,651	390,651
Total	<u>\$ 6,122,257</u>	<u>\$ 649,641</u>	<u>\$ 6,771,898</u>

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

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

**A) BONDED DEBT:**

A summary of the long-term bonded debt, at September 30, 2003 is presented:

	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding</u>
<b>GENERAL OBLIGATION BONDS:</b>				
Library & Refunding, Series 1992	6.00-7.25	1992	2011	\$ 3,072,491
Refunding Bonds, Series 1997	5.10-5.60	1997	2017	9,510,607
Permanent Improvement, Series 2000	4.50-5.25	2000	2020	14,400,000
Road Bonds, Series 2002A	4.00-4.50	2002	2022	25,000,000
Refunding Bonds, Series 2002B	3.00-4.50	2002	2011	3,475,000
Road Bonds, Series 2003A	5.00	2003	2026	24,000,000
Library Bonds, Series 2003B	2.00-4.75	2003	2026	10,000,000
<b>Total Principal</b>				<u>89,458,098</u>
Accretion of Cap Appreciation Bonds:				
Library & Refunding, Series 1992	6.60-6.80	1992	2006	3,758,509
Refunding, Series 1997	5.10-5.60	1997	2017	4,530,193
<b>Total Accretion</b>				<u>8,288,702</u>
<b>TOTAL GENERAL OBLIGATION BONDS PAYABLE</b>				<u>\$ 97,746,800</u>
<b>CERTIFICATES OF OBLIGATION:</b>				
Series 1996	4.30-5.75	1996	2011	\$ 3,985,000
Series 1997	5.00-6.50	1997	2016	3,265,000
Series 1997A	4.10-6.00	1997	2015	13,650,000
Series 1998	4.60-6.50	1998	2018	17,950,000
Series 2001	4.65	2001	2011	2,090,000
Series 2003	2.00-4.75	2003	2022	11,600,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>				<u>\$ 52,540,000</u>
<b>TOTAL BONDED DEBT</b>				<u>\$150,286,800</u>

**MONTGOMERY COUNTY, TEXAS**  
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**B) CHANGES IN LONG-TERM DEBT:**

The following schedule illustrates changes in long-term debt for the year ended September 30, 2003. Reductions to general obligation bonds include an annual accretion reduction of capital appreciation bonds in the amount of \$181,437. For each category, management has presented the portion that will be due within one year, except for compensated absences. Management estimates that the value of the benefit for compensated absences to be paid in the subsequent fiscal year will not exceed the value of the benefit actually earned during that year.

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
General Obligation	\$ 65,821,669	\$34,000,000	\$ (2,074,869)	\$ 97,746,800	\$2,147,684
Certificates of obligation	41,775,000	11,600,000	(835,000)	52,540,000	870,000
Less deferred amounts:					
Issuance discounts	(22,715)	(93,656)	6,596	(109,775)	(6,596)
Unamortized premiums	387,352	193,563	(34,991)	545,924	34,991
Total bonds payable	107,961,306	45,699,907	(2,938,264)	150,722,949	3,046,079
Arbitrage rebate payable	236,296	-	(118,833)	117,463	117,463
Capital leases	10,509,449	151,948	(8,072,651)	2,588,746	1,010,652
Compensated absences	3,560,971	319,865	-	3,880,836	-
Total Long-term Liabilities	\$122,268,022	\$46,171,720	\$(11,129,748)	\$157,309,994	\$4,174,194

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

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

<b>Maturity</b>	<b>General Obligation</b>		<b>Certificates of Obligation</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2004	\$ 2,147,684	\$ 6,052,664	\$ 870,000	\$ 2,768,614
2005	2,054,737	5,480,383	905,000	2,515,901
2006	1,805,070	5,005,150	1,890,000	2,439,580
2007	2,460,000	3,715,757	2,955,000	2,306,340
2008	2,033,741	4,152,391	3,490,000	2,132,797
2009-2013	10,981,624	21,901,395	18,330,000	7,983,285
2014-2018	14,960,242	21,129,898	19,750,000	3,509,887
2019-2023	32,460,000	9,220,606	3,405,000	601,946
2024-2026	20,555,000	1,575,225	945,000	72,375
<b>Total</b>	<b>\$ 89,458,098</b>	<b>\$ 78,233,469</b>	<b>\$ 52,540,000</b>	<b>\$ 24,330,725</b>

**D) PRIOR YEAR DEFEASANCE OF DEBT:**

In a prior year, the County defeased a second portion of the 1992 Series bonds by creating a separate irrevocable trust fund. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust fund. 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 County's General Long-Term Debt Account Group. As of September 30, 2003, defeased but outstanding debt from prior a year refunding transaction consisted of General Obligation Bonds, Library and Refunding Series 1992 in the amount \$5,964,283.

**MONTGOMERY COUNTY, TEXAS**

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**E) FUTURE BORROWING:**

In a countywide bond election held on November 6, 2001, the voters of Montgomery County authorized the Commissioners' Court to issue \$60,000,000 of unlimited tax road bonds. Subsequently, the County issued \$25,000,000 Series 2002 bonds and \$24,000,000 Series 2003 bonds, leaving \$11,000,000 in authorized but unissued bonds as of September 30, 2003. The County plans to issue the remaining road bonds in the summer of 2004, along with approximately \$2.2million in certificates of obligation for three improvement projects: a)repair and renovation of the building that houses the elections administrator, b)remodel of the existing administration building to make room for additional offices, and c)improvements to the County's Lone Star Executive Airport. Additionally, the County has engaged an engineer to develop a long range plan for road improvements. At this time, there is no timeline associated with either a bond election or the issuance of that debt.

**F) CONDUIT DEBT OBLIGATIONS:**

Montgomery County Industrial Development Corporation and Harris County Health Facilities Development Corporation have 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 Industrial Development Corporation-** The corporation issues industrial revenue bonds that promote and encourage employment and public welfare. As of September 30, 2003, there were fourteen series of bonds outstanding. The aggregate principal amount payable for the bonds issued prior to December 15, 1995, could not be determined; however, the original issues totaled \$44,895,000. The bonds will be repaid from sources defined in underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

**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 September 30, 2003, there were fifteen series of bonds outstanding with an aggregate principal payable of \$3.3billion. 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.

**G) CAPITAL LEASES:**

The County has entered into capital lease agreements for the lease/purchase of certain heavy road equipment, computer hardware/software, vehicles, and two buildings. These assets are recorded as equipment and buildings in the Capital Assets portion of the government-wide financial statements. 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, 2003 and the funds from which they will be paid are as shown on the following page.

**MONTGOMERY COUNTY, TEXAS****Notes to the Financial Statements****September 30, 2003**

<u>Year Ending</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2004	\$ 342,484	\$ 585,589	\$ 219,907
2005	53,143	571,562	75,194
2006	-	385,765	-
2007	-	341,730	-
2008	-	330,192	-
Total Minimum Lease Payments	395,627	2,214,838	295,101
Less: amount representing interest	20,490	275,190	21,140
Present value-minimum lease payments	<u>\$ 375,137</u>	<u>\$ 1,939,648</u>	<u>\$ 273,961</u>

**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. The composition of inter-fund balances as of September 30, 2003 is as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,988,441	\$ 4,376,051
Road and Bridge Fund	117,693	997,552
Debt Service Fund	1,841,424	-
Cap Project/Road Bonds 2002A	48,745	-
Cap Project/Road Bonds 2003A	450,194	-
Non-major Governmental Funds	2,356,737	1,305,198
Agency Funds	-	1,124,433
	<u>\$ 7,803,234</u>	<u>\$ 7,803,234</u>

**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, 2003 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,457,449	\$ 8,562,063
Road and Bridge Fund	69,836	1,409,956
Debt Service Fund	6,204,837	-
Capital Project/Library Constn	-	119,877
Cap Project/Road Bonds 2002A	-	69,836
Cap Project/Road Bonds 2003A	-	4,440
Nonmajor Governmental Funds	9,117,753	9,683,703
	<u>\$ 19,849,875</u>	<u>\$ 19,849,875</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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

**NOTE 11- OPERATING LEASES:**

The County is a party to several lease agreements, both as lessor and as lessee. Significant terms are discussed below:

Automated Flight Service Station- The County leases the Automated Flight Service Station to the Federal Aviation Administration on an annually renewable lease that currently extends to September 30, 2004. The annual rent of \$102,500 is recorded in the General Fund. The Flight Service Station is recorded as a Capital Asset in the County's government-wide financial statements at a cost of \$802,428, less accumulated depreciation of \$304,923.

Office Space- The County leases office and ground space under various agreements, two of which contain terms in excess of one year. The first lease is for 2,300 square feet of office space to house the Community Development Department. The lease term for this lease is August 1, 2000 through July 31, 2005, and the annual payment is \$39,100. The second lease is also for space for the Community Development Department, and is for an additional 912 square feet of storage space. The second lease term is November 1, 2002 through October 31, 2005 and the annual payment is \$10,000.

Minimum Future Rental Payments- Lease expenditures for the year ended September 30, 2003 totaled \$478,970. Following is a schedule of payments due on office space leases through the stated ending dates of the agreements:

<b><u>Year Ending</u></b> <b><u>September 30,</u></b>	
2004	\$ 49,100
2005	42,583
2006	833
Total Future Payments	<u>\$ 92,516</u>

**NOTE 12- RISK MANAGEMENT:**

**A) EMPLOYEE HEALTH BENEFITS:**

Effective January, 1989, the County established a partially self-funded trust plan which offers medical, dental, vision, life, and disability 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 \$100,000 for any individual claim. 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 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, 2003, were \$980,528. Claims incurred but not reported (IBNR) at September 30, 2003, are estimated to be \$622,745. Estimates are not based on actuarial calculations, but rather on historical trends. Both amounts have been recorded as expenditures in the General 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, 2003 and September 30, 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning of year	\$ 1,229,042	\$ 1,108,486
Incurred claims (including IBNR)	9,804,511	7,595,764
Claim payments	<u>(9,430,280)</u>	<u>(7,475,208)</u>
Unpaid claims, end of year	<u>\$ 1,603,273</u>	<u>\$ 1,229,042</u>

During the year ended September 30, 2003, the plan received contributions in the amounts of \$10,253,991 and \$1,021,924 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 \$323,635 in administrative costs and \$1,147,769 for reinsurance and insurance premiums.

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

For the first quarter of the 2003 fiscal year, the County participated in a risk pool for workers' compensation benefits under an interlocal agreement with the Texas Association of Counties (TAC). The TAC pool is a non-profit, tax-exempt program, established in 1974, to offer workers' compensation coverage to Texas Counties and county-related entities. The pool uses the Texas Department of Insurance rates per job classification code as a benchmark to set member contribution rates and to discount those rates based on experience of the member.

Participation in the pool provided the County with workers' compensation coverage at the limits provided by state law, and employer's liability coverage at \$1,000,000 per occurrence. The pool maintains sufficient assets to cover foreseeable liabilities; therefore, the County's risk was considered to be transferred. Premiums paid into the pool are based on salary levels of all current employees, and are recorded as current expenditures in the General and Special Revenue Funds. For fiscal year 2003, the County paid \$253,545 into the pool.

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 level of \$1,000,000 per occurrence. A third party administrator has been engaged by the County to administer claims. Excess loss insurance was purchased to limit the claims loss to the County to no more than \$250,000 per claim per year. Reinsured levels will decrease to \$150,000 and \$100,000 in fiscal years 2004 and 2005, respectively, for an ongoing claim.

Costs associated with this program are recorded as expenditures 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, 2003, the County expended \$23,144 for administrative costs and \$52,485 for excess loss insurance premiums.

Changes in the workers' compensation liability for the fiscal year 2003 follows:

	<u>2003</u>
Unpaid claims, beginning of year	\$ -
Incurred claims (including IBNR)	347,956
Claim payments	<u>(85,110)</u>
Unpaid claims, end of year	<u>\$ 262,846</u>

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**C) PROPERTY AND CASUALTY:**

The County purchased insurance coverage for certain plant, property, and equipment for the fiscal year. Deductibles are maintained at \$1,000 for each occurrence. The County paid \$558,699 in premiums in fiscal 2003, and recorded the expenditure in the General Fund. Settled claims have not exceeded commercial coverage in any of the past two fiscal years.

**D) GENERAL LIABILITY:**

The County chose to self-insure for general liability during fiscal year 2003. There were no stop-loss policies purchased for this risk. However, effective December 1, 2003, the County began participating in an individual public entity risk pool to transfer certain risks associated with property, casualty, and general liability. Note 15 describes the County's obligation under liability claims for 2003, and Note 16 more fully explains the subsequent event.

**NOTE 13- EMPLOYEE RETIREMENT PLAN:**

**A) PLAN DESCRIPTION:**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 517 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, Texas, 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years 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 deposits 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.

**B) FUNDING POLICY:**

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 8.78% for the months of the accounting year in 2002, and 9.12% for the months of the accounting year in 2003.

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The deposit rate payable by the employee members for calendar year 2003 was 6.0% 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.

**C) ANNUAL PENSION COST:**

For Montgomery County's accounting year ended September 30, 2003, the annual pension cost for the TCDRS plan for its employees was \$4,633,757, and the actual contributions were \$4,633,757.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2000, and December 31, 2001, the basis for determining the contributions rates for calendar years 2002 and 2003. The December 31, 2002 actuarial valuation is the most recent valuation.

**D) ACTUARIAL VALUATION INFORMATION:**

Actuarial valuation date	12/31/2000	12/31/2001	12/31/2002
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20	20	20
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.90%	5.50%	5.50%
Inflation	4.00%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%
(1)Includes inflation at the stated rate.			

**E) TREND INFORMATION:**

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/01	\$ 3,749,349	100.00%	\$ 0.00
9/30/02	4,143,323	100.00%	0.00
9/30/03	4,633,757	100.00%	0.00

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**F) SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN FOR EMPLOYEES OF MONTGOMERY COUNTY:** (Amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll(1)	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/00	\$74,461	\$ 86,580	\$ 12,119	86.00%	\$ 39,539	30.65%
12/31/01	82,349	96,621	14,273	85.22%	43,351	32.92%
12/31/02	89,840	106,776	16,936	84.14%	48,138	35.18%

(1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ended with the valuation date.

**NOTE 14- OTHER POST-EMPLOYMENT BENEFITS:**

Effective January 1, 2000, Commissioners' Court adopted a plan to pay for health benefit coverage for qualified retirees. To qualify for inclusion in the coverage, an individual must attain 15 continuous years of employment with the County and be eligible for a retirement annuity from the Texas County and District Retirement System. 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.

The coverage is the same as that for a full time regular employee, as further disclosed in Note 12-A. Management funds this benefit on a "pay-as-you-go" basis, as actuarial estimates are not available. For the year ended September 30, 2003, twenty-four employees retired from service with the County. Fifteen of those retirees met the qualifications stated above, bringing the total retirees covered by this benefit to forty-six. The cost recorded by the County is included in Note 12.

During the year, the County incurred \$538,827 in health care claims for retirees and their dependents. Retiree contributions for 2003 were \$111,168, and the County paid the remaining amount of the claims.

**NOTE 15- CONTINGENT LIABILITIES:**

**A) GENERAL LIABILITY:**

For fiscal year 2003, management chose to retain the risk for losses usually covered by general liability insurance (for damages to persons and property). Funds were appropriated in the General Fund for these losses in a "risk management" budget. Expenditures are recorded as current transactions in the year paid. During the year ended September 30, 2003, the County expended \$68,724 for damages in connection with forty such claims.

**B) GRANTS:**

The County receives various grant moneys 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.

**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. During

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fiscal year 2003, the County paid \$257,793, including attorneys' fees, to settle two of these claims. In addition, the County paid \$147,880 for legal counsel to defend existing claims. 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.

**NOTE 16- SUBSEQUENT EVENTS:**

**A) PUBLIC ENTITY RISK FUND:**

Effective December 1, 2003, Montgomery County established a property, casualty, liability and workers' compensation self-funded loss fund. For worker's compensation, this fund replaces the previous plan. The fund purchased reinsurance policies to cover individual claims on property, contents, general liability, public official liability, law enforcement liability, auto liability, workers' compensation and employers liability. These individual policies are packaged together in one product offering, for a more cost effective and comprehensive program.

The County is responsible for satisfying a deductible by line of coverage. The lowest per occurrence deductible is \$10,000 for physical damage to vehicles, which is covered under the property policy. All liability policies have a \$100,000 per occurrence deductible. Workers' compensation has a \$250,000 deductible. All money that is spent on satisfying deductibles during the policy year for all lines of coverage, including workers' compensation, accumulates to a common secondary policy called aggregate reinsurance. The County purchased this secondary aggregate reinsurance for ultimate protection against fluctuating annual claims cost and a top end cap on all claims.

Defense cost for claims is considered an eligible expense for satisfying the deductible under the liability policies. This type of program provides the County with coverage for all types of risks and sets an insured "worst case" cap on the amount of money that can be spent annually by the County. The aggregate cap remains "open" after the policy termination to include any claims that were reported during the policy period but were not finalized until a later date.

**B) CIVIL SERVICE SYSTEM:**

In September 2003, the voters of Montgomery County approved the creation of a Civil Service System to cover County employees. The system was established effective January 1, 2004, pursuant to the provisions of Chapter 158 of the Local Government Code, Texas Civil Statutes. The system is governed by a three-person commission, appointed by the Commissioners' Court of the County. The commission is charged with responsibility in matters relating to the selection, procedural and substantive rights, benefits, and working conditions of County employees.

**C) BUDGET OFFICER:**

Effective January 1, 2004, Commissioners' Court established the position of Budget Officer for the County. The position was created to assume the duty of preparing and recommending an annual operating budget to the Commissioners' Court. Additionally, the Budget Officer will handle grant administration and certain financial reporting. An initial departmental budget of \$98,000 was allocated for fiscal year 2004.

**NOTE 17- NEW ACCOUNTING PRONOUNCEMENT:**

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39 *Determining Whether Certain Organizations Are Component Units* (GASB 39). This statement will be effective for the County for the fiscal year ending September 30, 2004, and requires that state and local governments report legally separate, tax-exempt organizations as discrete component units if they meet the following criteria:

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- The economic resources received or held by the affiliated organization are almost entirely for the direct benefit of the County.
- The County is entitled to or has the ability to access a majority of the funds raised by the affiliated organization.
- The funds held by the affiliated organization are material to the County's financial statements.

Management of the County does not believe the implementation of this standard will have a material impact on the County's financial statements.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**MONTGOMERY COUNTY, TEXAS**  
**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>TAXES:</u></b>				
Ad Valorem Current	\$ 56,535,005	\$ 56,535,005	\$ 56,987,541	\$ 452,536
Ad Valorem Delinquent	812,900	1,231,900	1,310,591	78,691
Penalty and Interest	626,650	1,013,650	1,088,859	75,209
Mixed Beverage	420,000	420,000	551,408	131,408
Bingo Tax	70,000	70,000	82,009	12,009
Miscellaneous Taxes	-	216,227	224,743	8,516
Total Taxes	58,464,555	59,486,782	60,245,151	758,369
<b><u>LICENSES AND PERMITS:</u></b>				
Beer Licenses	68,000	68,000	69,158	1,158
Trial Fees	4,700	4,700	4,227	(473)
Flood Plain Fees	-	20,043	28,890	8,847
Health Permits	465,000	407,000	413,757	6,757
Park Permits	50,000	53,000	57,935	4,935
Animal Control Fees	5,000	5,000	3,520	(1,480)
Food Service Permits	275,000	281,000	301,915	20,915
Alarm Permits	75,000	80,000	82,535	2,535
Stenographer Fees	65,000	102,704	91,910	(10,794)
Total Licenses and Permits	1,007,700	1,021,447	1,053,847	32,400
<b><u>FEES:</u></b>				
County Judge	6,500	6,500	7,399	899
County Sheriff	230,000	230,000	257,991	27,991
County Attorney	75,000	75,000	92,018	17,018
County Clerk	2,352,211	3,158,836	3,584,988	426,152
Tax Assessor-Collector	590,200	600,200	606,035	5,835
District Clerk	747,132	817,132	712,558	(104,574)
Justice of the Peace	3,671,145	2,896,460	2,963,672	67,212
Constable	738,000	743,962	551,022	(192,940)
Voter Registration	7,500	7,500	1,942	(5,558)
Criminal Justice Fees	735,600	753,742	626,375	(127,367)
Total Fees	9,153,288	9,289,332	9,404,000	114,668
<b><u>INTERGOVERNMENTAL:</u></b>				
Federal Grants:				
Department of Agriculture		38,009	755,482	717,473
Dept Health/Human Services	210,000	242,796	227,157	(15,639)
Department of Justice	150,000	453,777	313,560	(140,217)
Federal Emergency Mgt Agency	25,000	65,969	44,331	(21,638)
Total Federal Grants	385,000	800,551	1,340,530	539,979



**MONTGOMERY COUNTY, TEXAS**  
**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>INTERGOVERNMENTAL(cont'd)</u></b>				
State Grants:				
Auto Theft Prevention Authority	-	951,854	578,426	(373,428)
Department of Health	-	-	107,218	107,218
Office of Attorney General	30,000	30,000	35,850	5,850
Tx Comm on Environmental Quality	-	185,534	23,500	(162,034)
Total State Grants	30,000	1,167,388	744,994	(422,394)
Other:				
Prosecutor Salary Supplement	153,725	155,809	27,045	(128,764)
Intergovernmental Contracts	10,000	24,700	29,407	4,707
Voter Registration	-	7,270	17,561	10,291
Total Other	163,725	187,779	74,013	(113,766)
Total Intergovernmental	578,725	2,155,718	2,159,537	3,819
<b><u>CHARGES FOR SERVICE</u></b>	40,000	53,502	36,721	(16,781)
<b><u>INTEREST</u></b>	473,448	474,108	396,254	(77,854)
<b><u>CONTRACT REIMBURSEMENTS</u></b>	2,071,317	6,819,186	6,952,378	133,192
<b><u>INMATE HOUSING</u></b>	260,000	394,000	479,399	85,399
<b><u>FINES AND FORFEITURES</u></b>	120,000	121,500	118,573	(2,927)
<b><u>MISCELLANEOUS:</u></b>				
Lease of Facility	102,500	102,500	102,500	-
Commissions	555,000	555,000	494,568	(60,432)
Other	64,108	296,808	478,117	181,309
Total Miscellaneous	721,608	954,308	1,075,185	120,877
<b><u>TOTAL REVENUES</u></b>	72,890,641	80,769,883	81,921,045	1,151,162
<b><u>OTHER FINANCING SOURCES:</u></b>				
Operating Transfers In	-	3,150,549	4,457,449	1,306,900
Capital Lease Financing	-	151,948	151,948	-
Proceeds of Certificates of Obligation	-	1,100,000	-	(1,100,000)
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	4,402,497	4,609,397	206,900
<b><u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u></b>	<u>\$ 72,890,641</u>	<u>\$ 85,172,380</u>	<u>\$ 86,530,442</u>	<u>\$ 1,358,062</u>

**MONTGOMERY COUNTY, TEXAS**  
**General Fund**  
**Schedule of Expenditures and Other Financing Uses**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge:				
Salaries	\$ 202,568	\$ 209,257	\$ 210,590	\$ (1,333)
Employee Benefits	49,368	49,368	48,368	1,000
Supplies	6,000	4,572	1,600	2,972
Contract Services	7,339	27,825	26,232	1,593
Capital Outlay	4,600	4,261	1,885	2,376
Total County Judge	<u>269,875</u>	<u>295,283</u>	<u>288,675</u>	<u>6,608</u>
Human Resources:				
Salaries	156,175	162,427	162,463	(36)
Employee Benefits	43,673	42,383	42,464	(81)
Supplies	9,000	5,513	3,955	1,558
Contract Services	17,790	17,098	12,694	4,404
Total Human Resources	<u>226,638</u>	<u>227,421</u>	<u>221,576</u>	<u>5,845</u>
Risk Management:				
Salaries	54,589	79,329	63,187	16,142
Employee Benefits	30,112	21,202	21,006	196
Supplies	56,835	50,632	30,352	20,280
Contract Services	1,841,750	2,761,871	1,646,584	1,115,287
Capital Outlay	5,429	8,429	8,151	278
Total Risk Management	<u>1,988,715</u>	<u>2,921,463</u>	<u>1,769,280</u>	<u>1,152,183</u>
County Clerk:				
Salaries	1,257,223	1,284,551	1,263,590	20,961
Employee Benefits	399,870	386,091	379,483	6,608
Supplies	71,641	79,441	73,288	6,153
Contract Services	147,864	298,463	229,530	68,933
Capital Outlay	86,364	79,062	1,718	77,344
Total County Clerk	<u>1,962,962</u>	<u>2,127,608</u>	<u>1,947,609</u>	<u>179,999</u>
Collections:				
Salaries	260,797	264,649	263,894	755
Employee Benefits	77,603	66,158	63,869	2,289
Supplies	23,505	22,572	22,188	384
Contract Services	13,956	22,948	13,480	9,468
Capital Outlay	5,506	7,415	7,414	1
Total Collections	<u>381,367</u>	<u>383,742</u>	<u>370,845</u>	<u>12,897</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>GENERAL ADMINISTRATION(cont'd)</u></b>				
Veterans' Service:				
Salaries	74,548	77,005	77,319	(314)
Employee Benefits	21,186	21,186	21,029	157
Supplies	851	1,151	1,077	74
Contract Services	2,700	3,700	1,424	2,276
Total Veterans' Service	99,285	103,042	100,849	2,193
Communications/Information:				
Salaries	862,348	894,841	893,421	1,420
Employee Benefits	224,658	213,324	213,291	33
Supplies	93,974	121,868	117,741	4,127
Contract Services	269,494	897,168	664,824	232,344
Capital Outlay	95,140	1,202,388	1,119,394	82,994
Total Comms/Information	1,545,614	3,329,589	3,008,671	320,918
Purchasing Agent:				
Salaries	361,909	379,117	380,276	(1,159)
Employee Benefits	104,947	104,947	103,695	1,252
Supplies	10,500	13,860	12,410	1,450
Contract Services	207,777	115,546	113,284	2,262
Capital Outlay	250	5,371	5,332	39
Total Purchasing Agent	685,383	618,841	614,997	3,844
County-Wide:				
Supplies	493,083	516,891	510,733	6,158
Contract Services	3,276,700	1,350,487	1,283,606	66,881
Capital Outlay	10,000	-	-	-
Total County-Wide	3,779,783	1,867,378	1,794,339	73,039
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>10,939,622</u></b>	<b><u>11,874,367</u></b>	<b><u>10,116,841</u></b>	<b><u>1,757,526</u></b>
<b><u>JUDICIAL:</u></b>				
County Court No1:				
Salaries	183,902	200,985	197,354	3,631
Employee Benefits	51,980	49,830	49,897	(67)
Supplies	6,934	4,774	3,645	1,129
Contract Services	8,015	8,750	7,565	1,185
Capital Outlay	1,515	1,017	1,017	-
Total County Court No1	252,346	265,356	259,478	5,878

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUDICIAL(cont'd)</u></b>				
County Court No2:				
Salaries	192,148	208,504	205,007	3,497
Employee Benefits	51,417	45,897	49,540	(3,643)
Supplies	5,800	5,459	4,689	770
Contract Services	3,550	5,170	4,360	810
Capital Outlay	2,275	2,275	1,582	693
Total County Court No2	255,190	267,305	265,178	2,127
County Court No3:				
Salaries	186,808	200,536	197,609	2,927
Employee Benefits	50,559	44,999	44,877	122
Supplies	8,770	7,375	6,994	381
Contract Services	12,600	14,050	10,774	3,276
Capital Outlay	4,096	9,606	8,540	1,066
Total County Court No3	262,833	276,566	268,794	7,772
County Court No4:				
Salaries	185,006	201,887	198,684	3,203
Employee Benefits	52,202	52,202	51,449	753
Supplies	15,400	10,460	8,878	1,582
Contract Services	8,400	8,454	7,871	583
Capital Outlay	-	4,282	2,909	1,373
Total County Court No4	261,008	277,285	269,791	7,494
District Attorney:				
Salaries	2,729,157	2,752,580	2,795,493	(42,913)
Employee Benefits	737,044	702,384	704,005	(1,621)
Supplies	56,074	75,187	65,909	9,278
Contract Services	118,002	116,139	100,464	15,675
Capital Outlay	98,983	83,592	80,014	3,578
Total District Attorney	3,739,260	3,729,882	3,745,885	(16,003)
District Clerk:				
Salaries	1,130,847	1,098,731	1,082,774	15,957
Employee Benefits	374,504	336,984	335,809	1,175
Supplies	54,800	81,279	66,369	14,910
Contract Services	32,772	45,991	32,151	13,840
Capital Outlay	26,000	26,907	9,115	17,792
Total District Clerk	1,618,923	1,589,892	1,526,218	63,674

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>JUDICIAL(cont'd)</b>				
Justice of Peace Pct 1:				
Salaries	203,386	202,906	203,016	(110)
Employee Benefits	59,409	54,439	54,565	(126)
Supplies	7,500	8,469	8,282	187
Contract Services	9,276	27,403	23,278	4,125
Capital Outlay	-	1,000	695	305
Total Justice of Peace Pct 1	279,571	294,217	289,836	4,381
Justice of Peace Pct 2:				
Salaries	185,742	184,250	184,173	77
Employee Benefits	52,032	47,132	47,036	96
Supplies	4,850	5,250	4,713	537
Contract Services	8,800	10,900	9,102	1,798
Capital Outlay	840	840	-	840
Total Justice of Peace Pct 2	252,264	248,372	245,024	3,348
Justice of Peace Pct 3:				
Salaries	399,007	400,213	400,593	(380)
Employee Benefits	125,356	125,356	121,994	3,362
Supplies	25,861	17,494	15,595	1,899
Contract Services	12,725	20,350	17,524	2,826
Capital Outlay	1,500	1,514	1,513	1
Total Justice of Peace Pct 3	564,449	564,927	557,219	7,708
Justice of Peace Pct 4:				
Salaries	264,913	285,761	285,398	363
Employee Benefits	86,514	70,618	72,925	(2,307)
Supplies	10,400	10,175	7,869	2,306
Contract Services	7,100	9,695	8,609	1,086
Capital Outlay	2,595	2,595	1,490	1,105
Total Justice of Peace Pct 4	371,522	378,844	376,291	2,553
Justice of Peace Pct 5:				
Salaries	180,145	183,127	183,173	(46)
Employee Benefits	52,043	50,143	50,093	50
Supplies	8,662	4,393	4,076	317
Contract Services	2,250	23,770	23,575	195
Capital Outlay	-	11,000	10,529	471
Total Justice of Peace Pct 5	243,100	272,433	271,446	987
<b>TOTAL JUDICIAL</b>	<b>8,100,466</b>	<b>8,165,079</b>	<b>8,075,160</b>	<b>89,919</b>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>LEGAL:</u></b>				
County Attorney:				
Salaries	960,443	1,019,166	1,041,831	(22,665)
Employee Benefits	248,791	250,121	250,788	(667)
Supplies	23,500	24,548	24,087	461
Contract Services	18,500	16,513	20,125	(3,612)
Capital Outlay	2,000	1,839	3,041	(1,202)
<b><u>TOTAL LEGAL</u></b>	<b><u>1,253,234</u></b>	<b><u>1,312,187</u></b>	<b><u>1,339,872</u></b>	<b><u>(27,685)</u></b>
<b><u>ELECTIONS:</u></b>				
Salaries	293,628	357,771	359,080	(1,309)
Employee Benefits	68,988	69,721	62,836	6,885
Supplies	37,725	49,657	54,824	(5,167)
Contract Services	53,975	72,570	73,175	(605)
Capital Outlay	-	12,482	12,482	-
<b><u>TOTAL ELECTIONS</u></b>	<b><u>454,316</u></b>	<b><u>562,201</u></b>	<b><u>562,397</u></b>	<b><u>(196)</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor:				
Salaries	600,299	600,299	585,426	14,873
Employee Benefits	178,652	173,510	155,613	17,897
Supplies	11,690	23,000	22,000	1,000
Contract Services	13,545	14,516	8,626	5,890
Capital Outlay	1,450	1,797	1,797	-
Total County Auditor	<b><u>805,636</u></b>	<b><u>813,122</u></b>	<b><u>773,462</u></b>	<b><u>39,660</u></b>
County Treasurer:				
Salaries	222,673	230,680	231,274	(594)
Employee Benefits	63,446	63,446	62,935	511
Supplies	14,450	7,777	7,630	147
Contract Services	8,592	12,939	12,824	115
Capital Outlay	-	5,403	5,343	60
Total County Treasurer	<b><u>309,161</u></b>	<b><u>320,245</u></b>	<b><u>320,006</u></b>	<b><u>239</u></b>
Tax Assessor-Collector:				
Salaries	1,738,240	1,804,003	1,788,975	15,028
Employee Benefits	540,857	515,316	513,144	2,172
Supplies	142,505	139,373	64,797	74,576
Contract Services	61,456	95,645	57,636	38,009
Capital Outlay	34,034	53,587	2,978	50,609
Total Tax Assessor-Collector	<b><u>2,517,092</u></b>	<b><u>2,607,924</u></b>	<b><u>2,427,530</u></b>	<b><u>180,394</u></b>
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>3,631,889</u></b>	<b><u>3,741,291</u></b>	<b><u>3,520,998</u></b>	<b><u>220,293</u></b>

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC FACILITIES:</u></b>				
Custodial Services:				
Salaries	820,180	836,369	841,566	(5,197)
Employee Benefits	272,040	260,420	259,328	1,092
Supplies	148,000	157,598	157,158	440
Contract Services	35,450	35,630	32,408	3,222
Capital Outlay	33,770	26,077	20,817	5,260
Total Custodial Services	<u>1,309,440</u>	<u>1,316,094</u>	<u>1,311,277</u>	<u>4,817</u>
Building Maintenance:				
Salaries	791,756	830,964	827,595	3,369
Employee Benefits	223,122	225,092	224,133	959
Supplies	472,602	529,688	522,594	7,094
Contract Services	101,336	562,991	557,532	5,459
Capital Outlay	231,871	249,063	155,370	93,693
Total Building Maintenance	<u>1,820,687</u>	<u>2,397,798</u>	<u>2,287,224</u>	<u>110,574</u>
Jail:				
Supplies	993,467	1,247,480	1,241,742	5,738
Contract Services	303,000	282,082	250,805	31,277
Capital Outlay	360,590	74,913	37,578	37,335
Total Jail	<u>1,657,057</u>	<u>1,604,475</u>	<u>1,530,125</u>	<u>74,350</u>
Civic Center:				
Salaries	285,316	318,055	317,769	286
Employee Benefits	87,966	77,941	77,808	133
Supplies	85,255	104,270	90,572	13,698
Contract Services	311,182	346,042	275,965	70,077
Capital Outlay	100,000	153,700	131,349	22,351
Total Park	<u>869,719</u>	<u>1,000,008</u>	<u>893,463</u>	<u>106,545</u>
Park:				
Salaries	42,152	44,003	44,071	(68)
Employee Benefits	11,490	11,490	11,431	59
Supplies	3,100	21,029	770	20,259
Contract Services	12,500	19,392	14,827	4,565
Capital Outlay	250	4,248	-	4,248
Total Park	<u>69,492</u>	<u>100,162</u>	<u>71,099</u>	<u>29,063</u>
<b><u>TOTAL PUBLIC FACILITIES</u></b>	<u>5,726,395</u>	<u>6,418,537</u>	<u>6,093,188</u>	<u>325,349</u>

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY:</u></b>				
Fire Marshal:				
Salaries	372,181	342,827	342,412	415
Employee Benefits	90,302	74,912	75,862	(950)
Supplies	12,500	11,966	11,939	27
Contract Services	9,495	15,086	12,990	2,096
Capital Outlay	2,200	5,410	5,410	-
Total Fire Marshal	486,678	450,201	448,613	1,588
Crimestoppers:				
Salaries	64,544	66,410	64,316	2,094
Employee Benefits	19,419	19,419	17,552	1,867
Total Crimestoppers	83,963	85,829	81,868	3,961
Constable Pct 1				
Salaries	1,109,788	1,225,701	1,230,418	(4,717)
Employee Benefits	302,774	309,384	304,234	5,150
Supplies	59,300	57,277	51,547	5,730
Contract Services	26,550	32,843	26,464	6,379
Capital Outlay	134,200	104,924	103,821	1,103
Total Constable Pct 1	1,632,612	1,730,129	1,716,484	13,645
Constable Pct 2				
Salaries	553,140	577,736	577,123	613
Employee Benefits	149,564	147,264	146,847	417
Supplies	27,166	18,022	16,465	1,557
Contract Services	12,800	25,580	22,890	2,690
Capital Outlay	4,400	16,013	16,012	1
Total Constable Pct 2	747,070	784,615	779,337	5,278
Constable Pct 3				
Salaries	932,006	1,172,923	1,175,365	(2,442)
Employee Benefits	243,197	287,209	288,624	(1,415)
Supplies	36,691	43,723	40,662	3,061
Contract Services	18,880	21,198	21,038	160
Capital Outlay	27,696	32,325	29,526	2,799
Total Constable Pct 3	1,258,470	1,557,378	1,555,215	2,163
Constable Pct 4				
Salaries	593,749	597,952	599,072	(1,120)
Employee Benefits	156,726	145,806	145,928	(122)
Supplies	18,148	21,789	20,824	965
Contract Services	8,247	13,551	12,506	1,045
Capital Outlay	59,912	30,543	30,543	-
Total Constable Pct 4	836,782	809,641	808,873	768



**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Constable Pct 5				
Salaries	937,320	1,015,587	1,014,774	813
Employee Benefits	247,241	251,241	254,114	(2,873)
Supplies	27,560	28,161	28,106	55
Contract Services	24,014	26,617	24,350	2,267
Capital Outlay	11,444	635	635	-
Total Constable Pct 5	1,247,579	1,322,241	1,321,979	262
 Sheriff:				
Salaries	12,675,459	16,555,037	16,372,376	182,661
Employee Benefits	4,617,833	4,484,556	4,399,331	85,225
Supplies	1,018,086	1,266,024	882,959	383,065
Contract Services	1,556,193	1,970,232	1,515,375	454,857
Capital Outlay	879,339	538,489	508,410	30,079
Total Sheriff	20,746,910	24,814,338	23,678,451	1,135,887
 Bail Bond Board:				
Salaries	-	8,288	8,298	(10)
Employee Benefits	-	878	927	(49)
Supplies	-	3,735	2,541	1,194
Contract Services	-	1,634	251	1,383
Capital Outlay	-	2,257	2,254	3
Total Juvenile Services	-	16,792	14,271	2,521
 Juvenile Services:				
Salaries	2,054,209	2,204,311	2,141,562	62,749
Employee Benefits	642,523	657,878	641,845	16,033
Supplies	15,834	79,587	70,732	8,855
Contract Services	320,635	374,676	367,911	6,765
Capital Outlay	1,610	11,301	10,602	699
Total Juvenile Services	3,034,811	3,327,753	3,232,652	95,101
 Adult Services:				
Salaries	-	3,323,600	3,304,858	18,742
Employee Benefits	-	922,400	919,596	2,804
Supplies	-	2,086	2,086	-
Contract Services	4,566	18,246	17,993	253
Capital Outlay	22,876	22,110	22,110	-
Total Adult Services	27,442	4,288,442	4,266,643	21,799

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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Page 9 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Emergency Management:				
Salaries	35,902	35,800	35,478	322
Employee Benefits	8,755	8,755	8,188	567
Supplies	5,992	5,987	4,996	991
Contract Services	8,306	8,434	5,546	2,888
Capital Outlay	7,496	85,434	31,137	54,297
Total Emergency Management	66,451	144,410	85,345	59,065
Department of Public Safety:				
Salaries	48,526	50,102	49,072	1,030
Employee Benefits	16,708	16,708	16,337	371
Supplies	450	450	450	-
Contract Services	-	300	217	83
Total Dept of Public Safety	65,684	67,560	66,076	1,484
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>30,234,452</u></b>	<b><u>39,399,329</u></b>	<b><u>38,055,807</u></b>	<b><u>1,343,522</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Medical:				
Contract Services	81,000	81,000	898,935	(817,935)
Mental Health:				
Contract Services	225,644	235,644	231,631	4,013
Environmental Health:				
Salaries	571,813	694,613	692,824	1,789
Employee Benefits	165,333	198,497	194,343	4,154
Supplies	11,518	15,642	15,500	142
Contract Services	27,286	38,673	38,618	55
Capital Outlay	3,000	-	-	-
Total Environmental Health	778,950	947,425	941,285	6,140
Animal Control:				
Salaries	344,147	335,789	331,746	4,043
Employee Benefits	118,047	103,990	101,738	2,252
Supplies	45,600	33,967	32,718	1,249
Contract Services	10,250	9,341	6,942	2,399
Capital Outlay	24,200	22,200	15,800	6,400
Total Animal Control	542,244	505,287	488,944	16,343
Welfare:				
Contract Services	895,497	885,697	881,122	4,575
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>2,523,335</u></b>	<b><u>2,655,053</u></b>	<b><u>3,441,917</u></b>	<b><u>(786,864)</u></b>

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

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Page 10 of 10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>CONSERVATION:</u></b>				
Extension Agent:				
Salaries	211,128	223,197	219,808	3,389
Employee Benefits	77,949	57,549	54,122	3,427
Supplies	5,500	19,518	16,150	3,368
Contract Services	29,992	43,107	42,435	672
Capital Outlay	28,200	30,294	24,824	5,470
Total Extension Agent	352,769	373,665	357,339	16,326
Local Environmental Enforcement Grant:				
Supplies	-	864	865	(1)
Contract Services	-	22,640	22,639	1
Total Groundwater Conservation	-	23,504	23,504	-
<b><u>TOTAL CONSERVATION</u></b>	352,769	397,169	380,843	16,326
<b><u>MISCELLANEOUS:</u></b>				
Benefits	-	1,309,575	4,625,564	(3,315,989)
Contingency	2,753,350	3,523,510	969,258	2,554,252
<b><u>TOTAL MISCELLANEOUS</u></b>	2,753,350	4,833,085	5,594,822	(761,737)
<b><u>TOTAL EXPENDITURES</u></b>	65,969,828	79,358,298	77,181,845	2,176,453
<b><u>OTHER FINANCING USES:</u></b>				
Operating Transfers:				
To Forfeitures	-	3,524	-	3,524
To Jury	-	1,142,337	3,989,366	(2,847,029)
To Road and Bridge	-	1,083,389	-	1,083,389
To Memorial Library	-	340	4,211,067	(4,210,727)
To Animal Shelter	-	8,669	251,821	(243,152)
To Historical Commission	-	-	8,124	(8,124)
To Current R O W	-	85,762	-	85,762
To Child Welfare	-	30,320	26,685	3,635
To Airport Maintenance	-	9,990	75,000	(65,010)
To Cert Obligation 97A-98	-	22,843	-	22,843
<b><u>TOTAL FINANCING USES</u></b>	-	2,387,174	8,562,063	(6,174,889)
<b><u>TOTAL EXPENDITURES AND FINANCING USES</u></b>	<u>\$ 65,969,828</u>	<u>\$ 81,745,472</u>	<u>\$ 85,743,908</u>	<u>\$ (3,998,436)</u>



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES  
NONMAJOR FUNDS**

**MONTGOMERY COUNTY, TEXAS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet**

**September 30, 2003**

B-1

	Special Revenue	Capital Projects	Total
<b><u>ASSETS:</u></b>			
Cash	\$ 369,909	\$ 201,263	\$ 571,172
Investments, at Fair Value	468,257	5,509,999	5,978,256
Restricted Cash	398,030	83,632	481,662
Receivables:			
Accounts	25,735	-	25,735
Accrued Interest	948	14,571	15,519
Due From Other Funds	1,317,270	1,039,467	2,356,737
Due From Other Governments	592,796	61,219	654,015
Prepaid Items	44,865	-	44,865
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,217,810</u></b>	<b><u>\$ 6,910,151</u></b>	<b><u>\$ 10,127,961</u></b>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts Payable	\$ 681,606	\$ 789,768	\$ 1,471,374
Retainage Payable	-	1,084,597	1,084,597
Due to Other Funds	407,674	897,524	1,305,198
Due to Other Governments	6,291	-	6,291
Deferred Revenue	390,651	-	390,651
Total Liabilities	<u>1,486,222</u>	<u>2,771,889</u>	<u>4,258,111</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	44,865	-	44,865
Capital Projects	-	4,138,262	4,138,262
Unreserved, reported in:			
Special Revenue Funds	<u>1,686,723</u>	<u>-</u>	<u>1,686,723</u>
Total Fund Balances	<u>1,731,588</u>	<u>4,138,262</u>	<u>5,869,850</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 3,217,810</u></b>	<b><u>\$ 6,910,151</u></b>	<b><u>\$ 10,127,961</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, 2003**

B-2

	Special Revenue	Debt Service	Capital Projects	Totals
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ 95,204	\$ -	\$ -	\$ 95,204
Fees	300,730	-	-	300,730
Intergovernmental	3,626,630	-	481,434	4,108,064
Charges for Services	1,089,468	-	-	1,089,468
Interest	17,942	-	74,870	92,812
Fines and Forfeitures	379,958	-	-	379,958
Miscellaneous	201,451	-	-	201,451
<b><u>TOTAL REVENUES</u></b>	<b><u>5,711,383</u></b>	<b><u>-</u></b>	<b><u>556,304</u></b>	<b><u>6,267,687</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	182,645	-	-	182,645
Judicial	4,700,072	-	-	4,700,072
Legal Services	220,532	-	-	220,532
Public Safety	1,559,926	-	-	1,559,926
Health and Welfare	3,148,163	-	-	3,148,163
Culture and Recreation	4,390,872	-	-	4,390,872
Public Transportation	883,438	-	-	883,438
Capital Projects	-	-	3,927,825	3,927,825
Debt Service:	-	-	-	-
Issuance Costs	-	-	216,900	216,900
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>15,085,648</u></b>	<b><u>-</u></b>	<b><u>4,144,725</u></b>	<b><u>19,230,373</u></b>
(Deficiency) Revenues Over Expenditures	<b><u>(9,374,265)</u></b>	<b><u>-</u></b>	<b><u>(3,588,421)</u></b>	<b><u>(12,962,686)</u></b>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Operating Transfers In	9,117,753	-	-	9,117,753
Operating Transfers Out	(837,271)	-	(8,846,432)	(9,683,703)
Proceeds of Certificates of Obligation	-	-	11,587,458	11,587,458
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>8,280,482</u></b>	<b><u>-</u></b>	<b><u>2,741,026</u></b>	<b><u>11,021,508</u></b>
Net Change in Fund Balances	<b><u>(1,093,783)</u></b>	<b><u>-</u></b>	<b><u>(847,395)</u></b>	<b><u>(1,941,178)</u></b>
Fund Balances at Beginning of Year	2,557,253	104,239	5,210,278	7,871,770
Residual Equity Transfer	102,711	(104,239)	(17,351)	(18,879)
Prior Period Adjustment	165,407	-	(207,270)	(41,863)
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 1,731,588</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,138,262</u></b>	<b><u>\$ 5,869,850</u></b>





## 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.

**Civic Center Complex Fund** - to account for the proceeds of an interlocal agreement with the City of Conroe, whereby the city contributes a portion of its hotel/motel occupancy taxes for the operation of a countywide civic center.

**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 ad valorem taxes and user fees.

**Community Development Block Grant Fund** - to account for annual grant from U.S. Department of Housing and Urban Development (HUD). Grant is intended to alleviate substandard housing conditions in the County.

**Animal Shelter Fund** - to account for operations of the Montgomery County Animal Shelter. Funding is provided by ad valorem taxes and user fees.

**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.

**Historical Commission Fund** - to account for certain expenditures toward historical projects within the County. Donations and transfers from General Fund finance these projects.

**Alternate Dispute Resolution Fund** - to account for the operations of the Dispute Resolution Center created by Commissioners' Court in agreement with the Montgomery County Bar Association. Financing is provided by fees assessed on court cases

**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.

**Child Welfare Fund** - to account for expenditures made in connection with a contract between the County and the State of Texas for the care of neglected and abused children.

**Airport Maintenance Fund** - to account for operations of the County airport. Funding is provided by user fees and ad valorem taxes.

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2003**

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Page 1 of 2

	Attorney Administration	Forfeitures	Civic Center Complex
<b><u>ASSETS:</u></b>			
Cash	\$ 7,329	\$ 103,405	\$ -
Investments, at Fair Value	-	-	-
Restricted Cash	-	-	-
Receivables:			
Accounts	2,304	15,736	988
Accrued Interest	-	-	-
Due From Other Funds	7,094	463	36,167
Due From Other Governments	-	25,899	44,780
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 16,727</u></b>	<b><u>\$ 145,503</u></b>	<b><u>\$ 81,935</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 2,033	\$ 2,432	\$ 3,972
Due to Other Funds	17,497	60	-
Due to Other Governments	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>19,530</u>	<u>2,492</u>	<u>3,972</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	-	-	-
Unreserved	(2,803)	143,011	77,963
Total Fund Balances	<u>(2,803)</u>	<u>143,011</u>	<u>77,963</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 16,727</u></b>	<b><u>\$ 145,503</u></b>	<b><u>\$ 81,935</u></b>
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			Memo Totals From Page 92	
Jury	Sheriff Commissary	Memorial Library		Totals
\$ 10,088	\$ 87,990	\$ 340	\$ 160,757	\$ 369,909
-	-	-	468,257	468,257
-	-	-	398,030	398,030
3,613	-	1,882	1,212	25,735
-	-	-	948	948
160,357	10,623	204,522	898,044	1,317,270
105,876	-	-	416,241	592,796
-	-	-	44,865	44,865
<u>\$ 279,934</u>	<u>\$ 98,613</u>	<u>\$ 206,744</u>	<u>\$ 2,388,354</u>	<u>\$ 3,217,810</u>
\$ 271,000	\$ -	\$ 206,744	\$ 195,425	\$ 681,606
3,253	-	-	386,864	407,674
-	-	-	6,291	6,291
5,681	-	-	384,970	390,651
<u>279,934</u>	<u>-</u>	<u>206,744</u>	<u>973,550</u>	<u>1,486,222</u>
-	-	-	44,865	44,865
-	98,613	-	1,369,939	1,686,723
-	98,613	-	1,414,804	1,731,588
<u>\$ 279,934</u>	<u>\$ 98,613</u>	<u>\$ 206,744</u>	<u>\$ 2,388,354</u>	<u>\$ 3,217,810</u>

**MONTGOMERY COUNTY, TEXAS**

**Nonmajor Special Revenue Funds**

**Combining Balance Sheet**

**September 30, 2003**

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Page 2 of 2

	Community Development Block Grant	Animal Shelter	Law Library
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ -	\$ 84,929
Investments, at Fair Value	-	-	363,249
Restricted Cash	398,030	-	-
Receivables:			
Accounts	-	1,080	-
Accrued Interest	-	-	743
Due From Other Funds	-	10,083	15,875
Due From Other Governments	167,953	-	-
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 565,983</u></b>	<b><u>\$ 11,163</u></b>	<b><u>\$ 464,796</u></b>

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Accounts Payable	\$ 41,319	\$ 11,163	\$ 8,161
Due to Other Funds	331,646	-	-
Due to Other Governments	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>372,965</u>	<u>11,163</u>	<u>8,161</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	-	-	-
Unreserved	193,018	-	456,635
Total Fund Balances	<u>193,018</u>	<u>-</u>	<u>456,635</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 565,983</u></b>	<b><u>\$ 11,163</u></b>	<b><u>\$ 464,796</u></b>
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Alternate Dispute Resolution	Juvenile Probation	Child Welfare	Airport Maintenance	Memo Totals to Page 90
\$ 8,679	\$ 26,644	\$ 39,064	\$ 1,441	\$ 160,757
50,008	20,000	-	35,000	468,257
-	-	-	-	398,030
-	-	132	-	1,212
28	93	-	84	948
3,943	627,013	-	241,130	898,044
-	237,996	10,292	-	416,241
-	-	-	44,865	44,865
<u>\$ 62,658</u>	<u>\$ 911,746</u>	<u>\$ 49,488</u>	<u>\$ 322,520</u>	<u>\$ 2,388,354</u>

\$ 1,211	\$ 106,781	\$ 7,878	\$ 18,912	\$ 195,425
-	-	41,610	13,608	386,864
-	6,291	-	-	6,291
-	94,970	-	290,000	384,970
<u>1,211</u>	<u>208,042</u>	<u>49,488</u>	<u>322,520</u>	<u>973,550</u>

-	-	-	44,865	44,865
61,447	703,704	-	(44,865)	1,369,939
<u>61,447</u>	<u>703,704</u>	<u>-</u>	<u>-</u>	<u>1,414,804</u>
<u>\$ 62,658</u>	<u>\$ 911,746</u>	<u>\$ 49,488</u>	<u>\$ 322,520</u>	<u>\$ 2,388,354</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2003**

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Page 1 of 2

	Attorney Administration	Forfeitures	Civic Center Complex
<b><u>REVENUES:</u></b>			
Licenses and Permits	\$ -	\$ -	\$ -
Fees	31,669	-	-
Intergovernmental	-	-	221,179
Charges for Services	122,709	-	280,367
Interest	116	1,231	-
Fines and Forfeitures	-	106,932	-
Miscellaneous	-	-	-
<b><u>TOTAL REVENUES</u></b>	<u>154,494</u>	<u>108,163</u>	<u>501,546</u>
<b><u>EXPENDITURES:</u></b>			
General Administration	182,645	-	-
Judicial	-	-	-
Legal Services	-	-	-
Public Safety	-	119,130	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Public Transportation	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>182,645</u>	<u>119,130</u>	<u>-</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(28,151)</u>	<u>(10,967)</u>	<u>501,546</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	(4,926)	(725,000)
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<u>-</u>	<u>(4,926)</u>	<u>(725,000)</u>
Net Change in Fund Balances	(28,151)	(15,893)	(223,454)
Fund Balances at Beginning of Year	25,348	158,904	301,417
Residual Equity Transfer	-	-	-
Prior Period Adjustment	-	-	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ (2,803)</u>	<u>\$ 143,011</u>	<u>\$ 77,963</u>

Jury	Sheriff Commissary	Memorial Library	Memo Totals From Page 96	Totals
\$ -	\$ -	\$ -	\$ 95,204	\$ 95,204
-	-	-	269,061	300,730
313,407	-	33,681	3,058,363	3,626,630
66,650	300,881	96,852	222,009	1,089,468
197	684	47	15,667	17,942
273,026	-	-	-	379,958
104,312	-	35,645	61,494	201,451
<u>757,592</u>	<u>301,565</u>	<u>166,225</u>	<u>3,721,798</u>	<u>5,711,383</u>
-	-	-	-	182,645
4,700,072	-	-	-	4,700,072
-	-	-	220,532	220,532
-	243,686	-	1,197,110	1,559,926
-	-	-	3,148,163	3,148,163
-	-	4,382,243	8,629	4,390,872
-	-	-	883,438	883,438
<u>4,700,072</u>	<u>243,686</u>	<u>4,382,243</u>	<u>5,457,872</u>	<u>15,085,648</u>
<u>(3,942,480)</u>	<u>57,879</u>	<u>(4,216,018)</u>	<u>(1,736,074)</u>	<u>(9,374,265)</u>
3,989,366	-	4,211,067	917,320	9,117,753
<u>(56,074)</u>	<u>-</u>	<u>-</u>	<u>(51,271)</u>	<u>(837,271)</u>
<u>3,933,292</u>	<u>-</u>	<u>4,211,067</u>	<u>866,049</u>	<u>8,280,482</u>
(9,188)	57,879	(4,951)	(870,025)	(1,093,783)
9,188	40,734	4,951	2,016,711	2,557,253
-	-	-	102,711	102,711
<u>-</u>	<u>-</u>	<u>-</u>	<u>165,407</u>	<u>165,407</u>
<u>\$ -</u>	<u>\$ 98,613</u>	<u>\$ -</u>	<u>\$ 1,414,804</u>	<u>\$ 1,731,588</u>

**MONTGOMERY COUNTY, TEXAS****Nonmajor Special Revenue Funds****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2003**C-2  
Page 2 of 2

	Community Development Block Grant	Animal Shelter	Law Library	Historical Commission
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ -	\$ 95,204	\$ -	\$ -
Fees	-	-	204,873	-
Intergovernmental	1,403,523	-	-	-
Charges for Services	-	-	-	-
Interest	8,406	-	4,883	-
Miscellaneous	-	9,800	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>1,411,929</u></b>	<b><u>105,004</u></b>	<b><u>209,756</u></b>	<b><u>-</u></b>
<b><u>EXPENDITURES:</u></b>				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	120,196	-
Public Safety	-	-	-	-
Health and Welfare	2,681,888	356,308	-	-
Culture and Recreation	-	-	-	8,629
Public Transportation	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>2,681,888</u></b>	<b><u>356,308</u></b>	<b><u>120,196</u></b>	<b><u>8,629</u></b>
Excess (Deficiency) Revenues Over Expenditures	<b><u>(1,269,959)</u></b>	<b><u>(251,304)</u></b>	<b><u>89,560</u></b>	<b><u>(8,629)</u></b>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Operating Transfers In	-	251,821	-	8,124
Operating Transfers Out	<b><u>(23,217)</u></b>	<b><u>(1,515)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>TOTAL OTHER FINANCING SOURCES (USES)</u></b>	<b><u>(23,217)</u></b>	<b><u>250,306</u></b>	<b><u>-</u></b>	<b><u>8,124</u></b>
Net Change in Fund Balances	<b><u>(1,293,176)</u></b>	<b><u>(998)</u></b>	<b><u>89,560</u></b>	<b><u>(505)</u></b>
Fund Balances at Beginning of Year	1,486,194	998	367,075	505
Residual Equity Transfer	-	-	-	-
Prior Period Adjustment	-	-	-	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 193,018</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 456,635</u></b>	<b><u>\$ -</u></b>



Alternate Dispute Resolution	Juvenile Probation	Child Welfare	Airport Maintenance	Memo Totals to Page 94
\$ -	\$ -	\$ -	\$ -	\$ 95,204
64,188	-	-	-	269,061
-	1,629,324	25,516	-	3,058,363
52,500	21,553	-	147,956	222,009
643	1,086	-	649	15,667
-	-	51,694	-	61,494
<u>117,331</u>	<u>1,651,963</u>	<u>77,210</u>	<u>148,605</u>	<u>3,721,798</u>
-	-	-	-	-
-	-	-	-	-
100,336	-	-	-	220,532
-	1,197,110	-	-	1,197,110
-	-	109,967	-	3,148,163
-	-	-	-	8,629
-	-	-	883,438	883,438
<u>100,336</u>	<u>1,197,110</u>	<u>109,967</u>	<u>883,438</u>	<u>5,457,872</u>
-	-	-	-	-
<u>16,995</u>	<u>454,853</u>	<u>(32,757)</u>	<u>(734,833)</u>	<u>(1,736,074)</u>
-	-	26,685	630,690	917,320
-	(26,539)	-	-	(51,271)
-	(26,539)	26,685	630,690	866,049
<u>16,995</u>	<u>428,314</u>	<u>(6,072)</u>	<u>(104,143)</u>	<u>(870,025)</u>
44,452	7,272	6,072	104,143	2,016,711
-	102,711	-	-	102,711
-	165,407	-	-	165,407
<u>\$ 61,447</u>	<u>\$ 703,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,414,804</u>

**MONTGOMERY COUNTY, TEXAS**  
**Attorney Administration Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ -	\$ 31,669	\$ 31,669
Charges for Service	141,984	159,400	122,709	(36,691)
Interest	-	-	116	116
Total Revenues	<u>141,984</u>	<u>159,400</u>	<u>154,494</u>	<u>(4,906)</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	96,996	114,412	129,775	(15,363)
Employee Benefits	32,863	32,863	32,547	316
Supplies	10,037	10,037	7,543	2,494
Contract Services	<u>2,088</u>	<u>2,088</u>	<u>12,780</u>	<u>(10,692)</u>
Total Expenditures	<u>141,984</u>	<u>159,400</u>	<u>182,645</u>	<u>(23,245)</u>
Excess/(Deficiency) Revenues Over Expenditures	-	-	(28,151)	(28,151)
Fund Balance at Beginning of Year	<u>25,348</u>	<u>25,348</u>	<u>25,348</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 25,348</u>	<u>\$ 25,348</u>	<u>\$ (2,803)</u>	<u>\$ (28,151)</u>

**MONTGOMERY COUNTY, TEXAS**  
**Forfeitures Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Interest	\$ -	\$ -	\$ 1,231	\$ 1,231
Fines and Forfeitures	53,409	79,308	106,932	27,624
Total Revenues	53,409	79,308	108,163	28,855
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	-	12,669	(12,669)
Supplies	46,437	45,036	35,407	9,629
Contract Services	6,972	6,972	18,363	(11,391)
Capital Outlay	-	-	52,691	(52,691)
Total Expenditures	53,409	52,008	119,130	(67,122)
(Deficiency) Revenues Over Expenditures	-	27,300	(10,967)	(38,267)
<b><u>OTHER FINANCING</u></b>				
<b><u>SOURCES (USES):</u></b>				
Operating Transfer In	-	3,524	-	(3,524)
Operating Transfer Out	-	(30,824)	(4,926)	25,898
Total Other Financing Uses	-	(27,300)	(4,926)	22,374
Net Change in Fund Balance	-	-	(15,893)	(15,893)
Fund Balance at Beginning of Year	158,904	158,904	158,904	-
<b><u>FUND BALANCE AT END</u></b>				
<b><u>OF YEAR</u></b>	\$ 158,904	\$ 158,904	\$ 143,011	\$ (15,893)

**MONTGOMERY COUNTY, TEXAS**  
**Civic Center Complex Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 150,000	\$ 469,210	\$ 221,179	\$ (248,031)
Charges for Service	299,000	299,000	280,367	(18,633)
Total Revenues	<u>449,000</u>	<u>768,210</u>	<u>501,546</u>	<u>(266,664)</u>
 <b><u>OTHER FINANCING USES:</u></b>				
Operating Transfer Out	<u>-</u>	<u>(236,210)</u>	<u>(725,000)</u>	<u>(488,790)</u>
Net Change in Fund Balance	449,000	532,000	(223,454)	(755,454)
Fund Balance at Beginning of Year	<u>301,417</u>	<u>301,417</u>	<u>301,417</u>	<u>-</u>
 <b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 750,417</u>	<u>\$ 833,417</u>	<u>\$ 77,963</u>	<u>\$ (755,454)</u>

**MONTGOMERY COUNTY, TEXAS**

**Jury Special Revenue Fund**

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

**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Dept of Justice Drug Court	\$ 131,000	\$ 131,000	\$ 116,188	\$ (14,812)
Task Force-Indigent Defense	-	199,197	162,519	(36,678)
Contracts	10,000	21,721	34,700	12,979
Charges for Services	45,000	72,000	66,650	(5,350)
Interest	1,000	1,000	197	(803)
Fines and Forfeitures	280,000	282,000	273,026	(8,974)
Miscellaneous	89,913	104,313	104,312	(1)
Total Revenues	<u>556,913</u>	<u>811,231</u>	<u>757,592</u>	<u>(53,639)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Salaries	912,124	1,016,313	992,540	23,773
Employee Benefits	281,934	262,209	253,692	8,517
Supplies	47,714	90,506	68,208	22,298
Contract Services	2,035,595	3,321,221	3,261,718	59,503
Capital Outlay	39,275	134,174	123,914	10,260
Total Expenditures	<u>3,316,642</u>	<u>4,824,423</u>	<u>4,700,072</u>	<u>124,351</u>
(Deficiency) Revenues Over Expenditures	<u>(2,759,729)</u>	<u>(4,013,192)</u>	<u>(3,942,480)</u>	<u>70,712</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	-	1,142,337	3,989,366	2,847,029
Operating Transfer Out	-	(56,074)	(56,074)	-
Total Other Financing Sources	<u>-</u>	<u>1,086,263</u>	<u>3,933,292</u>	<u>2,847,029</u>
Net Change in Fund Balance	(2,759,729)	(2,926,929)	(9,188)	2,917,741
Fund Balance at Beginning of Year	<u>9,188</u>	<u>9,188</u>	<u>9,188</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (2,750,541)</u>	<u>\$ (2,917,741)</u>	<u>\$ -</u>	<u>\$ 2,917,741</u>

**MONTGOMERY COUNTY, TEXAS**  
**Sheriff Commissary Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Service	\$ 151,183	\$ 238,183	\$ 300,881	\$ 62,698
Interest	-	-	684	684
Total Revenues	<u>151,183</u>	<u>238,183</u>	<u>301,565</u>	<u>63,382</u>
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	52,158	53,000	19,200	33,800
Employee Benefits	17,183	17,183	-	17,183
Supplies	65,000	151,158	201,724	(50,566)
Contract Services	10,000	10,000	5,290	4,710
Capital Outlay	6,000	6,000	17,472	(11,472)
Total Expenditures	<u>150,341</u>	<u>237,341</u>	<u>243,686</u>	<u>(6,345)</u>
Excess Revenues Over Expenditures	842	842	57,879	57,037
Fund Balance at Beginning of Year	<u>40,734</u>	<u>40,734</u>	<u>40,734</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 41,576</u>	<u>\$ 41,576</u>	<u>\$ 98,613</u>	<u>\$ 57,037</u>

**MONTGOMERY COUNTY, TEXAS**  
**Memorial Library Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 65,316	\$ 33,681	\$ (31,635)
Charges for Service	100,000	100,000	96,852	(3,148)
Interest	100	100	47	(53)
Miscellaneous	-	35,533	35,645	112
Total Revenues	<u>100,100</u>	<u>200,949</u>	<u>166,225</u>	<u>(34,724)</u>
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Salaries	2,087,706	2,217,082	2,175,353	41,729
Employee Benefits	661,495	636,113	627,454	8,659
Supplies	393,556	501,816	452,916	48,900
Contract Services	428,685	479,513	440,570	38,943
Capital Outlay	648,078	707,696	685,950	21,746
Total Expenditures	<u>4,219,520</u>	<u>4,542,220</u>	<u>4,382,243</u>	<u>159,977</u>
(Deficiency) Revenues Over Expenditures	<u>(4,119,420)</u>	<u>(4,341,271)</u>	<u>(4,216,018)</u>	<u>125,253</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Operating Transfer In	<u>-</u>	<u>340</u>	<u>4,211,067</u>	<u>4,210,727</u>
Net Change in Fund Balance	<u>(4,119,420)</u>	<u>(4,340,931)</u>	<u>(4,951)</u>	<u>4,335,980</u>
Fund Balance at Beginning of Year	<u>4,951</u>	<u>4,951</u>	<u>4,951</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (4,114,469)</u>	<u>\$ (4,335,980)</u>	<u>\$ -</u>	<u>\$ 4,335,980</u>

**MONTGOMERY COUNTY, TEXAS**  
**Community Development Block Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 1,880,000	\$ 1,880,000	\$ 1,403,523	\$ (476,477)
Interest	-	23,217	8,406	(14,811)
Total Revenues	<u>1,880,000</u>	<u>1,903,217</u>	<u>1,411,929</u>	<u>(491,288)</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	214,275	369,408	225,234	144,174
Employee Benefits	53,795	79,431	54,488	24,943
Supplies	77,314	152,689	11,860	140,829
Contract Services	766,792	1,439,660	918,417	521,243
Capital Outlay	767,824	3,199,414	1,471,889	1,727,525
Total Expenditures	<u>1,880,000</u>	<u>5,240,602</u>	<u>2,681,888</u>	<u>2,558,714</u>
(Deficiency) Revenues Over Expenditure	-	(3,337,385)	(1,269,959)	2,067,426
<b><u>OTHER FINANCING (USES):</u></b>				
Operating Transfers Out	<u>-</u>	<u>(23,217)</u>	<u>(23,217)</u>	<u>-</u>
Net Change in Fund Balance	-	(3,360,602)	(1,293,176)	2,067,426
Fund Balance at Beginning of Year	<u>1,486,194</u>	<u>1,486,194</u>	<u>1,486,194</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 1,486,194</u>	<u>\$ (1,874,408)</u>	<u>\$ 193,018</u>	<u>\$ 2,067,426</u>



**MONTGOMERY COUNTY, TEXAS**  
**Animal Shelter Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ 92,500	\$ 95,171	\$ 95,204	\$ 33
Miscellaneous	11,000	11,000	9,800	(1,200)
Total Revenues	103,500	106,171	105,004	(1,167)
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	180,487	182,202	185,648	(3,446)
Employee Benefits	63,930	61,377	60,789	588
Supplies	34,500	27,067	27,040	27
Contract Services	61,200	81,423	81,103	320
Capital Outlay	-	1,800	1,728	72
Total Expenditures	340,117	353,869	356,308	(2,439)
(Deficiency) Revenues Over Expenditures	(236,617)	(247,698)	(251,304)	(3,606)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	-	8,669	251,821	243,152
Operating Transfer Out	-	(1,515)	(1,515)	-
Total Other Financing Sources	-	7,154	250,306	243,152
Net Change in Fund Balance	(236,617)	(240,544)	(998)	239,546
Fund Balance at Beginning of Year	998	998	998	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b>\$ (235,619)</b>	<b>\$ (239,546)</b>	<b>\$ -</b>	<b>\$ 239,546</b>

**MONTGOMERY COUNTY, TEXAS**  
**Law Library Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 176,730	\$ 177,578	\$ 204,873	\$ 27,295
Interest	1,500	1,500	4,883	3,383
Total Revenues	<u>178,230</u>	<u>179,078</u>	<u>209,756</u>	<u>30,678</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	23,200	24,048	23,592	456
Employee Benefits	7,707	7,707	7,784	(77)
Supplies	22,800	22,800	635	22,165
Contract Services	16,200	16,200	2,823	13,377
Capital Outlay	105,890	108,712	85,362	23,350
Total Expenditures	<u>175,797</u>	<u>179,467</u>	<u>120,196</u>	<u>59,271</u>
Excess Revenues Over Expenditures	2,433	(389)	89,560	89,949
Fund Balance at Beginning of Year	<u>367,075</u>	<u>367,075</u>	<u>367,075</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 369,508</u>	<u>\$ 366,686</u>	<u>\$ 456,635</u>	<u>\$ 89,949</u>

**MONTGOMERY COUNTY, TEXAS**  
**Historical Commission Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Contract Services	\$ 8,629	\$ 8,629	\$ 8,629	\$ -
(Deficiency) Revenues Over Expenditures	(8,629)	(8,629)	(8,629)	-
<b><u>OTHER FINANCING</u></b>				
<b><u>SOURCES:</u></b>				
Operating Transfer In	-	-	8,124	8,124
Net Change in Fund Balance	(8,629)	(8,629)	(505)	8,124
Fund Balance at Beginning of Year	505	505	505	-
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	<u>\$ (8,124)</u>	<u>\$ (8,124)</u>	<u>\$ -</u>	<u>\$ 8,124</u>

**MONTGOMERY COUNTY, TEXAS**  
**Alternate Dispute Resolution Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 136,487	\$ 116,487	\$ 64,188	\$ (52,299)
Charges for Services	-	20,000	52,500	32,500
Interest	600	600	643	43
Total Revenues	<u>137,087</u>	<u>137,087</u>	<u>117,331</u>	<u>(19,756)</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	95,000	95,000	79,181	15,819
Employee Benefits	21,487	21,487	21,035	452
Contract Services	-	145	120	25
Total Expenditures	<u>116,487</u>	<u>116,632</u>	<u>100,336</u>	<u>16,296</u>
Excess Revenues Over Expenditures	20,600	20,455	16,995	(3,460)
Fund Balance at Beginning of Year	<u>44,452</u>	<u>44,452</u>	<u>44,452</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 65,052</u>	<u>\$ 64,907</u>	<u>\$ 61,447</u>	<u>\$ (3,460)</u>

**MONTGOMERY COUNTY, TEXAS**  
**Juvenile Probation Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Dept Health/Human Services Grant	\$ -	\$ 612,650	\$ 497,648	\$ (115,002)
Texas Juvenile Prob Comm Grants	-	2,367,275	1,130,531	(1,236,744)
United Way-Venture Grant	-	1,145	1,145	-
Charges for Services	-	53,500	21,553	(31,947)
Interest	-	-	1,086	1,086
Total Revenues	-	3,034,570	1,651,963	(1,382,607)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	1,507,587	672,329	835,258
Benefits	-	335,143	132,095	203,048
Supplies	-	51,839	31,547	20,292
Contract Services	-	1,182,870	346,696	836,174
Capital Outlay	-	14,444	14,443	1
Total Expenditures	-	3,091,883	1,197,110	1,894,773
Excess Revenues Over Expenditures	-	(57,313)	454,853	512,166
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfer In	-	85,762	-	(85,762)
Operating Transfer Out	-	(29,825)	(26,539)	3,286
Total Other Financing Uses	-	55,937	(26,539)	(82,476)
Net Change in Fund Balance	-	(1,376)	428,314	429,690
Fund Balance at Beginning of Year	-	7,272	7,272	-
Residual Equity Transfer	-	-	102,711	102,711
Prior Period Adjustment	-	-	165,407	165,407
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,896</u></b>	<b><u>\$ 703,704</u></b>	<b><u>\$ 697,808</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Child Welfare Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 15,000	\$ 25,516	\$ 10,516
Miscellaneous	-	25,000	51,694	26,694
Total Revenues	-	40,000	77,210	37,210
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	-	20,000	19,137	863
Supplies	29,351	55,250	44,552	10,698
Contract Services	44,700	69,121	46,278	22,843
Total Expenditures	74,051	144,371	109,967	34,404
(Deficiency) Revenues Over Expenditures	(74,051)	(104,371)	(32,757)	71,614
<b><u>OTHER FINANCING SOURCES:</u></b>				
Operating Transfer In	-	30,320	26,685	(3,635)
Net Change in Fund Balance	(74,051)	(74,051)	(6,072)	67,979
Fund Balance at Beginning of Year	6,072	6,072	6,072	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ (67,979)</u></b>	<b><u>\$ (67,979)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 67,979</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Airport Maintenance Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2003**

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 156,000	\$ 156,000	\$ 147,956	\$ (8,044)
Interest	-	-	649	649
Total Revenues	<u>156,000</u>	<u>156,000</u>	<u>148,605</u>	<u>(7,395)</u>
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Salaries	186,034	195,294	194,973	321
Employee Benefits	45,830	46,580	46,043	537
Supplies	28,200	25,744	18,464	7,280
Contract Services	26,810	41,305	30,737	10,568
Capital Outlay	138,000	592,246	593,221	(975)
Total Expenditures	<u>424,874</u>	<u>901,169</u>	<u>883,438</u>	<u>17,731</u>
(Deficiency) Revenues Over Expenditures	<u>(268,874)</u>	<u>(745,169)</u>	<u>(734,833)</u>	<u>10,336</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Operating Transfer In	-	9,990	630,690	620,700
Operating Transfer Out	-	(180)	-	180
Total Other Financing Sources	<u>-</u>	<u>9,810</u>	<u>630,690</u>	<u>620,880</u>
Net Change in Fund Balance	(268,874)	(735,359)	(104,143)	631,216
Fund Balance at Beginning of Year	<u>104,143</u>	<u>104,143</u>	<u>104,143</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (164,731)</u>	<u>\$ (631,216)</u>	<u>\$ -</u>	<u>\$ 631,216</u>

## **NONMAJOR DEBT SERVICE FUND**

**South Montgomery County, Texas Road District No. 1 Debt Service Fund** - to account for the receipt and disbursement of funds to retire the general obligation debt of the South Montgomery County, Texas Road District No. 1, a component unit of the County. Financing is provided by a specific annual property tax.



**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended September 30, 2003**

D-1

		South Montgomery County, Texas Road District No 1 Interest & Sinking <hr/>
Fund Balance at Beginning of Year	\$	104,239
Residual Equity Transfer		<hr/> (104,239)
 <b><u>FUND BALANCE AT END OF YEAR</u></b>	 \$	 - <hr/> <hr/>



## NONMAJOR CAPITAL PROJECT FUNDS

**County Jail** - to account for the construction of a County Law Enforcement Complex, including a Juvenile Service Center. Financing for this fund includes the proceeds from the issuance of general obligation bonds and a contract for funding with the U.S. Marshal Service. This fund will be used in future years to account for the additions to be made to the jail and juvenile detention center with proceeds of a bond issue approved by voters in August 1999.

**Airport Improvements** - to account for improvements to the County's municipal airport funded by grants from the U.S. Department of Transportation and ad valorem taxes.

**Administration Building** - to account for the construction of an administration building. Primary financing for the acquisition of land was from the sale of real estate. Financing for the construction is provided by proceeds of certificates of obligation.

**Right of Way** - to account for acquisition of properties to fulfill agreements with the state for construction of major roads. Financing is provided by proceeds from the sale of certificates of obligation.

**Certificates of Obligation, Series 1996** - to account for proceeds from issuance of bonds for purpose of participating in a federal buyout of flooded properties.

**Certificates of Obligation, Series 1997A/1998** - to account for the construction of a civic center and multipurpose facility, the construction of a law enforcement building in South County, and improvements to various roads and parks throughout the county. Funding is provided by the issuance of certificates of obligation.

**Certificates of Obligation, Series 2001** - to account for the acquisition and renovation of a former church building and parking area to be utilized as a courts building. Funding for this fund is provided by the issuance of \$2.5million in certificates of obligation.

**Certificates of Obligation, Series 2003** - to account for the acquisition of a parking garage, an animal shelter, and an office building, and the second phase of construction of an office building for court support services. Funding is provided by the issuance of \$11.6million in certificates of obligation

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2003**

E-1

	County Jail	Airport Improvements	Right of Way
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ 30	\$ 540
Investments, at Fair Value	235,000	25,000	319,059
Restricted Cash	13,312	-	-
Receivables:			
Accrued Interest	255	7	227
Due From Other Funds	600,000	124,677	314,790
Due From Other Governments	-	61,219	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 848,567</u></b>	<b><u>\$ 210,933</u></b>	<b><u>\$ 634,616</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 40,672	\$ -	\$ -
Retainage Payable	809,352	-	-
Due To Other Funds	-	241,130	-
Total Liabilities	<u>850,024</u>	<u>241,130</u>	<u>-</u>

<b><u>FUND BALANCES:</u></b>			
Reserved for Capital Projects	<u>(1,457)</u>	<u>(30,197)</u>	<u>634,616</u>

<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 848,567</u></b>	<b><u>\$ 210,933</u></b>	<b><u>\$ 634,616</u></b>
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Certificates Obligation Series 97A-98	Certificates Obligation Series 2001	Certificates Obligation Series 2003	Totals
\$ 185,944	\$ 14,749	\$ -	\$ 201,263
1,630,940	300,000	3,000,000	5,509,999
69,554	-	766	83,632
-	94	13,988	14,571
-	-	-	1,039,467
-	-	-	61,219
<u>\$ 1,886,438</u>	<u>\$ 314,843</u>	<u>\$ 3,014,754</u>	<u>\$ 6,910,151</u>
\$ 454,516	\$ 7,140	\$ 287,440	\$ 789,768
69,554	-	205,691	1,084,597
5,048	-	651,346	897,524
<u>529,118</u>	<u>7,140</u>	<u>1,144,477</u>	<u>2,771,889</u>
<u>1,357,320</u>	<u>307,703</u>	<u>1,870,277</u>	<u>4,138,262</u>
<u>\$ 1,886,438</u>	<u>\$ 314,843</u>	<u>\$ 3,014,754</u>	<u>\$ 6,910,151</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2003**

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	County Jail	Airport Improvements	Administration Building	Right of Way
<b><u>REVENUES:</u></b>				
Intergovernmental-Federal	\$ -	\$ 443,247	\$ -	\$ -
Intergovernmental-State	-	38,187	-	-
Interest	11,372	39	-	4,776
<b><u>TOTAL REVENUES</u></b>	<u>11,372</u>	<u>481,473</u>	<u>-</u>	<u>4,776</u>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	519,676	-	-	40,863
Issuance Costs	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>519,676</u>	<u>-</u>	<u>-</u>	<u>40,863</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(508,304)</u>	<u>481,473</u>	<u>-</u>	<u>(36,087)</u>
<b><u>OTHER FINANCING SOURCES/ USES:</u></b>				
Operating Transfer Out	-	(555,690)	-	-
Proceeds of Certificates of Obligation	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/USES</u></b>	<u>-</u>	<u>(555,690)</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues/ Other Sources Over Expenditures/ Other Uses	<u>(508,304)</u>	<u>(74,217)</u>	<u>-</u>	<u>(36,087)</u>
Fund Balance at Beginning of Year	506,847	251,290	17,351	670,703
Residual Equity Transfer	-	-	(17,351)	-
Prior Period Adjustment	-	(207,270)	-	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ (1,457)</u>	<u>\$ (30,197)</u>	<u>\$ -</u>	<u>\$ 634,616</u>

Certificates Obligation Series 1996	Certificates Obligation Series 97A-98	Certificates Obligation Series 2001	Certificates Obligation Series 2003	Totals
\$ -	\$ -	\$ -	\$ -	\$ 443,247
-	-	-	-	38,187
232	28,405	11,059	18,987	74,870
<u>232</u>	<u>28,405</u>	<u>11,059</u>	<u>18,987</u>	<u>556,304</u>
-	1,161,790	936,583	1,268,913	3,927,825
-	-	229	216,671	216,900
<u>-</u>	<u>1,161,790</u>	<u>936,812</u>	<u>1,485,584</u>	<u>4,144,725</u>
232	(1,133,385)	(925,753)	(1,466,597)	(3,588,421)
(40,158)	-	-	(8,250,584)	(8,846,432)
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,587,458</u>	<u>11,587,458</u>
(40,158)	-	-	3,336,874	2,741,026
(39,926)	(1,133,385)	(925,753)	1,870,277	(847,395)
39,926	2,490,705	1,233,456	-	5,210,278
-	-	-	-	(17,351)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,270)</u>
<u>\$ -</u>	<u>\$ 1,357,320</u>	<u>\$ 307,703</u>	<u>\$ 1,870,277</u>	<u>\$ 4,138,262</u>





### AGENCY FUNDS

**Restitution Center Fund** - to account for the earnings by probationers housed in the Montgomery County Residential Treatment Center. Expenditure of the funds is limited to obligations incurred by the probationers while residing in the Center.

**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.

**Special School Fund** - to account for the collection and payment to the County school districts of property taxes billed and collected by the County on their behalf.

**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**September 30, 2003**

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	<u>Restitution Center</u>	<u>County Officials</u>	<u>Totals</u>
<b><u>ASSETS:</u></b>			
Cash	\$ 26,430	\$ 8,912,975	\$ 8,939,405
Investments, at Fair Value	-	1,038,569	1,038,569
Accounts Receivable	-	13,406	13,406
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 26,430</u></b>	<b><u>\$ 9,964,950</u></b>	<b><u>\$ 9,991,380</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 26,430	\$ 4,163,964	\$ 4,190,394
Due to Other Funds	-	1,124,433	1,124,433
Due to Other Governments	-	4,676,553	4,676,553
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 26,430</u></b>	<b><u>\$ 9,964,950</u></b>	<b><u>\$ 9,991,380</u></b>

**MONTGOMERY COUNTY, TEXAS****Agency Funds****Combining Statement of Changes in Assets and Liabilities**  
**Year Ended September 30, 2003**

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	Balance October 1, 2002	Additions	Deductions	Balance September 30, 2003
<b><u>RESTITUTION CENTER:</u></b>				
<b>Assets:</b>				
Cash	\$ 16,115	\$ 397,720	\$ 387,405	\$ 26,430
<b>Liabilities:</b>				
Accounts Payable	\$ 16,115	\$ 397,720	\$ 387,405	\$ 26,430
<b><u>COUNTY OFFICIALS:</u></b>				
<b>Assets:</b>				
Cash	\$ 7,611,313	\$ 738,082,983	\$ 736,781,321	\$ 8,912,975
Investment, at Fair Value	1,105,618	1,402,883	1,469,932	1,038,569
Accounts Receivable	21,841	16,528	24,963	13,406
Due From Other Funds	11,836	28,458	40,294	-
Total Assets	\$ 8,750,608	\$ 739,530,852	\$ 738,316,510	\$ 9,964,950
<b>Liabilities:</b>				
Accounts Payable	\$ 3,350,307	\$ 11,209,692	\$ 10,396,035	\$ 4,163,964
Due to Other Funds	1,008,010	329,873,350	329,756,927	1,124,433
Due To Other Governments	4,392,291	393,530,735	393,246,473	4,676,553
Total Liabilities	\$ 8,750,608	\$ 734,613,777	\$ 733,399,435	\$ 9,964,950
<b><u>SPECIAL SCHOOL:</u></b>				
<b>Assets:</b>				
Due From Other Funds	\$ 3,648	\$ -	\$ 3,648	\$ -
<b>Liabilities:</b>				
Due to Other Governments	\$ 3,648	\$ -	\$ 3,648	\$ -
<b><u>TOTALS - ALL AGENCY FUNDS:</u></b>				
<b><u>ASSETS:</u></b>				
Cash	\$ 7,627,428	\$ 738,480,703	\$ 737,168,726	\$ 8,939,405
Investments, at Fair Value	1,105,618	1,402,883	1,469,932	1,038,569
Accounts Receivable	21,841	16,528	24,963	13,406
Due From Other Funds	15,484	28,458	43,942	-
<b>TOTAL ASSETS</b>	<b>\$ 8,770,371</b>	<b>\$ 739,928,572</b>	<b>\$ 738,707,563</b>	<b>\$ 9,991,380</b>
<b><u>LIABILITIES:</u></b>				
Accounts Payable	\$ 3,366,422	\$ 11,607,412	\$ 10,783,440	\$ 4,190,394
Due to Other Funds	1,008,010	329,873,350	329,756,927	1,124,433
Due to Other Governments	4,395,939	393,530,735	393,250,121	4,676,553
<b>TOTAL LIABILITIES</b>	<b>\$ 8,770,371</b>	<b>\$ 735,011,497</b>	<b>\$ 733,790,488</b>	<b>\$ 9,991,380</b>

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

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**September 30, 2003**

G-1

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 5,876,958
Buildings	85,112,913
Improvements Other Than Buildings	6,215,045
Equipment	38,726,232
Infrastructure	32,257,082
Construction in Progress	11,374,372

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 179,562,602</u></b>
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**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**

**BY SOURCE:**

General Fund	\$ 105,071,861
Special Revenue Funds	63,116,369
Capital Project Funds	11,374,372

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 179,562,602</u></b>
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**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2003**

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Page 1 of 2

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
<b><u>GENERAL ADMINISTRATION:</u></b>					
County Judge	26,757	-	-	-	26,757
Human Resources	15,364	-	-	-	15,364
Risk Management	12,246	-	-	-	12,246
County Clerk	1,679,445	-	-	-	1,679,445
Collections	32,305	-	-	-	32,305
Veterans' Service	2,115	-	-	-	2,115
Purchasing Agent	53,767	-	-	-	53,767
Motor Pool	42,569	-	-	-	42,569
Commns/Info Services	995,634	-	86,900	8,000	900,734
County Buildings	59,551,607	-	59,542,769	8,838	-
County Land	4,100,222	3,984,376	-	115,846	-
Worthless Check Administration	15,835	-	-	-	15,835
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>66,527,866</u></b>	<b><u>3,984,376</u></b>	<b><u>59,629,669</u></b>	<b><u>132,684</u></b>	<b><u>2,781,137</u></b>
<b><u>FINANCIAL ADMINISTRATION</u></b>					
County Auditor	82,400	-	-	-	82,400
County Treasurer	35,491	-	-	-	35,491
Tax Assessor/Collector	260,120	-	-	-	260,120
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>378,011</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>378,011</u></b>
<b><u>CONSERVATION</u></b>					
Extension Agents	73,183	-	8,948	10,051	54,184
Recycling Stations	118,959	-	61,318	20,722	36,919
<b><u>TOTAL CONSERVATION</u></b>	<b><u>192,142</u></b>	<b><u>-</u></b>	<b><u>70,266</u></b>	<b><u>30,773</u></b>	<b><u>91,103</u></b>
<b><u>ELECTIONS</u></b>					
Elections Administrator	341,989	-	-	-	341,989
<b><u>TOTAL ELECTIONS ADM</u></b>	<b><u>341,989</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>341,989</u></b>
<b><u>FACILITIES</u></b>					
Custodial Services	302,161	-	1,612	-	300,549
Building Maintenance	730,309	-	193,061	5,668	531,580
Parks	6,357,987	817,488	2,138,869	3,316,862	84,768
Jail	394,758	-	82,720	-	312,038
Civic Center	15,063,473	88,216	14,283,838	117,111	574,308
<b><u>TOTAL FACILITIES</u></b>	<b><u>22,848,688</u></b>	<b><u>905,704</u></b>	<b><u>16,700,100</u></b>	<b><u>3,439,641</u></b>	<b><u>1,803,243</u></b>
<b><u>HEALTH AND WELFARE</u></b>					
Public Health	2,393,005	-	2,152,335	-	240,670
Child Welfare	6,739	-	-	-	6,739
Community Development	1,330,577	-	1,229,325	-	101,252
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>3,730,321</u></b>	<b><u>-</u></b>	<b><u>3,381,660</u></b>	<b><u>-</u></b>	<b><u>348,661</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2003**

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Page 2 of 2

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure
<b><u>JUDICIAL</u></b>						
Courts	398,100	-	-	924	397,176	-
District Attorney	390,983	-	-	-	390,983	-
District Clerk	424,726	-	-	-	424,726	-
Justice of Peace	182,238	-	6,580	1,440	174,218	-
<b><u>TOTAL JUDICIAL</u></b>	<b><u>1,396,047</u></b>	<b><u>-</u></b>	<b><u>6,580</u></b>	<b><u>2,364</u></b>	<b><u>1,387,103</u></b>	<b><u>-</u></b>
<b><u>LEGAL SERVICES</u></b>						
County Attorney	68,132	-	-	-	68,132	-
Law Library	533,105	-	-	-	533,105	-
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>601,237</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>601,237</u></b>	<b><u>-</u></b>
<b><u>PUBLIC SAFETY</u></b>						
Emergency Management	40,822	-	-	-	40,822	-
Fire Marshal	20,821	-	-	-	20,821	-
Department of Public Safety	6,050	-	-	-	6,050	-
Constables	1,190,846	-	26,070	1,440	1,163,336	-
Sheriff	10,181,647	10,907	289,807	191,011	9,689,922	-
Bail Bond Board	2,854	-	-	-	2,854	-
District Attorney Forfeitures	33,018	-	-	8,900	24,118	-
County Attorney Forfeitures	2,752	-	-	-	2,752	-
Juvenile Probation	274,809	-	11,977	-	262,832	-
Adult Probation	69,122	-	-	-	69,122	-
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>11,822,741</u></b>	<b><u>10,907</u></b>	<b><u>327,854</u></b>	<b><u>201,351</u></b>	<b><u>11,282,629</u></b>	<b><u>-</u></b>
<b><u>PUBLIC TRANSPORTATION</u></b>						
Engineer	123,019	-	-	-	123,019	-
Commissioners' Operations	45,728,014	889,165	2,261,303	1,961,445	10,852,557	29,763,544
Airport	4,935,848	86,806	1,652,536	438,443	264,525	2,493,538
<b><u>TOTAL PUBLIC TRANSP.</u></b>	<b><u>50,786,881</u></b>	<b><u>975,971</u></b>	<b><u>3,913,839</u></b>	<b><u>2,399,888</u></b>	<b><u>11,240,101</u></b>	<b><u>32,257,082</u></b>
<b><u>CULTURE AND RECREATION</u></b>						
Memorial Library	9,562,307	-	1,082,945	8,344	8,471,018	-
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>9,562,307</u></b>	<b><u>-</u></b>	<b><u>1,082,945</u></b>	<b><u>8,344</u></b>	<b><u>8,471,018</u></b>	<b><u>-</u></b>
<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>						
<b><u>CAPITAL ASSETS</u></b>	<b><u>168,188,230</u></b>	<b><u>\$5,876,958</u></b>	<b><u>\$85,112,913</u></b>	<b><u>\$ 6,215,045</u></b>	<b><u>\$ 38,726,232</u></b>	<b><u>\$32,257,082</u></b>
Construction In Progress	<u>11,374,372</u>					
<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>						
<b><u>CAPITAL ASSETS</u></b>	<b><u>\$179,562,602</u></b>					

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year ended September 30, 2003**

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Function and Activity	Govtl Funds Capital Assets October 1, 2002	Additions	Deletions	Govtl Funds Capital Assets September 30, 2003
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge	\$ 26,757	\$ -	\$ -	\$ 26,757
Human Resources	15,364	-	-	15,364
Risk Management	6,100	6,146	-	12,246
County Clerk	1,689,045	895	10,495	1,679,445
Collections	27,486	6,288	1,469	32,305
Veterans' Service	2,115	-	-	2,115
Purchasing Agent	51,501	54,852	52,586	53,767
Motor Pool	42,569	-	-	42,569
Commns/Info Services	749,380	355,378	109,124	995,634
County Buildings	57,615,184	2,344,478	408,055	59,551,607
County Land	3,800,148	304,427	4,353	4,100,222
Worthless Check Administration	15,835	-	-	15,835
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>64,041,484</u></b>	<b><u>3,072,464</u></b>	<b><u>586,082</u></b>	<b><u>66,527,866</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor	82,770	4,598	4,968	82,400
County Treasurer	31,909	4,141	559	35,491
Tax Assessor/Collector	260,199	2,978	3,057	260,120
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>374,878</u></b>	<b><u>11,717</u></b>	<b><u>8,584</u></b>	<b><u>378,011</u></b>
<b><u>CONSERVATION:</u></b>				
Extension Agents	62,064	16,039	4,920	73,183
Recycling Stations	9,877	109,082	-	118,959
<b><u>TOTAL CONSERVATION</u></b>	<b><u>71,941</u></b>	<b><u>125,121</u></b>	<b><u>4,920</u></b>	<b><u>192,142</u></b>
<b><u>ELECTIONS:</u></b>				
Elections Administrator	360,787	14,269	33,067	341,989
<b><u>TOTAL ELECTIONS</u></b>	<b><u>360,787</u></b>	<b><u>14,269</u></b>	<b><u>33,067</u></b>	<b><u>341,989</u></b>
<b><u>FACILITIES:</u></b>				
Custodial Services	300,408	22,429	20,676	302,161
Building Maintenance	677,385	74,189	21,265	730,309
Parks	4,183,387	3,363,138	1,188,538	6,357,987
Jail	369,287	119,228	93,757	394,758
Civic Center	14,953,248	587,380	477,155	15,063,473
<b><u>TOTAL FACILITIES</u></b>	<b><u>20,483,715</u></b>	<b><u>4,166,364</u></b>	<b><u>1,801,391</u></b>	<b><u>22,848,688</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Public Health	2,371,469	23,416	1,880	2,393,005
Child Welfare	6,739	-	-	6,739
Community Development	1,305,468	28,029	2,920	1,330,577
<b><u>TOTAL HEALTH &amp; WELFARE</u></b>	<b><u>3,683,676</u></b>	<b><u>51,445</u></b>	<b><u>4,800</u></b>	<b><u>3,730,321</u></b>



**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year ended September 30, 2003**

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Function and Activity	Govtl Funds Capital Assets October 1, 2002	Additions	Deletions	Govtl Funds Capital Assets September 30, 2003
<b>JUDICIAL:</b>				
Courts	277,257	151,294	30,451	398,100
District Attorney	363,303	80,571	52,891	390,983
District Clerk	415,610	9,116	-	424,726
Justice of Peace	171,609	23,553	12,924	182,238
<b>TOTAL JUDICIAL</b>	<b>1,227,779</b>	<b>264,534</b>	<b>96,266</b>	<b>1,396,047</b>
<b>LEGAL SERVICES:</b>				
County Attorney	77,967	3,459	13,294	68,132
Law Library	450,566	82,539	-	533,105
<b>TOTAL LEGAL SERVICES</b>	<b>528,533</b>	<b>85,998</b>	<b>13,294</b>	<b>601,237</b>
<b>PUBLIC SAFETY:</b>				
Emergency Management	30,581	10,882	641	40,822
Fire Marshal	28,635	9,285	17,099	20,821
Department of Public Safety	6,050	-	-	6,050
Constables	880,285	375,400	64,839	1,190,846
Sheriff	9,221,855	1,241,756	281,964	10,181,647
Bail Bond Board	-	2,854	-	2,854
District Attorney Forfeitures	61,794	1,222	29,998	33,018
County Attorney Forfeitures	5,553	-	2,801	2,752
Juvenile Probation	266,905	37,022	29,118	274,809
Adult Probation	47,012	22,110	-	69,122
<b>TOTAL PUBLIC SAFETY</b>	<b>10,548,670</b>	<b>1,700,531</b>	<b>426,460</b>	<b>11,822,741</b>
<b>PUBLIC TRANSPORTATION:</b>				
Engineers	145,162	2,860	25,003	123,019
Commissioners' Operations	15,106,520	31,763,822	1,142,328	45,728,014
Airport	2,265,775	2,702,576	32,503	4,935,848
<b>TOTAL PUBLIC TRANS</b>	<b>17,517,457</b>	<b>34,469,258</b>	<b>1,199,834</b>	<b>50,786,881</b>
<b>CULTURE &amp; RECREATION:</b>				
Memorial Library	8,999,036	730,244	166,973	9,562,307
<b>TOTAL CULTURE/REC</b>	<b>8,999,036</b>	<b>730,244</b>	<b>166,973</b>	<b>9,562,307</b>
Construction In Progress	11,571,748	4,236,272	4,433,648	11,374,372
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 139,409,704</b>	<b>\$ 48,928,217</b>	<b>\$ 8,775,319</b>	<b>\$ 179,562,602</b>



**STATISTICAL SECTION**





**STATISTICAL SECTION  
(UNAUDITED)**

**MONTGOMERY COUNTY, TEXAS**  
**Government-wide Expenses by Function**  
**Year Ended September 30, 2003**

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<u>Fiscal</u> <u>Year (1)</u>	<u>General</u> <u>Administration</u>	<u>Judicial</u>	<u>Legal</u>	<u>Elections</u>	<u>Financial</u> <u>Administration</u>	<u>Public</u> <u>Facilities</u>	<u>Public</u> <u>Safety</u>
2003	\$ 11,648,705	\$ 12,773,623	\$ 1,535,772	\$ 578,472	\$ 3,545,228	\$ 6,756,690	\$ 39,426,821

(1) In compliance with GASB Statement No. 34, government-wide statements were prepared beginning in fiscal year 2003

**TABLE I**

Health and Welfare	Culture and Recreation	Conservation	Public Transportation	Debt Service	Miscellaneous	Total
\$ 4,735,049	\$ 4,207,762	\$ 595,714	\$ 1,447,670	\$ 8,229,368	\$ 4,589,512	\$ 100,070,386

**MONTGOMERY COUNTY, TEXAS**  
**Government-wide Revenues**  
**For the Fiscal Year Ended September 30, 2003**

Fiscal Year	(1)	Program Revenues			Taxes
		Fees, Fines, Forfeitures, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
2003		\$ 28,355,009	\$ 6,205,454	\$ 319,745	\$ 79,213,163

- (1) In compliance with GASB Statement No. 34, government-wide statements were prepared beginning in fiscal year 2003



**TABLE II**

General Revenues					
Insurance Reimbursements	Contributions	Unrestricted Investment Earnings	Gain on Sale of Capital Assets	Total	
\$ 89,328	\$ 1,016,103	\$ 1,168,435	\$ 41,478	\$ 116,408,715	

**MONTGOMERY COUNTY, TEXAS**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Administration	Judicial	Legal	Elections	Financial Administration	Public Facilities	Public Safety
1994	\$ 7,394,802	\$ 4,098,089	\$ 1,281,824	\$ 327,870	\$ 1,800,770	\$ 2,741,368	\$ 18,563,473
1995	6,066,344	4,559,092	1,363,202	302,662	2,116,250	2,498,505	21,874,582
1996	5,470,242	4,991,447	1,405,570	415,223	2,095,901	2,400,533	22,927,729
1997	6,400,141	5,648,210	1,434,643	369,015	2,228,841	2,902,725	24,114,850
1998	7,505,752	6,331,292	1,515,382	441,725	2,463,660	3,127,051	27,104,453
1999	8,141,208	6,800,845	1,583,830	330,022	2,686,149	3,651,170	28,561,434
2000	7,503,373	7,750,470	1,713,202	441,851	2,749,449	4,092,645	30,857,263
2001	7,967,743	9,078,900	1,468,205	450,201	3,151,028	5,055,180	33,238,674
2002	12,629,952	10,294,847	1,452,800	588,836	3,464,350	5,418,380	37,018,409
2003	10,299,486	12,775,232	1,560,404	562,397	3,520,998	6,093,188	39,615,733

(1) Includes General, Special Revenue and Debt Service Funds.

(2) FY 1996 includes \$12 million expenditure in federal buy-out program as a result of 1994 flood.

TABLE III

Health and Welfare (2)	Culture and Recreation	Conservation	Public Transportation	Debt Service	Miscellaneous	Total
\$ 2,567,889	\$ 1,871,457	\$ 220,393	\$ 10,199,700	\$ 5,743,574	\$ 629,680	\$ 57,440,889
3,455,420	2,341,806	219,972	11,742,582	5,743,912	2,478,389	64,762,718
13,488,725	2,577,360	220,986	11,723,319	5,736,317	994,271	74,447,623
2,837,989	2,378,063	260,656	13,424,111	6,359,564	633,668	68,992,476
3,751,987	2,829,968	264,074	12,551,589	5,664,319	1,820,432	75,371,684
4,950,959	3,317,301	272,788	14,823,006	6,880,893	3,017,333	85,016,938
5,007,622	3,615,564	299,612	16,606,255	6,698,503	2,352,687	89,688,496
6,985,594	4,253,302	379,251	16,353,845	6,546,279	3,937,048	98,865,250
6,312,253	4,281,759	609,646	19,224,885	8,114,673	6,427,786	115,838,576
6,590,080	4,390,872	712,160	16,860,588	15,870,264	5,594,822	124,446,224

**MONTGOMERY COUNTY, TEXAS**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fees</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>
1994	\$ 37,559,579	\$ 3,901,626	\$ 3,794,159	\$ 1,656,239	\$ 681,228
1995	39,658,212	4,326,925	4,022,464	4,375,440	671,247
1996	42,374,285	4,597,463	4,397,037	11,295,885 (3)	657,206
1997	45,167,641	4,936,810	4,661,065	2,399,660	696,049
1998	48,570,347	5,426,093	5,714,570	3,077,757	753,979
1999	52,600,014	5,858,172	6,704,550	4,358,683	817,254
2000	55,595,127	6,203,717	7,354,016	4,137,240	783,919
2001	61,781,495	6,134,638	7,866,591	5,388,664	948,496
2002	69,165,276	6,848,251	8,661,726	6,126,579	1,078,794
2003	79,235,180	6,774,170	9,704,730	7,046,917	1,126,189

(1) Includes General, Special Revenue and Debt Service Funds

(2) Contract Reimbursements were reclassified from Miscellaneous in 1995

(3) FY96 included aid received from FEMA for buy-out of flooded homes

TABLE IV

Interest	Contract Reimbursements	Inmate Housing	Fines and Forfeitures	Miscellaneous	Total
\$ 583,666	\$ -	\$ 4,681,991	\$ 729,000	\$ 4,573,161	\$ 58,160,649
1,107,379	4,177,047 (2)	3,918,323	917,447	883,091	64,057,575
1,223,609	4,494,549	3,100,532	997,313	952,851	74,090,730
1,608,537	4,700,322	2,797,921	1,045,391	1,107,711	69,121,107
1,664,565	5,368,916	2,890,049	1,146,969	1,541,774	76,155,019
1,696,364	5,435,479	2,777,248	1,547,650	2,269,777	84,065,191
1,637,661	5,647,519	1,356,444	1,659,434	2,731,521	87,106,598
1,400,716	6,160,532	375,313	1,636,656	1,772,991	93,466,092
803,231	7,351,963	448,159	1,570,219	1,726,849	103,781,047
508,229	6,952,378	479,399	1,586,335	1,643,431	115,056,958

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

**TABLE V**

Fiscal Year	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1994	\$36,179,341	\$ 35,207,375	97.3%	\$1,153,166	\$36,360,541	100.5%	\$6,719,183	18.6%
1995	38,903,900	37,209,387	95.6	1,205,982	38,415,369	98.7	6,487,532	16.7
1996	41,110,603	39,921,462	97.1	1,187,826	41,109,288	100.0	6,449,308	15.7
1997	43,694,149	42,119,201	96.4	1,764,514	43,883,715	100.3	6,441,147	14.7
1998	46,937,541	45,882,279	97.8	1,208,829	47,091,108	100.3	6,112,852	13.0
1999	50,889,079	49,887,250	98.0	1,247,664	51,134,914	100.5	6,175,378	12.1
2000	54,051,832	52,810,108	97.7	1,244,737	54,054,845	100.0	6,501,501	12.0
2001	59,831,094	58,384,869	97.6	1,547,076	59,931,945	100.2	6,232,148	10.4
2002	67,447,935	65,714,723	97.4	1,608,717	67,323,440	99.8	6,471,525	9.6
2003	77,043,931	75,232,037	97.6	1,784,876	77,016,913	100.0	6,587,182	8.5

(1) Includes South Montgomery County Road District No. 1, a blended component unit of the County  
See Table III, Exhibit A for detail

(2) 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.

**MONTGOMERY COUNTY, TEXAS**  
**Property Tax Levies and Collections**  
**For the Year Ended September 30, 2003**

**TABLE V**  
**EXHIBIT A**

	Montgomery County, Texas	South Montgomery County Road District No. 1	Total
Total Tax Levy	\$ 77,043,931	\$ -	\$ 77,043,931
Current Tax Collections	\$ 75,232,037	\$ -	\$ 75,232,037
Percent of Levy Collected	97.6%	0.0%	97.6%
Delinquent Tax Collections	\$ 1,777,980	\$ 6,896	\$ 1,784,876
Total Tax Collections	\$ 77,010,017	\$ 6,896	\$ 77,016,913
Percent of Total Tax Collections to Tax Levy	100.0%	N/A	100.0%
Outstanding Delinquent Taxes	\$ 6,535,310	\$ 51,872	\$ 6,587,182
Percent of Delinquent Taxes to Tax Levy	8.5%	N/A	8.5%





**MONTGOMERY COUNTY, TEXAS**  
**Assessed and Estimated Actual Value**  
**of Taxable Property (in Thousands)**  
**Last Ten Fiscal Years (1)**

**TABLE VI**

Tax Year	Fiscal Year	Real Property (2)		Personal and Other Property		Total Property		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1993	1994	\$ 6,049,632	\$ 6,049,632	\$ 1,005,545	\$1,005,545	\$7,055,177	\$ 7,055,177	100.0%
1994	1995	6,206,631	6,206,631	1,161,497	1,161,497	7,368,128	7,368,128	100.0
1995	1996	6,981,063	6,981,063	1,308,349	1,308,349	8,289,412	8,289,412	100.0
1996	1997	7,164,696	7,164,696	1,434,865	1,434,865	8,599,561	8,599,561	100.0
1997	1998	7,811,763	7,811,763	1,510,582	1,510,582	9,322,345	9,322,345	100.0
1998	1999	8,597,552	8,597,552	1,593,073	1,593,073	10,190,625	10,190,625	100.0
1999	2000	9,497,283	9,497,283	1,704,490	1,704,490	11,201,772	11,201,772	100.0
2000	2001	10,671,089	10,671,089	1,865,436	1,865,436	12,536,525	12,536,525	100.0
2001	2002	12,252,007	12,252,007	2,030,021	2,030,021	14,282,028	14,282,028	100.0
2002	2003	14,154,934	14,154,934	2,134,447	2,134,447	16,289,381	16,289,381	100.0

- (1) County Report of Property Value as prepared by the Montgomery Central Appraisal District and submitted to the State Property Tax Board
- (2) Includes mineral and timber property

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

	1994	1995	1996
<b><u>MONTGOMERY COUNTY, TEXAS:</u></b>			
General Fund	\$ 0.3548	\$ 0.3581	\$ 0.3693
Special Revenue Funds	0.0840	0.0770	0.0740
Debt Service Fund	0.0539	0.0576	0.0494
Total Montgomery County, Texas	0.4927	0.4927	0.4927
<b><u>SOUTH MONTGOMERY COUNTY,</u></b>			
<b><u>TEXAS ROAD DISTRICT NO. 1:</u></b>			
Debt Service Fund	0.0502	0.0450	0.0398
<b><u>OVERLAPPING GOVERNMENTS:</u></b>			
<b>Special Districts:</b>			
Chateau Woods M.U.D.	-	0.8856	0.9047
Clover Creek M.U.D.	-	-	-
Corinthian Point M.U.D.	0.9093	0.8892	0.8410
East Montgomery County M.U.D. #1	1.2812	1.2500	1.0500
East Montgomery County M.U.D. #3	-	-	-
East Plantation U.D.	1.0054	0.9400	1.7013
Far Hills U.D.	0.6823	0.6748	0.6500
Harris County U.D. #1	0.9361	0.9361	0.9362
Harris County U.D. #4	0.7693	0.7679	0.7677
Kingwood Place South M.U.D.	1.3081	1.4032	1.5072
Kings Manor M.U.D.	-	-	1.2900
Lake Conroe Hills M.U.D.	1.2100	1.1900	1.1060
Lazy River I.D.	0.5498	0.4318	0.5433
Montgomery County D.D. #6	0.7499	0.7191	0.6039
Montgomery County F.W.S.D. #6	0.3567	0.3627	0.3723
Montgomery County Hospital Dist	0.1500	0.1175	0.0885
Montgomery County M.U.D. #6	0.6500	0.6200	0.6500
Montgomery County M.U.D. #7	0.6400	0.6000	0.6000
Montgomery County M.U.D. #8	0.5600	0.5600	0.5500
Montgomery County M.U.D. #9	1.2220	1.2100	1.1422

TABLE VII

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1997	1998	1999	2000	2001	2002	2003
\$ 0.3631	\$ 0.3669	\$ 0.3583	\$ 0.3498	\$ 0.3446	\$ 0.3509	\$ 0.3568
0.0746	0.0746	0.0746	0.0746	0.0746	0.0746	0.0525
0.0550	0.0482	0.0568	0.0503	0.0555	0.0455	0.0617
0.4927	0.4897	0.4897	0.4747	0.4747	0.4710	0.4710
0.0358	0.0213	0.0213	0.0160	-	-	-
0.8976	0.8190	0.6761	0.5215	0.5019	0.2500	0.2500
1.0000	1.2500	-	1.2500	1.2500	1.2500	1.2500
0.8380	0.8836	0.8459	0.8175	0.8175	0.8175	0.7987
0.6000	0.6300	0.5000	0.4397	0.4000	0.3800	0.3800
-	-	-	-	-	-	0.5000
0.8350	0.7810	0.7590	0.7430	0.7300	0.7300	0.7300
0.6300	0.5900	0.5700	0.5700	0.5650	0.4950	0.4950
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
1.2900	-	1.2900	1.2900	1.2900	1.2900	1.2900
1.0899	0.8736	0.7712	0.6593	0.6300	0.5000	0.5000
0.4746	0.4792	0.5000	0.8285	0.7848	0.7500	0.7200
0.5111	0.4046	0.3520	0.3358	0.3052	0.3052	0.2922
0.3833	0.3652	0.3619	0.3618	0.4200	0.3924	0.3774
0.0885	0.0785	0.0785	0.1378	0.1378	0.1338	0.1082
0.6500	0.6010	0.5652	0.5650	0.5550	0.5000	0.3000
0.6000	0.5544	0.4840	0.4576	0.4400	0.4200	0.3800
0.5495	0.4986	0.4895	0.2671	0.2682	0.2263	0.2263
1.1700	1.0700	1.0200	0.9700	0.9700	0.8600	0.7000

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

	1994	1995	1996
Special Districts (continued):			
Montgomery County M.U.D. #15	2.2100	2.2490	2.2151
Montgomery County M.U.D. #16	6.2300	6.2300	5.5700
Montgomery County M.U.D. #18	0.6235	0.6981	0.8317
Montgomery County M.U.D. #19	1.1500	1.1500	0.9954
Montgomery County M.U.D. #24	2.7600	2.6000	2.5400
Montgomery County M.U.D. #36	0.5000	0.4500	0.4300
Montgomery County M.U.D. #39	0.9000	0.9000	0.9000
Montgomery County M.U.D. #40	0.6000	0.5900	0.6225
Montgomery County M.U.D. #42	2.6100	0.5000	-
Montgomery County M.U.D. #43	1.8050	1.7400	0.9000
Montgomery County M.U.D. #46	0.8875	0.7900	0.8500
Montgomery County M.U.D. #47	0.6200	0.6200	0.6200
Montgomery County M.U.D. #48	2.3263	2.3318	2.7963
Montgomery County M.U.D. #53	1.4000	1.8500	1.8500
Montgomery County M.U.D. #56	2.7100	2.7100	-
Montgomery County M.U.D. #58	3.3700	3.4500	4.0500
Montgomery County M.U.D. #60	0.7000	0.7000	0.7000
Montgomery County M.U.D. #67	0.8500	0.6500	0.5900
Montgomery County M.U.D. #83	-	-	-
Montgomery County M.U.D. #89	-	-	-
Montgomery County M.U.D. #94	-	-	-
Montgomery County M.U.D. #95	-	-	-
Montgomery County U.D. #2	1.1464	1.0533	0.9896
Montgomery County U.D. #3	0.6242	0.5950	0.5783
Montgomery County U.D. #4	0.9500	0.8500	0.7500
Montgomery County W.C.I.D. #1	0.8908	0.9115	1.1700
New Caney M.U.D.	0.5832	0.5662	0.5862
North Harris/Montgomery Community College	0.0990	0.0990	0.1012
Oak Ridge M.U.D.	0.8948	0.9075	0.8721

TABLE VII

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1997	1998	1999	2000	2001	2002	2003
2.0209	2.0386	1.9010	1.8088	2.1442	2.0800	1.6000
5.3700	-	5.0800	5.0800	5.0800	4.8300	3.9600
0.8237	0.7200	0.6800	0.6600	0.6400	0.5860	0.5600
0.9500	0.6500	0.5000	0.4919	0.4500	0.4500	0.4500
2.5000	1.8500	1.7900	1.6800	1.5900	1.5900	1.5900
0.4200	0.4148	0.3956	0.3956	0.3900	0.3600	0.3600
0.8700	0.8800	0.8800	0.8200	0.7200	0.7200	0.7200
0.5825	0.5418	0.4250	0.4150	0.4050	0.3650	0.3200
0.5000	0.9500	1.2500	1.5000	1.5000	1.5000	1.4800
3.3100	-	-	-	-	-	-
0.8450	0.8400	0.7950	0.7800	0.6950	0.6300	0.6000
0.5900	0.5443	0.5200	0.4340	0.4200	0.3950	0.3700
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
1.8500	-	-	-	-	-	-
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.6500	0.6400	0.6100	0.5949	0.5500	0.4500	0.4200
0.5200	0.4780	0.4700	0.4700	0.4700	0.4700	0.4700
-	-	1.0000	0.9880	0.9880	1.0000	1.2500
-	-	-	-	-	-	1.3900
-	-	-	-	-	-	1.2200
-	-	-	-	-	-	1.2500
0.9062	0.7625	0.7342	0.6893	0.6800	0.6000	0.5900
0.5783	0.5783	0.5733	0.5765	0.5765	0.5765	0.5765
0.7500	0.6500	0.4100	0.3300	0.3800	0.3800	0.3800
1.1122	1.1136	0.9341	0.9378	0.8500	0.8200	0.8200
0.5827	0.5188	0.5076	0.5076	0.5076	0.5076	0.5076
0.1228	0.1198	0.1174	0.1100	0.1100	0.1055	0.1145
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed

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

	1994	1995	1996
Special Districts (continued):			
Point Aquarius M.U.D.	0.7440	0.6724	0.7012
Porter M.U.D.	0.5580	0.5500	0.5293
Rayford Road M.U.D.	0.7485	0.7145	0.6756
River Plantation M.U.D.	0.6867	0.6856	0.6832
Roman Forest Cons. M.U.D.	0.9718	0.8555	0.8087
Roman Forest P.U.D. #3	-	7.5000	-
Roman Forest P.U.D. #4	2.5000	2.5000	2.5000
South Montgomery County M.U.D.	0.3558	0.2492	0.2392
Spring Creek U.D.	1.4481	1.1000	1.1000
Stanley Lake M.U.D.	1.0585	1.0585	1.0400
Texas National M.U.D.	2.2200	1.9857	0.8144
Wood Trace M.U.D. #1	-	-	-
Woodlands Metro-Center M.U.D.	0.9000	0.7900	0.5400
Woodlands M.U.D. #2	0.5500	0.5100	0.5100
Woodlands R.U.D. #1	0.2000	0.3100	0.4900
Emergency Service District #1	0.0299	0.0300	0.0299
Emergency Service District #2	0.0299	0.0294	0.0300
Emergency Service District #3	0.0300	0.0300	0.0300
Emergency Service District #4	0.0300	0.0300	0.0300
Emergency Service District #5	0.0300	0.0300	0.0300
Emergency Service District #6	0.0300	0.0300	0.0300
Emergency Service District #7	0.0300	0.0300	0.0300
Emergency Service District #8	0.0290	0.0300	0.0300
Emergency Service District #9	0.0300	0.0300	0.0300
Emergency Service District #10	0.0300	0.0300	0.0300
Emergency Service District #11	0.0300	0.0300	0.0300
Emergency Service District #12	0.0300	0.0284	0.0300
Emergency Service District #14	0.0300	0.0300	0.0300
Total Special Districts	63.7510	68.6185	57.8342

TABLE VII

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1997	1998	1999	2000	2001	2002	2003
0.7000	0.6800	0.6800	0.6708	0.6666	0.5877	0.5558
0.5293	0.5200	0.5150	0.5150	0.5150	0.5150	0.5150
0.6400	0.6890	0.7416	0.7620	0.7620	0.7620	0.7620
0.6379	0.6104	0.6109	0.6055	0.5357	0.5026	0.4895
0.7849	0.7750	0.7237	0.6429	0.6100	0.5900	0.5800
4.0000	-	2.1400	1.8900	1.8900	1.2500	1.2500
2.5000	-	2.0193	1.8965	1.2500	1.1500	1.1500
0.2341	0.2266	0.2985	0.2704	0.2704	0.2704	0.2704
1.0460	0.9490	0.9400	0.9100	0.9100	0.9100	1.0100
1.0376	0.8000	0.6700	0.6345	0.6345	0.6345	0.6000
0.7500	0.6566	0.7500	1.1400	1.1400	1.1200	1.1100
-	-	-	-	-	1.5000	1.2500
0.4600	0.4500	0.4500	0.4000	0.4000	0.3200	0.3000
0.4800	0.4800	0.4800	0.4800	0.4600	0.4400	0.4100
0.4900	0.5000	0.5000	0.4925	0.5000	0.5000	0.5000
0.0850	0.0884	0.0950	0.0967	0.1000	0.1000	0.1000
0.0800	0.0875	0.0934	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.0978	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.0948	0.0893	0.0820	0.1000
0.0600	0.0908	0.0984	0.0977	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.0965	0.1000	0.1000	0.1000	0.1000	0.1000
0.0300	0.0700	0.0790	0.0784	0.0646	0.0545	0.0562
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0620
0.0800	0.0905	0.1000	0.0983	0.1000	0.1000	0.1000
0.1000	0.0995	0.0927	0.1000	0.1000	0.1000	0.1000
0.0300	0.0957	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
54.0666	33.9746	42.8640	43.3078	42.2598	41.2545	43.5173

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

	1994	1995	1996
<b>Cities:</b>			
Chateau Woods	0.8736	-	-
Conroe	0.4386	0.4228	0.4200
Magnolia	0.5333	0.5647	0.5647
Montgomery	0.5965	0.6198	0.2735
Oak Ridge North	0.3405	0.3300	0.3102
Panorama Village	0.7480	0.7578	0.7344
Patton Village	0.1500	0.1500	0.2606
Roman Forest	0.4260	0.4298	0.4310
Shenandoah Village	0.9500	0.8450	0.7977
Splendor	-	-	-
Stagecoach	0.3680	0.3680	0.3680
Willis	0.6298	0.6495	0.6450
Woodbranch Village	0.5381	0.5381	0.5499
Woodloch	0.7500	0.6918	1.5600
Houston (County Line City)	0.6650	0.6650	-
Total Cities	8.0074	7.0323	6.9150
<b>School Districts:</b>			
Cleveland I.S.D.	1.2302	1.2302	1.2624
Conroe I.S.D.	1.5455	1.5655	1.5955
Magnolia I.S.D.	1.5100	1.5200	1.6200
Montgomery I.S.D.	1.6500	1.5500	1.4800
New Caney I.S.D.	1.6874	1.6874	1.6874
Richards I.S.D.	1.2700	1.3020	1.3000
Splendor I.S.D.	1.7400	1.7400	1.7100
Tomball I.S.D.	1.5000	1.5000	1.5000
Willis I.S.D.	1.6850	1.7200	1.7100
Total School Districts	13.8181	13.8151	13.8653
<b><u>TOTAL PROPERTY TAX RATES -</u></b>			
<b><u>DIRECT AND OVERLAPPING</u></b>			
<b><u>GOVERNMENTS</u></b>			
	\$86.1194	\$90.0036	\$79.1470

(1) Per \$100 of assessed valuation



TABLE VII

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1997	1998	1999	2000	2001	2002	2003
-	-	-	-	-	-	-
0.4200	0.4200	0.4200	0.4200	0.4200	0.4165	0.4335
0.5649	0.5747	0.5337	0.5090	0.4603	0.4052	0.4186
0.1017	0.1060	0.4221	0.4106	0.3620	0.3869	0.3869
1.1533	1.1296	1.0600	0.9950	0.8950	0.7710	0.7579
0.7437	0.7445	0.7355	0.6802	0.6633	0.6663	0.6586
0.2606	0.2606	0.2569	0.2636	0.2673	0.2779	0.4340
0.4310	0.4959	0.4891	0.4891	0.4845	0.5000	0.5000
0.8000	0.7638	0.7251	0.6163	0.5000	0.4187	0.4099
-	-	0.3000	0.3000	0.3000	0.3000	0.3000
0.3796	0.6376	0.6497	0.5054	0.5176	0.5316	0.5330
0.6421	0.6449	0.6280	0.5243	0.5310	0.5647	0.5784
0.5360	0.5355	0.5376	0.5364	0.5214	0.4986	0.4919
0.9400	0.0928	0.9185	0.9446	0.8187	0.7642	0.7186
0.6650	0.6650	0.6650	0.6550	0.6550	0.6550	0.6550
7.6379	7.0709	8.3412	7.8495	7.3961	7.1566	7.2763
1.3288	1.4000	1.3750	1.3750	1.5750	1.6000	1.7000
1.6355	1.7505	1.6905	1.7025	1.7025	1.7225	1.7325
1.6900	1.7500	1.7100	1.5500	1.6900	1.6900	1.6800
1.5100	1.6100	1.6400	1.6400	1.6600	1.6600	1.6600
1.7400	1.8300	1.6900	1.7696	1.6554	1.7100	1.7700
1.3000	1.3800	1.2220	1.4000	1.4600	1.4629	1.5000
1.7400	1.7600	1.3800	1.4200	1.5700	1.6500	1.7300
1.5900	1.5900	1.5900	1.6500	1.6800	1.7500	1.7300
1.7100	1.7600	1.6700	1.6600	1.7200	1.7300	1.7100
14.2443	14.8305	13.9675	14.1671	14.7129	14.9754	15.2125
\$76.4773	\$56.3870	\$65.6837	\$65.8151	\$64.8435	\$63.8575	\$66.4771

**MONTGOMERY COUNTY, TEXAS**  
**Ratio of Net General Bonded Debt**  
**to Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

**TABLE VIII**

Fiscal Year	Popn (1)	Assessed Value	Gross Bonded Debt (2)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	182,201	\$ 7,055,176,018	\$ 42,896,355	\$ 1,198,596	\$ 41,697,759	.59%	\$ 228.86
1995	226,800	7,368,128,202	40,186,503	1,207,827	38,978,676	.53	171.86
1996	235,700	8,289,411,384	42,216,656	818,225	41,398,431	.50	175.64
1997	235,700	8,599,561,448	57,431,104	844,838	56,586,266	.66	240.08
1998	235,700	9,322,345,663	75,640,028	1,065,497	74,574,531	.80	316.40
1999	263,100	10,190,624,566	72,417,243	1,005,634	71,411,609	.70	271.42
2000	290,426	11,201,772,490	70,267,239	811,885	69,455,354	.62	239.15
2001	293,768	12,536,525,138	85,316,392	2,860,746	82,455,646	.66	280.68
2002	314,866	14,282,028,148	107,596,669	1,580,961	106,015,708	.74	336.70
2003	343,856	16,289,381,371	150,286,800	2,043,861	148,242,939	.91	431.12

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

(2) Includes debt of South Montgomery County, Texas Road District No. 1 for fiscal years through 1999.

**MONTGOMERY COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**September 30, 2003**

**TABLE IX**

Assessed Value of Real Property (net of Exemptions)		\$ 14,154,934,193
Debt Limit (1)		3,538,733,548
<u>Amount of Debt Applicable to Debt Limit:</u>		
Total Bonded Debt	150,286,800	
Less:		
Assets in Debt Service Funds available for payment of principal	<u>2,043,861</u>	
Total Amount of Debt Applicable to Debt Limit		<u>148,242,939</u>
<u>LEGAL DEBT MARGIN</u>		<u>\$ 3,390,490,609</u>

(1) 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.

**MONTGOMERY COUNTY, TEXAS**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2003**

**TABLE X**  
Page 1 of 3

	Debt Outstanding	Percentage Applicable to Montgomery County	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 150,286,800	100.00	\$ 150,286,800

**OVERLAPPING GOVERNMENTS:**

**Special Districts:**

Clovercreek M.U.D.	1,920,000	100.00	1,920,000
Corinthian Point M.U.D. #2	1,780,000	100.00	1,780,000
East Plantation U.D.	2,375,000	100.00	2,375,000
Far Hills U.D.	970,000	100.00	970,000
Kings Manor M.U.D.	1,095,000	97.85	1,071,458
Lazy River I.D.	1,295,000	100.00	1,295,000
Montgomery Co. D.D. #6	4,794,990	100.00	4,794,990
Montgomery Co. M.U.D. #6	1,080,000	100.00	1,080,000
Montgomery Co. M.U.D. #7	14,665,000	100.00	14,665,000
Montgomery Co. M.U.D. #9	7,870,000	100.00	7,870,000
Montgomery Co. M.U.D. #15	3,315,000	100.00	3,315,000
Montgomery Co. M.U.D. #16	150,000	100.00	150,000
Montgomery Co. M.U.D. #18	21,545,000	100.00	21,545,000
Montgomery Co. M.U.D. #24	750,000	100.00	750,000
Montgomery Co. M.U.D. #36	2,345,000	100.00	2,345,000
Montgomery Co. M.U.D. #39	15,259,668	100.00	15,259,668
Montgomery Co. M.U.D. #40	9,145,000	100.00	9,145,000
Montgomery Co. M.U.D. #42	1,910,000	100.00	1,910,000
Montgomery Co. M.U.D. #46	38,745,000	100.00	38,745,000
Montgomery Co. M.U.D. #47	53,850,000	100.00	53,850,000
Montgomery Co. M.U.D. #56	2,812,402	100.00	2,812,402
Montgomery Co. M.U.D. #60	31,045,000	100.00	31,045,000
Montgomery Co. M.U.D. #67	22,650,000	100.00	22,650,000
Montgomery Co. U.D. #2	875,000	100.00	875,000
Montgomery Co. U.D. #3	2,115,000	100.00	2,115,000
Montgomery Co. U.D. #4	6,020,000	100.00	6,020,000
Montgomery Co. W.C.I.D. #1	3,610,000	100.00	3,610,000
New Caney M.U.D.	5,240,000	100.00	5,240,000

**MONTGOMERY COUNTY, TEXAS**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2003**

**TABLE X**  
Page 2 of 3

	<u>Debt Outstanding</u>	<u>Percentage Applicable to Montgomery County</u>	<u>Amount Applicable to Montgomery County</u>
Special Districts:(Continued)			
North Harris/Mont. Comm. College	203,358,020	25.74	52,344,354
Point Aquarius M.U.D.	3,190,000	100.00	3,190,000
Porter M.U.D.	6,229,681	100.00	6,229,681
Rayford Road M.U.D.	22,470,000	100.00	22,470,000
River Plantation M.U.D.	1,995,000	100.00	1,995,000
Roman Forest Cons. M.U.D.	2,535,000	100.00	2,535,000
Roman Forest P.U.D. #3	910,000	DEFAULT	910,000
Roman Forest P.U.D. #4	210,000	DEFAULT	210,000
South Montgomery Co. M.U.D.	5,375,000	100.00	5,375,000
Spring Creek U.D.	7,280,000	100.00	7,280,000
Stanley Lake M.U.D.	7,118,000	100.00	7,118,000
Texas National M.U.D.	280,000	100.00	280,000
Woodlands Metro-Center M.U.D.	20,365,000	100.00	20,365,000
Woodlands M.U.D. #2	2,935,000	100.00	2,935,000
Woodlands R.U.D. #1	55,460,000	100.00	55,460,000
Emergency Service District #1	397,551	100.00	397,551
Emergency Service District #2	577,987	100.00	577,987
Emergency Service District #3	200,500	100.00	200,500
Emergency Service District #4	452,321	100.00	452,321
Emergency Service District #5	113,789	100.00	113,789
Emergency Service District #6	340,651	100.00	340,651
Emergency Service District #7	334,335	100.00	334,335
Emergency Service District #8	-	100.00	-
Emergency Service District #9	156,094	100.00	156,094
Emergency Service District #10	936,833	100.00	936,833
Emergency Service District #11	122,160	100.00	122,160
Emergency Service District #12	59,100	100.00	59,100
Emergency Service District #14	-	100.00	-
Total Special Districts	<u>602,629,082</u>		<u>451,591,874</u>

(1) Amounts shown for the Emergency Service Districts represent total Debt Levy, not overlapping debt.



**MONTGOMERY COUNTY, TEXAS**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2003**

**TABLE X**  
Page 3 of 3

	<u>Debt Outstanding</u>	<u>Percentage Applicable to Montgomery County</u>	<u>Amount Applicable to Montgomery County</u>
Cities:			
Conroe	45,245,813	100.00	45,245,813
Magnolia	-	100.00	-
Montgomery	117,665	100.00	117,665
Oak Ridge North	6,990,000	100.00	6,990,000
Panorama Village	1,325,000	100.00	1,325,000
Shenandoah Village	6,005,000	100.00	6,005,000
Splendor	2,035,000	100.00	2,035,000
Willis	4,215,000	100.00	4,215,000
Woodbranch Village	478,000	100.00	478,000
Houston (County Line City)	1,585,449,411	0.01	158,545
Total Cities	<u>1,651,860,889</u>		<u>66,570,023</u>
School Districts			
Cleveland I.S.D.	23,275,000	1.77	411,968
Conroe I.S.D.	415,388,528	100.00	415,388,528
Magnolia I.S.D.	102,929,955	100.00	102,929,955
Montgomery I.S.D.	48,611,312	100.00	48,611,312
New Caney I.S.D.	72,128,002	100.00	72,128,002
Splendor I.S.D.	25,134,996	100.00	25,134,996
Tomball I.S.D.	137,245,000	10.40	14,273,480
Willis I.S.D.	60,414,111	97.36	58,819,178
Total School Districts	<u>885,126,904</u>		<u>737,697,419</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u>\$ 3,289,903,675</u>		 <u>\$ 1,406,146,116</u>

**MONTGOMERY COUNTY, TEXAS**  
**Ratio of Annual Debt Service Expenditures for General**  
**Bonded Debt to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

**TABLE XI**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures(1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1994	\$ 3,495,000	\$ 2,248,574	\$ 5,743,574	\$ 57,440,889	10.0 %
1995	3,750,000	1,993,912	5,743,912	64,762,718	8.9
1996	4,010,000	1,726,317	5,736,317	74,447,623	7.7
1997	3,351,139	3,008,425	6,359,564	68,992,476	9.2
1998	2,589,398	3,074,921	5,664,319	75,371,684	7.5
1999	3,031,236	3,849,657	6,880,893	85,016,938	8.1
2000	3,123,227	3,564,820	6,688,047	89,688,496	7.5
2001	3,355,000	3,191,279	6,546,279	98,865,250	6.6
2002	3,013,999	4,428,867	7,442,866	115,838,576	6.4
2003	2,909,869	6,161,003	9,070,872	124,446,224	7.3

(1) Includes General, Special Revenue and Debt Service Funds.



**MONTGOMERY COUNTY, TEXAS**

**Demographic Statistics**

**Last Ten Fiscal Years**

**TABLE XII**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>School Average Daily Attendance (2)</u>	<u>Unemployment Rate (3)</u>
1994	182,201	51,974	47,505	4.9 %
1995	226,800	54,273	49,053	4.8
1996	235,700	56,363	51,026	4.2
1997	235,700	59,073	54,051	3.4
1998	235,700	61,933	56,608	3.5
1999	263,100	64,589	60,591	3.6
2000	290,426	67,430	61,575	3.3
2001	293,768	70,201	64,461	3.4
2002	314,866	75,091	68,723	4.6
2003	343,856	77,693	71,479	5.4

Sources:

- (1) Greater Conroe Economic Development Council, U.S. Census Bureau.
- (2) Superintendent's Annual Report: Includes nine independent school districts located in County.
- (3) Department of Labor, Bureau of Labor Statistics, and Texas Workforce Commission.

**MONTGOMERY COUNTY, TEXAS**  
**Property Value, Construction, and Bank Deposits (1)**  
**Last Ten Fiscal Years**

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Fiscal Year	Property Value (2)			
	Commercial	Residential	Other (5)	Total
1994	\$ 554,642	\$ 3,811,659	\$ 1,683,331	\$ 6,049,632
1995	667,027	4,135,819	1,403,785	6,206,631
1996	834,301	4,492,895	1,653,867	6,981,063
1997	847,994	4,897,396	1,419,306	7,164,696
1998	943,661	5,525,311	1,342,791	7,811,763
1999	1,056,970	6,107,387	1,433,195	8,597,552
2000	1,149,598	6,931,285	1,416,400	9,497,283
2001	1,231,998	7,923,245	1,515,846	10,671,089
2002	1,468,551	9,153,340	1,630,116	12,252,007
2003	1,851,475	10,544,231	1,759,228	14,154,934

- (1) Amounts expressed in thousands  
(2) County Report of Property Value as prepared by the Montgomery Central Appraisal District and submitted to the State Property Tax Board  
(3) Source: County Engineer and City of Conroe Engineering Department  
(4) Source: Individual financial institutions  
(5) Includes open acreage and agricultural acreage  
(6) Source: URL <http://www3.fdic.gov/sod/index.asp>

TABLE XIII

Commercial Construction (3)		Residential Construction (3)		Bank Deposits	
Number of Units	Value	Number of Units	Value		
219	\$ 81,625	2551	\$ 228,930	\$ 1,033,208	(4)
179	61,863	2645	255,858	888,948	(4)
248	67,209	3967	389,573	1,073,543	(4)
273	85,628	3745	411,856	1,832,154	(4)
491	159,956	4902	580,483	1,263,421	(4)
376	66,170	3925	440,938	875,037	(4)
395	920,414	3209	483,754	1,706,780	(4)
373	194,996	3419	501,635	2,682,819	(6)
495	207,333	4252	610,797	2,146,243	(6)
437	508,691	5132	774,983	2,861,000	(6)

**MONTGOMERY COUNTY, TEXAS**

**Principal Taxpayers**

**September 30, 2003**

**TABLE XIV**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation (2)</u>
The Woodlands Companies	Land Development	\$ 251,303,488	1.54 %
Gulf States Utilities Company	Electric Utility	151,761,623	0.93
Columbia Regional Medical Center/ Kingwood Medical Plaza	Medical	103,953,198	0.64
TXU Communications Telephone	Telephone Utility	91,130,180	0.56
Wal-Mart Stores, Inc.	Retail	74,118,319	0.46
Huntsman Petrochemical Corp.	Industrial	69,600,911	0.43
Eckerd Drugs	Retail	65,852,580	0.40
SBC Communications Inc.	Telephone Utility	58,371,280	0.36
Mitchell Resorts Inc.	Oil Properties/Land	54,016,080	0.33
Anadarko Petroleum	Oil/Gas Production	50,951,900	0.31
		<u>\$ 971,059,559</u>	<u>5.96 %</u>

(1) Source: Montgomery Central Appraisal District

(2) Source: Net Assessed Valuation \$16,289,381,371

**MONTGOMERY COUNTY, TEXAS**

**Miscellaneous Statistics**

**September 30, 2003**

**TABLE XV**

Date of Organization	1837
Form of Government	County Commissioners' Court
Area (in square miles)	1,090
Miles of County Roads	2,283
Number of Bridges	126
Recreation and Culture:	
Number of Parks	11
Number of Libraries	6
Volumes in Library Collections	446,221
Employees:	
Elected Officials	31
Other	1,605





