

# **MONTGOMERY COUNTY TEXAS**

## **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended  
September 30, 2004**



**MONTGOMERY COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2004**

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





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## INTRODUCTORY SECTION



Linda R. Breazeale  
County Auditor

**Montgomery County, Texas**  
Office of  
**County Auditor**

March 28, 2005

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, 2004, 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 operations of Montgomery County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Montgomery County's financial statements have been audited by Hereford, Lynch, Sellars & Kirkham, P.C., 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, 2004 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, 2004 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. Montgomery 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 four year term, 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. At September 30, 2004 the reported population was 360,419. This 23% growth in only five years 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. Prior to January 1, 2004, the County Auditor was statutorily responsible for compiling and presenting a budget to Commissioners' Court for their consideration and approval. As of January, Commissioners' Court established a separate Budget Office and appointed a Budget Officer to assume the duties of presenting a recommended budget for their 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 18%. 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 energy, 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 2004.

**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 issued the final \$11million 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.

The County anticipates requesting voter approval for the issuance of greater than \$100million in unlimited tax road bonds for the purpose of continuing various road improvement projects throughout the County. In addition, the County will take advantage of a financing vehicle offered for the first time by the State of Texas. This vehicle, known as pass-through tolling, allows the County to make improvements to infrastructure on an expedited basis by funding those improvements themselves and applying for reimbursement from the State based on usage of the infrastructure.

The County and the Federal Aviation Administration are negotiating a contract to allow the County to accept a one-time \$1million federal appropriation for the purpose of improving its airport. Specifically, the appropriation will be added to a \$1.5million grant from the United States Department of Transportation to construct an air traffic control tower at the Lone Star Executive Airport.

**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 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). Detailed information on the retirement plan and other post-employment benefits can be found in the notes to the financial statements.

### **Awards and Acknowledgments**

At the annual conference of the National Purchasing Institute (NPI), Montgomery County was awarded an Achievement of Excellence in Procurement for demonstrating extraordinary innovation,



professionalism, productivity, and leadership attributes in the Purchasing Department. This was the second consecutive year that the County has achieved this award.

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, 2003. This was the sixteenth 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 efforts. I am especially thankful for the contribution made by Phyllis Martin and Krissa Garner. 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, 2003

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director



## VOTERS





**MONTGOMERY COUNTY, TEXAS**  
**DIRECTORY OF OFFICIALS**  
**SEPTEMBER 30, 2004**

**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  
Julane Tolbert

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

\* 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

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**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, 2004, 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, 2004, 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.

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 11-26 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 17, 2005**

## **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, 2004. The intent of this discussion and analysis is to evaluate the current activities, resulting changes, and currently known facts of the County as a whole. Readers of this discussion and analysis should consider the information presented here in conjunction with additional information that is furnished in the accompanying letter of transmittal, which can be found on pages 1-4 of this report. This discussion should also be read in conjunction with the basic financial statements and the notes to those financial statements (which immediately follow this discussion). The discussion and analysis includes comparative data for the prior year.

### **FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$40,868,777 (net assets). Of this amount, \$4,304,379 is restricted for specific purposes. As required by Governmental Accounting Standards Board Statement No. 34 (GASB 34), net assets also reflect \$78,432,519 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 \$41,868,121. 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 \$126,862,501 and expenses were \$120,508,766. An increase in taxes collected during the fiscal year contributed to an increase in total net assets of \$6,353,735.
- At September 30, 2004, the County's governmental funds reported combined ending fund balances of \$49,570,392, an decrease of \$1,075,399 in comparison with the prior year. From the ending fund balance, \$43,197,566 is reserved for specific purposes. Approximately 13% of the ending balance, \$6,372,826, is available for spending at the government's discretion, with \$1,774,849 of those unreserved funds being reported in the special revenue funds.
- At September 30, 2004, unreserved fund balance for the General Fund was \$4,597,977, or 5.6% of total General Fund expenditures.
- The County's total net bonded debt increased by \$9,343,721 (5.8%) during the current fiscal year. Key factors in this increase include the issuance of \$10,205,000 in voter-approved road bonds, and \$2,600,000 in certificates of obligations.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net 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

since implementing GASB 34 in fiscal year 2003) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 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, 2004. 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 28-29 of this report.

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

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

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers should better understand the results and long-term impact of the government's near-term financing decisions. The user is assisted in this comparison between the two bases of accounting by way of a reconciliation statement between the governmental fund balance sheet and the government-wide statement of net 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.

Montgomery County maintained 28 individual governmental funds, two of which (the Capital Projects Airport Improvement Fund and the Capital Projects Right-of-Way Fund) were closed during the fiscal year ended September 30, 2004. 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 2003A Fund, and the Capital Projects Road Bonds Series 2004 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 Other Supplementary Information section following the notes to the financial statements.

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

The basic governmental fund financial statements can be found on pages 30-40 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 41 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 43-65 of this report.

**Additional supplementary information** is comprised of the General Fund final budget versus actual at the department level, along with the Debt Service Fund budget versus actual at the function level. This comparative data can be found on pages 68-81 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 84-125 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the GASB believes that net assets may serve over time as a useful indicator of a government's financial position. Montgomery County's assets exceeded liabilities by \$40,868,777 at September 30, 2004, as shown in the table below. This amount represents an increase through governmental activities of \$6,353,735 from the net assets at September 30, 2003.

<b>Montgomery County, Texas</b>		
<b>Net Assets - Governmental Activities</b>		
	<b>FY 2004</b>	<b>FY 2003</b>
Current and other assets	\$ 77,214,435	\$ 78,378,129
Capital assets	145,184,861	129,482,719
Total assets	<u>222,399,296</u>	<u>207,860,848</u>
Long-term liabilities outstanding	166,718,908	157,309,994
Other liabilities	14,811,611	16,035,812
Total liabilities	<u>181,530,519</u>	<u>173,345,806</u>
Net assets:		
Invested in capital assets, net of related debt	78,432,519	70,953,418
Restricted	4,304,379	13,715,108
Unrestricted	<u>(41,868,121)</u>	<u>(50,153,484)</u>
Total net assets	<u>\$ 40,868,777</u>	<u>\$ 34,515,042</u>

The County's total assets of \$222,399,296 are largely comprised of investments of \$53,175,352, or 23.9%, and capital assets net of accumulated depreciation of \$145,184,861, or 65.3%. The capital assets of the County include land, buildings, improvements other than buildings, equipment, and infrastructure (roads, bridges, signs, etc.) Capital assets are non-liquid assets that provide services to citizens; as a result, these assets cannot be utilized to satisfy County obligations.

As in last year, long-term debt of \$166,718,908 comprises the largest portion of the County's total liabilities of \$181,530,519, at 91.8%. Of total long-term liabilities, \$6,954,789 is due within one year, with the remainder of \$159,764,119 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 \$40,868,777 (net assets) on September 30, 2004. Roughly 10.5%, or \$4,304,379, 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, \$82,619 is restricted for capital projects and \$4,221,760 is restricted for debt service of compensated absences. The most significant portion (\$78,432,519) 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 these unrestricted net assets represent a significantly improved balance when compared to the prior fiscal

year, an improvement of \$8,285,363. It is expected that this unrestricted net assets balance will continue to improve.

Montgomery County's governmental activities increased net assets by \$6,353,735. The key components of this increase are as follows:

<b>Montgomery County, Texas</b>		
<b>Governmental Activities</b>		
	<b>FY 2004</b>	<b>FY 2003</b>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 31,299,005	\$ 28,355,009
Federal grants and contributions	3,895,018	3,809,093
State grants and contributions	2,339,191	2,417,468
Other grants and contributions	585,517	298,638
<i>General revenues:</i>		
Property taxes	86,767,811	78,482,657
Other taxes	929,853	730,506
Contributions	-	1,016,103
Other general revenues	1,046,106	1,299,241
Total revenues	<u>126,862,501</u>	<u>116,408,715</u>
<b>Expenses:</b>		
General administration	11,020,255	11,648,705
Judicial	14,196,220	12,773,623
Legal services	1,688,226	1,535,772
Elections	741,325	578,472
Financial administration	3,775,200	3,545,228
Public facilities	6,351,995	6,756,690
Public safety	41,783,788	39,426,821
Health and welfare	5,679,181	4,735,049
Culture and recreation	4,746,828	4,207,762
Conservation	565,941	595,714
Public transportation	14,662,727	1,447,670
Miscellaneous	7,234,220	4,589,512
Debt service interest and fiscal charges	8,062,860	8,229,368
Total expenses	<u>120,508,766</u>	<u>100,070,386</u>
Change in net assets	6,353,735	16,338,329
Net assets - beginning	<u>34,515,042</u>	<u>18,176,713</u>
Net assets - ending	<u>\$ 40,868,777</u>	<u>\$ 34,515,042</u>

The County's total revenues of \$126,862,501 were all from governmental activities. Property tax revenue accounts for \$86,767,811, or 68.4%; program revenues of fees, fines, forfeitures, and charges for services comprise \$31,299,005, or 24.7%; and grants and contributions encompass \$6,819,726, or 5.4% of total government-wide revenues. During fiscal year 2004, all contributions have been classified as program revenues and none are included in general revenues.

Expenses for the year totaled \$120,508,766. The public safety function accounted for \$41,783,788, or 34.7% of this total. The public transportation (\$14,662,727), judicial (\$14,196,220), and general administration (\$11,020,255) functions represent 12.2%, 11.8%, and 9.1% of total government-wide expenditures, respectively. Public transportation expenditures rose from \$1,447,670 in fiscal year 2003 to \$14,662,727 in fiscal year 2004. This increase is due to the nature of several large road construction projects the County has undertaken. These projects are for the widening and improvement of State-

owned roads, creating inflated expenditures in the public transportation function, with no offsetting capitalization of assets.

The government's ending net assets of \$40,868,777 represent an increase of \$6,353,735 from the prior year's \$34,515,042 in net assets. The County's change in net assets is summarized by the following chart:

<b>Montgomery County, Texas</b>		
<b>Change in Net Assets</b>		
	<b>FY 2004</b>	<b>FY 2003</b>
<i>Governmental funds activity:</i>		
Total revenues	\$ 127,306,345	\$ 116,418,887
Total expenditures	142,439,772	142,751,262
Excess (Deficiency) of revenues over expenditures	(15,133,427)	(26,332,375)
Capital lease financing	581,915	151,948
Proceeds of certificates of obligation	2,600,000	11,587,458
Proceeds of general obligation bonds	10,205,000	34,112,449
Premiums on obligations, net	671,113	-
Net change in fund balance	(1,075,399)	19,519,480
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	16,201,442	32,654,725
Net effect of capital asset sales, donations, trade-ins, etc.	(108,270)	306,942
Revenues not reported in funds because they do not provide current-period financial resources	(343,125)	(317,115)
Long-term debt not reported in funds because it does not affect the current period	(9,216,465)	(34,869,335)
Expenses not reported in the funds because they do not use current-period financial resources	895,552	(956,368)
Total change in net assets	<u>\$ 6,353,735</u>	<u>\$ 16,338,329</u>

This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$15,133,427), along with other financing sources (\$14,058,028). 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 (\$16,093,172) also affects this change.

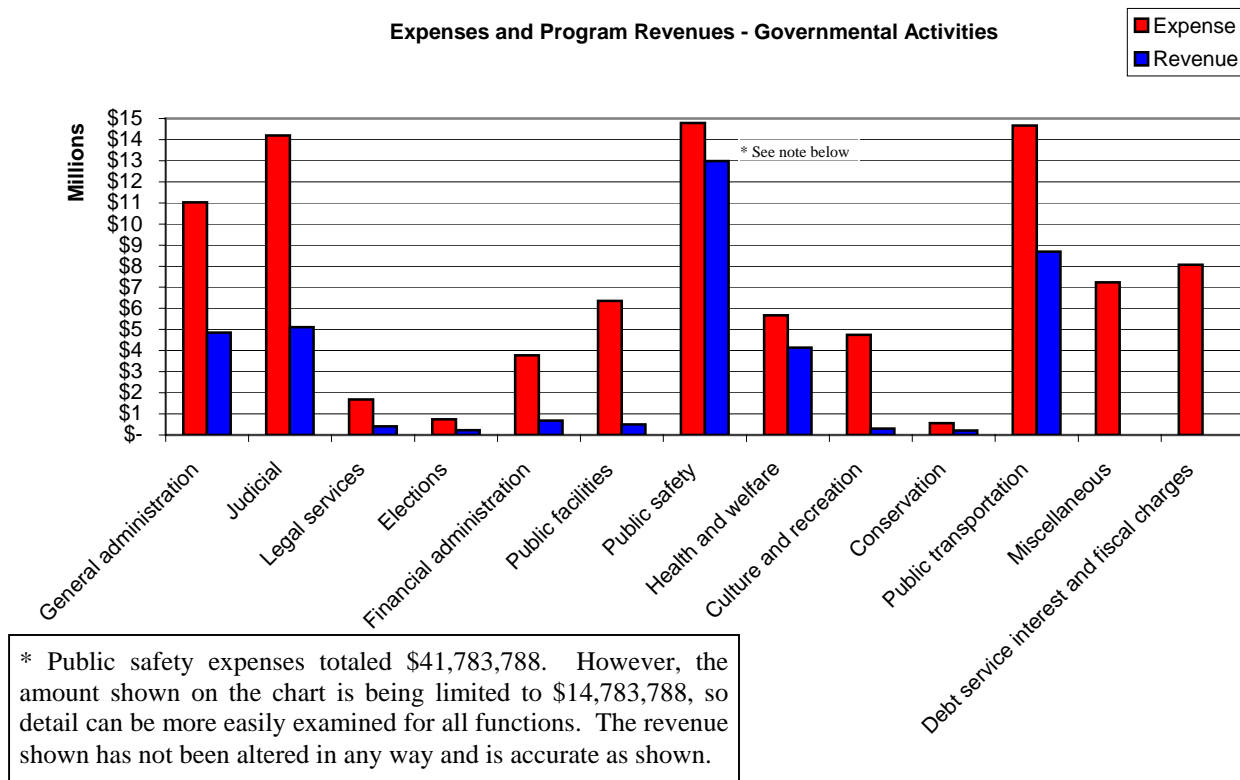
Other factors influencing the change in net assets are those revenues and expenses that do not provide or require the use of current financial resources (\$552,427). GASB 34 dictates that the County record an allowance for accounts that are unlikely to be collected. These allowances for doubtful accounts combine with items, such as deferrals of long-term balances not being paid in the current year, to constitute further changes in net assets. Additionally, long-term debt, whether being issued or retired, has an effect on the change in net assets (\$9,216,465). 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.

The overall financial position of the County has improved over the last year. As mentioned earlier, factors that support this analysis include an increase in net assets of \$6,353,735, along with an improvement in unrestricted net assets of \$8,285,363. Additionally, the increase of \$1,389,921 in the combined fund balance of Montgomery County's three major operating funds would indicate an improvement in overall financial position. However, total fund balance 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, 2004 for governmental activities.



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

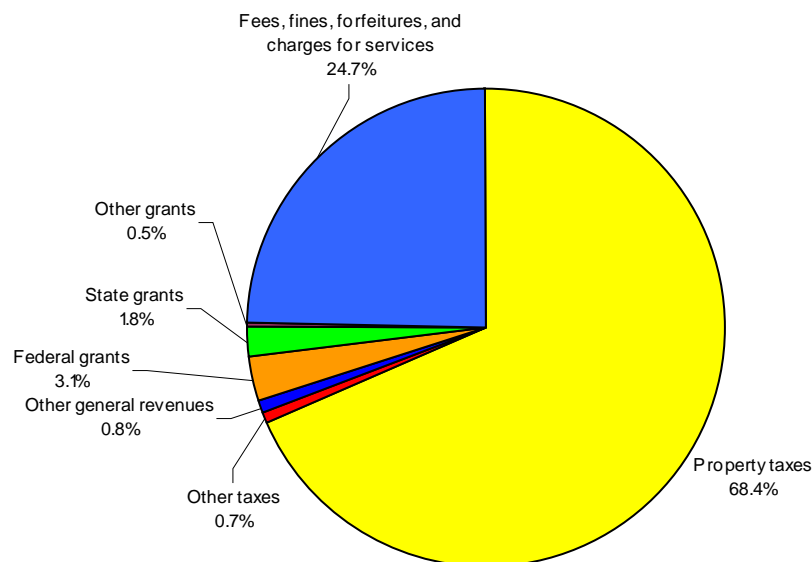
- Program revenues of \$38,118,731 are comprised in large part (34.1%) of public safety's revenues of \$12,983,042 and public transportation's revenues of \$8,695,825 (22.8%). The judicial function makes up 13.4% of program revenues with \$5,113,287, the general administration function covers 12.8% of program revenues with \$4,860,689, and the health and welfare function comprises 10.9% of program revenues with \$4,140,827. The expenses of these functions account for 38.8%, 38.5%, 37.2%, 28.9%, and 14.9%, respectively. As expected, general revenues provided the required support and coverage for where they exceed revenues at the function level.
- The public transportation function experienced an increase in expenses of \$13,215,057 while realizing an increase in revenues of only \$483,028. As mentioned earlier, the increase in expenses is the result of an aggressive effort on the part of commissioners to improve and expand roads, many of which are state-owned, located in the county. These roads, not being owned by the County, cannot be shown as capital assets in the government-wide analysis; this creates a large expense, with no corresponding asset.
- Multiple factors contributed to an increase of \$2,356,967 in expenses of the public safety function. Primarily, the County implemented a structured salary plan for all civil service employees to create a pay scale that was representative of salaries paid for like work performed in other industries. This was accomplished through a comprehensive study, which found that there

were County employees working for wages below those in the private sector. The resulting change in pay for those employees identified as being paid a wage below what the market would support created a large portion of the increase in the public safety expense. Additional revenues of the public safety function offset the amplified expenses by \$1,276,452, resulting in a net expense increase of \$1,080,515.

- The judicial function had expenses \$1,422,597 higher than last year. As noted last year, Senate Bill 7, the Fair Defense Act, implemented by the State effective January 1, 2002 greatly impacted the cost of providing counsel for indigent defendants. These costs are reported in the judicial function and comprise the majority of the change in expenses for this function. An increase in program revenues of only \$122,315 was inadequate to offset this State-imposed financial burden.

The following chart depicts revenues of the governmental activities for the fiscal year ending on September 30, 2004.

**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, 2004, the County's governmental funds report combined ending unreserved fund balances of \$6,372,826, an increase of \$795,187 in comparison with the prior year. This unreserved fund

balance is available for spending at the government's discretion. The remainder of fund balance (\$43,197,566) is reserved to indicate that it is not available for new spending because it has already been committed to fund capital projects (\$40,717,540), pay debt service (\$2,160,259), reflect inventories (\$77,008), and reflect prepaid items (\$242,759). On September 30, 2004, unreserved fund balance of the General Fund (the chief operating fund of the County) was \$4,597,977, while total fund balance reached \$4,784,517.

Total assets in the General Fund amounted to \$23,582,868, accounting for 30.6% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$4,516,102), Debt Service Fund (\$2,982,331), Capital Projects Library Construction Fund (\$9,592,642), Capital Projects Road Bonds Series 2003A Fund (\$17,514,238), and Capital Projects Road Bonds Series 2004 Fund (\$10,037,646). Together, all major funds account for \$68,225,827 (88.4%) of the County's \$77,177,306 in total assets.

The fund balance of the County's General Fund increased by \$1,647,892 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 \$1,303,074,004, along with a marginal increase in the tax rate boosted ad valorem tax revenues \$6,223,966.
- Significant increases in fees collected for the County Clerk, District Clerk, Justices of the Peace, and Constables contributed toward total fee increases of \$685,462.
- The County has multiple contracts with outside entities for security services through the offices of the Constables. Increases in the number of contracts generated larger than expected reimbursements from these organizations, resulting in an increase to contract reimbursements of \$531,568 over the past year.
- Decreases in expenditures were realized in the general administration function and the conservation function of \$633,492 and \$15,272, respectively.

The Road and Bridge Special Revenue Fund has a total fund balance of \$477,540 which is reported as \$77,008 reserved for inventory and \$400,532 unreserved. The unreserved portion of the fund balance decreased \$378,968 during the current year due to budgeted transfers to the General Fund and the Airport Maintenance Special Revenue Fund.

The Debt Service Fund has a total fund balance of \$2,160,259, all of which is reserved for the repayment of debt. The net increase of \$116,398 during the current year in the Debt Service Fund is due in part to an increase in the property tax rate for debt service of \$0.0061. Additionally, the amount of debt repaid by the County during fiscal year 2004 was \$3,801,510 less than what was paid in fiscal year 2003..

The total fund balance in the Capital Projects Library Construction Fund is \$9,159,532, all of which is reserved for capital projects. The net decrease of \$1,203,817 over the course of the current year is primarily the result of the issuance of construction contracts for the building of three new libraries.

The Capital Projects Road Bonds Series 2003A Fund has a total fund balance of \$17,367,132, all of which is reserved for capital projects. This fund balance decreased during the current year by \$3,256,538 principally because of capital project expenditures of \$3,427,545.

The entire \$10,037,646 fund balance of the Capital Projects Road Bonds Series 2004 Fund is an increase from the prior year, due to the fact that the fund is new this fiscal year. The funding is from \$10,205,000 in the final series of 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 \$78,997,416 and expenditures of \$72,422,052. The General Fund's final amended budget contains revenues of \$86,699,471 and expenditures of \$84,812,690.

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, 2004.

<b>General Fund Budget Variances Year Ended September 30, 2004</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance with Original Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 64,958,001	\$ 65,909,539	\$ 951,538
Licenses and Permits	1,134,100	1,179,727	45,627
Fees	8,746,784	9,092,843	346,059
Intergovernmental	604,440	1,508,349	903,909
Charges for Services	20,000	35,132	15,132
Interest	292,135	293,406	1,271
Contract Reimbursements	2,335,456	7,697,152	5,361,696
Inmate Housing	202,000	154,000	(48,000)
Fines and Forfeitures	110,000	110,000	-
Miscellaneous	594,500	719,323	124,823
Total Revenues	78,997,416	86,699,471	7,702,055
Expenditures:			
General Administration	10,827,769	12,565,945	(1,738,176)
Judicial	8,593,385	8,760,131	(166,746)
Legal Services	1,338,757	1,406,792	(68,035)
Elections	534,654	652,718	(118,064)
Financial Administration	3,807,992	3,935,588	(127,596)
Public Facilities	5,793,290	6,679,986	(886,696)
Public Safety	33,010,529	41,357,001	(8,346,472)
Health and Welfare	2,810,368	3,025,317	(214,949)
Conservation	347,335	368,609	(21,274)
Miscellaneous	5,357,973	6,060,603	(702,630)
Total Expenditures	72,422,052	84,812,690	(12,390,638)
Excess Revenues Over Expenditures	6,575,364	1,886,781	(4,688,583)
Other Financing Sources/(Uses):			
Transfers In	-	2,786,526	2,786,526
Transfers Out	-	(1,798,085)	(1,798,085)
Capital Lease Financing	-	-	-
Total Other Financing Sources/(Uses)	-	988,441	988,441
Net Change in Fund Balances	6,575,364	2,875,222	(3,700,142)
Fund Balance - Beginning	3,136,625	3,136,625	-
Fund Balance - Ending	\$ 9,711,989	\$ 6,011,847	\$ (3,700,142)

Final budgeted revenues were higher than originally planned by \$7,702,055. The final amended budget for taxes increased \$951,538 over the original budget due to an aggressive collection effort, which

resulted in higher than originally expected collections of current and delinquent taxes, along with the penalties and interest associated with those delinquent taxes. Intergovernmental revenue has \$903,909 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 \$5,361,696 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,510,300 budgeted 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. During the course of the fiscal year, the County entered into several contracts for law enforcement services with local agencies. These contracts were also contributing factors to the increase in the budget.

The originally unanticipated revenue partially offsets the expenditure differences of \$12,390,638 between the original budget and the final amended budget. The general administration function has a final expenditure budget that is \$1,738,176 higher than the original budget. This increase is due in large part to employee health coverage in the County's self-insured benefit plan. Estimated reserves are required for self-insurance programs, which are recorded as they become available. At the time of the original budget process, these amounts were not readily identifiable.

Additionally, funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2004. This practice reflects the County's policy of letting encumbrances lapse at year-end and re-appropriating them in the current year. This policy created increases in the amended budget for carryovers from the prior year in the general administration, public facilities, and public safety functions.

An \$8,346,472 increase in the final budget over the original budget for expenditures in the public safety function is the result of several factors, including encumbrance carryovers as mentioned above. 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.

Also contributing to the budgeted variances for the public safety function is the County's participation in several contracts with local agencies for law enforcement services. As mentioned earlier, during the course of the fiscal year, additional interlocal agreements were created with local agencies for the performance of security services. These additional contracts created increased expenditures for the County, but also created an increase in the revenue line supporting the associated expenditure.

The 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 \$3,700,142.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2004.



**General Fund  
Budget Variances  
Year Ended September 30, 2004**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Taxes	\$ 65,909,539	\$ 66,469,117	\$ 559,578
Licenses and Permits	1,179,727	1,204,171	24,444
Fees	9,092,843	10,089,462	996,619
Intergovernmental	1,508,349	2,080,502	572,153
Charges for Services	35,132	177,528	142,396
Interest	293,406	346,544	53,138
Contract Reimbursements	7,697,152	7,483,946	(213,206)
Inmate Housing	154,000	118,818	(35,182)
Fines and Forfeitures	110,000	110,109	109
Miscellaneous	719,323	1,007,959	288,636
Total Revenues	<u>86,699,471</u>	<u>89,088,156</u>	<u>2,388,685</u>
Expenditures:			
General Administration	12,565,945	9,483,349	3,082,596
Judicial	8,760,131	8,580,548	179,583
Legal Services	1,406,792	1,442,898	(36,106)
Elections	652,718	730,253	(77,535)
Financial Administration	3,935,588	3,737,425	198,163
Public Facilities	6,679,986	6,376,545	303,441
Public Safety	41,357,001	40,101,489	1,255,512
Health and Welfare	3,025,317	3,881,998	(856,681)
Conservation	368,609	365,571	3,038
Miscellaneous	6,060,603	7,234,220	(1,173,617)
Total Expenditures	<u>84,812,690</u>	<u>81,934,296</u>	<u>2,878,394</u>
Excess Revenues Over Expenditures	<u>1,886,781</u>	<u>7,153,860</u>	<u>5,267,079</u>
Other Financing Sources/(Uses):			
Transfers In	2,786,526	3,976,481	1,189,955
Transfers Out	(1,798,085)	(9,482,449)	(7,684,364)
Total Other Financing Sources/(Uses)	<u>988,441</u>	<u>(5,505,968)</u>	<u>(6,494,409)</u>
Net Change in Fund Balances	<u>2,875,222</u>	<u>1,647,892</u>	<u>(1,227,330)</u>
Fund Balance - Beginning	<u>3,136,625</u>	<u>3,136,625</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,011,847</u>	<u>\$ 4,784,517</u>	<u>\$ (1,227,330)</u>

Actual revenues exceeded final budgeted revenues by \$2,388,685. Of that amount, \$996,619 represents fees. Differences of \$646,954 and \$394,763 between the final amended budget and the actual revenues for the collection of County Clerk fees and Justice of the Peace fees, respectively, account for the majority of this variance.

Actual expenditures were \$2,878,394 lower than final budgeted expenditures. The general administration function contributed \$3,082,596 toward that amount. As with the differences between the original budget and the final budget, this difference is largely attributable to carryovers of unexpended funds from a prior year. These carryovers created an increase in the final amended budget for the County's self-insured benefit plan, which is part of the general administration function, in anticipation of needed resources. The additional charges were paid from contingency in the miscellaneous function, however, creating a negative variance with the final budget in that function.

In the public safety function of the General Fund, every department expended less than was approved in the final amended budget, with the exception of the Bail Bond Board. This department was abolished

during the fiscal year, which created a budget that was equal to expenditures for all material purposes. Due to the efforts of all remaining departments in the public safety function, actual expenditures were less than the final budget by \$1,255,512.

The miscellaneous function showed actual expenditures being greater than the final budget by \$1,173,617. As mentioned in the original to final budget comparisons, this is due in large part to employee health coverage in the County's self-insured benefit plan. Estimated reserves are required for self-insurance programs, which are recorded as they become available. The actual benefits cost exceeded the budgeted benefits costs by \$5,016,020. This variance was partially offset by miscellaneous expenditures being \$3,842,403 less than budgeted.

The \$1,227,330 actual reduction in the ending fund balance of the general fund over the final budget is the result of transfers to the other funds. The Jury Fund Special Revenue Fund received \$3,568,936 more than shown in the final budget, and the Memorial Library Special Revenue Fund received \$4,190,745 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 in 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 every year. Transfers in and out simply provide a mechanism to move funds from one self-balancing set of accounts (a fund) to another self-balancing set of accounts.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

Montgomery County's investment in capital assets for its governmental activities as of September 30, 2004 amounts to \$145,184,861 (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 years ending September 30, 2003 and September 30, 2004 (since the implementation of GASB 34). Major capital asset events during the current fiscal year included the following:

- Purchases in the buildings category of \$112,293 included purchases to renovate the Friendship Center, to update an exhibition building at the Civic Center Complex, to modernize a park building to meet Americans with Disabilities Act specifications, and revisions to the jail. Included in this amount are expenditures to build a new precinct workshop, and to renovate several community buildings.
- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$3,193,097.
- Purchases of improvements to County-owned property, other than buildings, throughout the year totaled \$100,938. These improvements were at the Civic Center Complex, at various county-owned parks, and at other facilities.
- A variety of projects for both new infrastructure construction and for expansion or updating of existing infrastructure were ongoing during the year. Infrastructure projects begun and completed in 2004 amounted to \$18,380,405.
- Projects that were capitalized from ongoing construction throughout the year, including several County-owned buildings and a hazardous waste facility totaled \$14,435,469. Additional expenditures of \$4,589,687 were incurred for construction that was in progress throughout the year.

- Increases in assets were offset by depreciation expense of \$10,831,120.

**Montgomery County, Texas**  
**Capital Assets**  
**(net of depreciation)**  
**September 30, 2004**  
**with Comparative Totals for September 30, 2003**

	<b>Value of Capital Asset Net of Accumulated Depreciation</b>		<b>Increase</b>
	<b>FY 2004</b>	<b>FY 2003</b>	<b>(Decrease)</b>
Land	\$ 6,056,015	\$ 5,876,958	\$ 179,057
Buildings	76,318,309	63,892,711	12,425,598
Improvements	3,066,005	3,305,094	(239,089)
Equipment	14,837,722	15,542,582	(704,860)
Infrastructure	43,377,343	29,491,002	13,886,341
Construction in Progress	1,529,467	11,374,372	(9,844,905)
Total	<u>\$145,184,861</u>	<u>\$ 129,482,719</u>	<u>\$ 15,702,142</u>

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

During the current fiscal year, a new wing was finished for the Montgomery County Jail. This wing augmented the Jail's capacity by 384 beds. The final cost of this addition is \$8,824,179.

For County use, a new office building was 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 houses the entire departments of the County Attorney, the District Attorney, and the Collections department. The building's total investment is \$5,148,488.

In a continued effort to improve services to citizens in the form of a Memorial Library System, the County is in the process of constructing three new library facilities. On September 30, 2004, \$334,912, \$291,806, and \$845,884 had been spent on libraries in the eastern, western, and southern areas of the County, respectively.

The County has committed to multiple road construction projects in fiscal year 2005. In 2001, the voters of Montgomery County approved \$60,000,000 in road bonds to fund road improvements throughout the county. These bonds were issued in three phases in 2002, 2003, and 2004. Reductions from the bond issue for issuance costs, along with the purchase of the right-of-way needed for these road expansions left \$41,116,531 committed for future road enhancements. A total of \$11,204,310 has been paid as of September 30, 2004 for the purposes of various road improvements.

Additional information on the County's capital assets can be found in Note 7 on page 55 of this report.

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

At September 30, 2004, Montgomery County had total bonded debt outstanding of \$159,630,521 (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, \$105,360,521 corresponds to general obligation debt and \$54,270,000 represents certificates of obligation. Montgomery County's total bonded debt had a net increase of \$9,343,721 during 2004. The following table represents the entire long-term debt of the County at September 30.

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

	<u>FY 2004</u>	<u>FY 2003</u>
General obligation bonds	\$ 97,515,414	\$ 89,458,098
Certificates of obligation	54,270,000	52,540,000
Accreted interest	7,845,107	8,288,702
Capital Leases	1,790,377	2,588,746
Premiums, net of discounts	1,076,250	436,149
Compensated absences	4,221,760	3,880,836
Arbitrage Rebate	-	117,463
Total	<u>\$ 166,718,908</u>	<u>\$ 157,309,994</u>

Debt activity in 2004 includes an issue of \$10,205,000 in voter-approved road bonds, the third and final phase of a \$60,000,000 plan that will span a five-to-seven year period. In addition, certificates of obligation were issued in the amount of \$2,600,000 to construct airport improvements and to renovate and improve county-owned buildings. The County retired \$3,461,279 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 \$3,687,545,432, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2004.

Additional information on Montgomery County's long-term debt can be found in Note 9 on page 57 of this report.

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

- The unemployment rate for the County is currently 4.7%<sup>1</sup>, which is a decrease from a rate of 5.4% a year ago. This compares favorably to the State's average unemployment rate of 5.8%<sup>2</sup> and the national average rate of 5.5%<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 2004 over fiscal year 2003 is \$733,483 (\$3,173,235 in 2004, as opposed to \$2,439,752 in 2003).
- Continuing increased costs for employee health benefits resulted in a \$2,172,119 increase in the County's funding to the employee benefit plan.

<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/empsit.cpseea6.txt>.

- Commissioners' Court approved a 3.0% increase applied according to the newly adopted salary plan for most officials, department heads, and employees of the County.
- Montgomery County has entered into an interlocal agreement with the Lone Star Groundwater Conservation District to lease office space in one of the County's new buildings. This four year lease will have two six month renewal options and will also be cancelable with six months written notice by either party.
- Commissioners' Court has made a commitment to increase the County's fund balance by \$2,000,000 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, 2005.

During the current fiscal year, unreserved fund balance in the general fund increased \$1,647,892. Management had planned for an increase to the unreserved fund balance in the general fund of \$3,000,000. However, the final increase is \$1,352,108 less than had been planned. Factors that significantly contributed to this include an increased cost of providing health care benefits for County employees. This additional cost has created a draw down on the final budgeted fund balance, despite there being excess budgeted funds. Also factoring into a lower-than-budgeted ending fund balance is the difficulty associated with budgeting for the costs of indigent defense. During fiscal year 2004, final costs associated with indigent defense and court operations were \$1,208,738 higher than originally budgeted. The County has taken action in the 2005 fiscal year budget to increase the total fund balances by \$2,000,000. This will be accomplished through prudent fiscal management, and an increase in the 2004 tax rate, which supports the 2005 budget, of \$0.0135 over the 2003 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.



## **BASIC FINANCIAL STATEMENTS**

**MONTGOMERY COUNTY, TEXAS**

**Statement of Net Assets**

**September 30, 2004**

EXHIBIT I

<b>ASSETS:</b>	<u>Governmental Activities</u>
Cash	\$ 4,083,143
Investments, at Fair Value	53,175,352
Restricted Cash	27,093
Receivables:	
Taxes (net)	5,986,933
Accounts (net)	7,945,106
Accrued Interest	15,948
Due from Fiduciary Funds	1,022,599
Due from Other Governments	2,410,916
Inventory, at Cost	77,008
Deferred Charges	2,227,578
Prepaid Items	242,759
Capital Assets, net of accumulated depreciation	
Land	6,056,015
Buildings	76,318,309
Improvements	3,066,005
Equipment	14,837,722
Infrastructure	43,377,343
Construction in Progress	1,529,467
Total Assets	<u>222,399,296</u>
<b>LIABILITIES:</b>	
Accounts Payable	11,624,358
Retainage Payable	105,324
Accrued Interest Payable	818,117
Due to Other Governments	1,600,716
Unearned Revenue	663,096
Noncurrent Liabilities	
Due within one year:	6,954,789
Due in more than one year:	159,764,119
Total Liabilities	<u>181,530,519</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, net of related debt	78,432,519
Restricted for:	
Capital Projects	82,619
Debt Service	4,221,760
Unrestricted	(41,868,121)
Total Net Assets	<u><u>\$ 40,868,777</u></u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS****Statement of Activities**  
**Year Ended September 30, 2004**

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	\$ 11,020,255	\$ 4,860,689	\$ -	\$ -	\$(6,159,566)
Judicial	14,196,220	4,882,789	230,498	-	(9,082,933)
Legal Services	1,688,226	415,324	-	-	(1,272,902)
Elections	741,325	14,777	205,625	-	(520,923)
Financial Administration	3,775,200	677,703	-	-	(3,097,497)
Public Facilities	6,351,995	498,226	-	-	(5,853,769)
Public Safety	41,783,788	10,994,274	1,940,318	48,450	(28,800,746)
Health and Welfare	5,679,181	1,008,941	3,131,886	-	(1,538,354)
Culture and Recreation	4,746,828	226,038	70,720	-	(4,450,070)
Conservation	565,941	-	7,182	209,466	(349,293)
Public Transportation	14,662,727	7,720,244	201,256	774,325	(5,966,902)
Miscellaneous	7,234,220	-	-	-	(7,234,220)
Debt Service Interest and Fiscal Charges	8,062,860	-	-	-	(8,062,860)
Total Governmental Activities	<u>\$120,508,766</u>	<u>\$31,299,005</u>	<u>\$5,787,485</u>	<u>\$1,032,241</u>	<u>(82,390,035)</u>
General Revenues:					
Property Taxes					86,767,811
Other Taxes					142,272
Mixed Beverage Taxes					673,699
Bingo Taxes					113,882
Insurance Reimbursements					260,233
Unrestricted Investment Earnings					785,873
Total General Revenues					<u>88,743,770</u>
Change in Net Assets					6,353,735
Net Assets - Beginning					<u>34,515,042</u>
Net Assets - Ending					<u>\$40,868,777</u>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**

**Balance Sheet**  
**Governmental Funds**  
**September 30, 2004**

EXHIBIT III

	General	Road & Bridge	Debt Service
<b><u>ASSETS:</u></b>			
Cash	\$ 1,268,860	\$ 744,761	\$ 68,206
Investments, at Fair Value	10,681,716	2,222,333	220,712
Restricted Cash	-	-	-
Receivables:			
Taxes (net)	4,471,131	647,576	868,226
Accounts (net)	2,179,019	36,720	-
Accrued Interest	-	2,580	481
Due from Other Funds	3,616,750	407,560	1,824,706
Due from Other Governments	1,178,852	377,564	-
Inventory, at Cost	-	77,008	-
Prepaid Items	186,540	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 23,582,868</u></b>	<b><u>\$ 4,516,102</u></b>	<b><u>\$ 2,982,331</u></b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
Liabilities:			
Accounts Payable	\$ 8,262,625	\$ 1,472,266	\$ -
Retainage Payable	-	-	-
Due to Other Funds	4,446,088	1,865,905	-
Due to Other Governments	1,546,240	54,252	-
Deferred Revenue	4,543,398	646,139	822,072
Total liabilities	<u>18,798,351</u>	<u>4,038,562</u>	<u>822,072</u>
Fund Balances:			
Reserved for:			
Prepaid Items	186,540	-	-
Capital Projects	-	-	-
Inventory	-	77,008	-
Debt Service	-	-	2,160,259
Unreserved, reported in:			
General Fund	4,597,977	-	-
Special Revenue Funds	-	400,532	-
Total Fund Balances	<u>4,784,517</u>	<u>477,540</u>	<u>2,160,259</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 23,582,868</u></b>	<b><u>\$ 4,516,102</u></b>	<b><u>\$ 2,982,331</u></b>

See accompanying notes to the financial statements.

Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 522,955	\$ 82,645	\$ 1,395,716	\$ 4,083,143
9,590,578	15,219,949	9,955,001	5,285,063	53,175,352
1,446	20,439	-	5,208	27,093
-	-	-	-	5,986,933
-	-	-	46,056	2,261,795
618	9,378	-	2,891	15,948
-	1,741,517	-	1,305,826	8,896,359
-	-	-	854,500	2,410,916
-	-	-	-	77,008
-	-	-	56,219	242,759
<u>\$ 9,592,642</u>	<u>\$ 17,514,238</u>	<u>\$ 10,037,646</u>	<u>\$ 8,951,479</u>	<u>\$ 77,177,306</u>
\$ 353,433	\$ 126,667	\$ -	\$ 1,409,367	\$ 11,624,358
79,677	20,439	-	5,208	105,324
-	-	-	1,561,767	7,873,760
-	-	-	224	1,600,716
-	-	-	391,147	6,402,756
<u>433,110</u>	<u>147,106</u>	<u>-</u>	<u>3,367,713</u>	<u>27,606,914</u>
-	-	-	56,219	242,759
9,159,532	17,367,132	10,037,646	4,153,230	40,717,540
-	-	-	-	77,008
-	-	-	-	2,160,259
-	-	-	-	4,597,977
-	-	-	1,374,317	1,774,849
<u>9,159,532</u>	<u>17,367,132</u>	<u>10,037,646</u>	<u>5,583,766</u>	<u>49,570,392</u>
<u>\$ 9,592,642</u>	<u>\$ 17,514,238</u>	<u>\$ 10,037,646</u>	<u>\$ 8,951,479</u>	<u>\$ 77,177,306</u>





**MONTGOMERY COUNTY, TEXAS**  
**Reconciliation of the Governmental Funds Fund Balance**  
**to the Statement of Net Assets**  
**Year Ended September 30, 2004**

Total fund balances - governmental funds (page 31) \$ 49,570,392

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. 2,227,578

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	6,056,015	
Buildings	76,318,309	
Improvements	3,066,005	
Equipment	14,837,722	
Infrastructure	43,377,343	
Construction in Progress	1,529,467	
Total Capital Assets		145,184,861

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. 5,683,311

Property taxes earned that are not available to pay for  
current-period expenditures are deferred in the funds. 5,739,660

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	(818,117)	
Bonds and capital leases payable	(162,497,148)	
Compensated absences	(4,221,760)	
Total future period liabilities		(167,537,025)
Net assets of governmental activities		\$ 40,868,777

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**Year Ended September 30, 2004**

EXHIBIT IV

	General	Road and Bridge	Debt Service
<b><u>REVENUES:</u></b>			
Taxes	\$ 66,469,117	\$ 9,495,794	\$ 12,034,785
Licenses and Permits	1,204,171	6,102,207	-
Fees	10,089,462	-	-
Intergovernmental	2,080,502	481,641	-
Charges for Services	177,528	-	-
Interest	346,544	26,440	62,985
Contract Reimbursements	7,483,946	-	-
Inmate Housing	118,818	-	-
Fines and Forfeitures	110,109	1,213,287	-
Miscellaneous	1,007,959	475,296	-
<b><u>TOTAL REVENUES</u></b>	<b><u>89,088,156</u></b>	<b><u>17,794,665</u></b>	<b><u>12,097,770</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
General Administration	9,483,349	-	-
Judicial	8,580,548	-	-
Legal Services	1,442,898	-	-
Elections	730,253	-	-
Financial Administration	3,737,425	-	-
Public Facilities	6,376,545	-	-
Public Safety	40,101,489	-	-
Health and Welfare	3,881,998	-	-
Culture and Recreation	-	-	-
Conservation	365,571	390,282	-
Public Transportation	-	16,944,994	-
Miscellaneous	7,234,220	-	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	3,237,591
Interest and Fiscal Charges	-	-	8,831,163
Issuance Costs	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>81,934,296</u></b>	<b><u>17,335,276</u></b>	<b><u>12,068,754</u></b>
Excess (Deficiency) Revenues Over Expenditures	<b><u>7,153,860</u></b>	<b><u>459,389</u></b>	<b><u>29,016</u></b>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>			
Transfers In	3,976,481	714,255	86,064
Transfers Out	(9,482,449)	(2,129,928)	-
Capital Lease Financing	-	581,915	-
Proceeds of Certificates of Obligation	-	-	-
Proceeds of General Obligation Bonds	-	-	-
Premiums on Debt Issuance	-	-	1,318
Discounts on Debt Issuance	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>(5,505,968)</u></b>	<b><u>(833,758)</u></b>	<b><u>87,382</u></b>
Net Change in Fund Balance	1,647,892	(374,369)	116,398
Fund Balances at Beginning of Year	3,136,625	851,909	2,043,861
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 4,784,517</u></b>	<b><u>\$ 477,540</u></b>	<b><u>\$ 2,160,259</u></b>

See accompanying notes to the financial statements.

Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 87,999,696
-	-	-	85,560	7,391,938
-	-	-	265,805	10,355,267
-	-	-	5,218,634	7,780,777
-	-	-	981,489	1,159,017
90,737	168,387	5,389	85,391	785,873
-	-	-	103,139	7,587,085
-	-	-	-	118,818
-	-	-	1,097,858	2,421,254
-	-	-	223,365	1,706,620
90,737	168,387	5,389	8,061,241	127,306,345
-	-	-	173,568	9,656,917
-	-	-	5,555,158	14,135,706
-	-	-	269,427	1,712,325
-	-	-	-	730,253
-	-	-	-	3,737,425
-	-	-	-	6,376,545
-	-	-	2,195,397	42,296,886
-	-	-	2,544,020	6,426,018
-	-	-	4,473,911	4,473,911
-	-	-	-	755,853
-	-	-	1,265,476	18,210,470
-	-	-	-	7,234,220
1,294,554	3,427,545	631,130	9,008,737	14,361,966
-	-	-	-	3,237,591
-	-	-	-	8,831,163
-	-	201,415	61,108	262,523
1,294,554	3,427,545	832,545	25,546,802	142,439,772
(1,203,817)	(3,259,158)	(827,156)	(17,485,561)	(15,133,427)
-	2,620	-	9,792,334	14,571,754
-	-	-	(2,959,377)	(14,571,754)
-	-	-	-	581,915
-	-	-	2,600,000	2,600,000
-	-	10,205,000	-	10,205,000
-	-	659,802	19,769	680,889
-	-	-	(9,776)	(9,776)
-	2,620	10,864,802	9,442,950	14,058,028
(1,203,817)	(3,256,538)	10,037,646	(8,042,611)	(1,075,399)
10,363,349	20,623,670	-	13,626,377	50,645,791
\$ 9,159,532	\$ 17,367,132	\$ 10,037,646	\$ 5,583,766	\$ 49,570,392





**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, 2004**

Amounts reported for governmental activities in the statement of activities (page 29)  
are different because:

Net change in fund balances - total governmental funds (page 35)	\$ (1,075,399)
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.	16,201,442
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.	(108,270)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(343,125)
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.	(9,216,465)
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>895,552</u>
Change in net assets of governmental activities (pages 29)	<u><u>\$ 6,353,735</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, 2004**

EXHIBIT V  
Page 1 of 3

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$64,958,001	\$65,909,539	\$66,469,117	\$ 559,578
Licenses and Permits	1,134,100	1,179,727	1,204,171	24,444
Fees	8,746,784	9,092,843	10,089,462	996,619
Intergovernmental	604,440	1,508,349	2,080,502	572,153
Charges for Services	20,000	35,132	177,528	142,396
Interest	292,135	293,406	346,544	53,138
Contract Reimbursements	2,335,456	7,697,152	7,483,946	(213,206)
Inmate Housing	202,000	154,000	118,818	(35,182)
Fines and Forfeitures	110,000	110,000	110,109	109
Miscellaneous	594,500	719,323	1,007,959	288,636
<b><u>TOTAL REVENUES</u></b>	<b><u>78,997,416</u></b>	<b><u>86,699,471</u></b>	<b><u>89,088,156</u></b>	<b><u>2,388,685</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	10,827,769	12,565,945	9,483,349	3,082,596
Judicial	8,593,385	8,760,131	8,580,548	179,583
Legal Services	1,338,757	1,406,792	1,442,898	(36,106)
Elections	534,654	652,718	730,253	(77,535)
Financial Administration	3,807,992	3,935,588	3,737,425	198,163
Public Facilities	5,793,290	6,679,986	6,376,545	303,441
Public Safety	33,010,529	41,357,001	40,101,489	1,255,512
Health and Welfare	2,810,368	3,025,317	3,881,998	(856,681)
Conservation	347,335	368,609	365,571	3,038
Public Transportation	-	-	-	-
Miscellaneous	5,357,973	6,060,603	7,234,220	(1,173,617)
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>72,422,052</u></b>	<b><u>84,812,690</u></b>	<b><u>81,934,296</u></b>	<b><u>2,878,394</u></b>
Excess (Deficiency) Revenues Over Expenditures	<b><u>6,575,364</u></b>	<b><u>1,886,781</u></b>	<b><u>7,153,860</u></b>	<b><u>5,267,079</u></b>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	2,786,526	3,976,481	1,189,955
Transfers Out	-	(1,798,085)	(9,482,449)	(7,684,364)
Capital Lease Financing	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>988,441</u></b>	<b><u>(5,505,968)</u></b>	<b><u>(6,494,409)</u></b>
Net Changes in Fund Balances	6,575,364	2,875,222	1,647,892	(1,227,330)
Fund Balances at Beginning of Year	3,136,625	3,136,625	3,136,625	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 9,711,989</u></b>	<b><u>\$ 6,011,847</u></b>	<b><u>\$ 4,784,517</u></b>	<b><u>\$ (1,227,330)</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, 2004**

EXHIBIT V  
Page 2 of 3

	Road and Bridge Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b><u>REVENUES:</u></b>				
Taxes	\$ 9,572,873	\$ 9,572,873	\$ 9,495,794	\$ (77,079)
Licenses and Permits	5,563,100	6,213,100	6,102,207	(110,893)
Fees	-	-	-	-
Intergovernmental	145,000	506,309	481,641	(24,668)
Charges for Services	-	-	-	-
Interest	50,000	50,000	26,440	(23,560)
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,060,000	1,060,000	1,213,287	153,287
Miscellaneous	-	309,861	475,296	165,435
<b><u>TOTAL REVENUES</u></b>	<b><u>16,390,973</u></b>	<b><u>17,712,143</u></b>	<b><u>17,794,665</u></b>	<b><u>82,522</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	140,517	543,109	390,282	152,827
Public Transportation	14,807,493	19,025,854	16,944,994	2,080,860
Miscellaneous	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>14,948,010</u></b>	<b><u>19,568,963</u></b>	<b><u>17,335,276</u></b>	<b><u>2,233,687</u></b>
Excess (Deficiency) Revenues Over Expenditures	1,442,963	(1,856,820)	459,389	2,316,209
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	443,121	714,255	271,134
Transfers Out	-	(1,177,198)	(2,129,928)	(952,730)
Capital Lease Financing	-	581,915	581,915	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>(152,162)</u></b>	<b><u>(833,758)</u></b>	<b><u>(681,596)</u></b>
Net Changes in Fund Balances	1,442,963	(2,008,982)	(374,369)	1,634,613
Fund Balances at Beginning of Year	851,909	851,909	851,909	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 2,294,872</u></b>	<b><u>\$ (1,157,073)</u></b>	<b><u>\$ 477,540</u></b>	<b><u>\$ 1,634,613</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, 2004**

EXHIBIT V  
Page 3 of 3

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	74,530,874	\$75,482,412	\$75,964,911	\$ 482,499
Licenses and Permits	6,697,200	7,392,827	7,306,378	(86,449)
Fees	8,746,784	9,092,843	10,089,462	996,619
Intergovernmental	749,440	2,014,658	2,562,143	547,485
Charges for Services	20,000	35,132	177,528	142,396
Interest	342,135	343,406	372,984	29,578
Contract Reimbursements	2,335,456	7,697,152	7,483,946	(213,206)
Inmate Housing	202,000	154,000	118,818	(35,182)
Fines and Forfeitures	1,170,000	1,170,000	1,323,396	153,396
Miscellaneous	594,500	1,029,184	1,483,255	454,071
<b><u>TOTAL REVENUES</u></b>	<b><u>95,388,389</u></b>	<b><u>104,411,614</u></b>	<b><u>106,882,821</u></b>	<b><u>2,471,207</u></b>
<b><u>EXPENDITURES:</u></b>				
Current:				
General Administration	10,827,769	12,565,945	9,483,349	3,082,596
Judicial	8,593,385	8,760,131	8,580,548	179,583
Legal Services	1,338,757	1,406,792	1,442,898	(36,106)
Elections	534,654	652,718	730,253	(77,535)
Financial Administration	3,807,992	3,935,588	3,737,425	198,163
Public Facilities	5,793,290	6,679,986	6,376,545	303,441
Public Safety	33,010,529	41,357,001	40,101,489	1,255,512
Health and Welfare	2,810,368	3,025,317	3,881,998	(856,681)
Conservation	487,852	911,718	755,853	155,865
Public Transportation	14,807,493	19,025,854	16,944,994	2,080,860
Miscellaneous	5,357,973	6,060,603	7,234,220	(1,173,617)
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>87,370,062</u></b>	<b><u>104,381,653</u></b>	<b><u>99,269,572</u></b>	<b><u>5,112,081</u></b>
Excess (Deficiency) Revenues Over Expenditures	8,018,327	29,961	7,613,249	7,583,288
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	3,229,647	4,690,736	1,461,089
Transfers Out	-	(2,975,283)	(11,612,377)	(8,637,094)
Capital Lease Financing	-	581,915	581,915	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>-</u></b>	<b><u>836,279</u></b>	<b><u>(6,339,726)</u></b>	<b><u>(7,176,005)</u></b>
Net Changes in Fund Balances	8,018,327	866,240	1,273,523	407,283
Fund Balances at Beginning of Year	3,988,534	3,988,534	3,988,534	-
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$12,006,861</u></b>	<b><u>\$ 4,854,774</u></b>	<b><u>\$ 5,262,057</u></b>	<b><u>\$ 407,283</u></b>

See accompanying notes to the financial statements.

**MONTGOMERY COUNTY, TEXAS**  
**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2004**

EXHIBIT VI

	<u>Agency Funds</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 8,561,550
Investments, at Fair Value	962,918
Accounts Receivable	<u>5,236</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 9,529,704</u></b>
<b><u>LIABILITIES:</u></b>	
Accounts Payable	\$ 3,739,285
Due to Other Funds	1,022,599
Due to Other Governments	<u>4,767,820</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 9,529,704</u></b>

See accompanying notes to the financial statements.





**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

**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 entity is included in the financial statements as a blended component unit based upon its significant financial and operational relationship to the County:

**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.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

**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.

**B) IMPLEMENTATION OF NEW STANDARDS:**

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

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14*, which revises the criteria for determining component units of the primary government. The implementation of this new standard rendered Montgomery County a primary government with only one blended component unit, that of County Officials.

GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences – an Amendment of GASB Statement No. 34*, which clarifies budgetary presentation requirements as they apply to the major Debt Service Fund for the County.

**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.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

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, 2003 that were due October 1, 2003, have been assessed to finance the budget of the fiscal year ending September 30, 2004. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2004, 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.

**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.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

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 by a designated part of the annual property tax levy, as well as certain statutory fees.

**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 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 in the County.

**The Capital Projects-Road Bonds, Series 2004 Fund** is used to account for the third and final phase of road construction bonds that were approved in 2001 by the voters of the County. The \$10,205,000 in proceeds will be used to satisfy the County's obligation under several agreements with the State of Texas to improve state-owned roads in the County.

The County reports the following *nonmajor governmental funds*:

**Special revenue funds** are used to account for specific revenue sources (other than 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).

**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, road construction, airport improvements, and various remodeling plans.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

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 idle funds in a) obligations of the United States and its agencies or instrumentalities, b) obligations of the State of Texas, c) obligations of states, agencies, political subdivisions, and municipalities having a rating of not less than A, and d) fully collateralized direct repurchase agreements.

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. Additionally, 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 in regards to approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

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.

Receivables are shown net of an allowance for uncollectibles.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

**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 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):

<b><u>Assets</u></b>	<b><u>Years</u></b>
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.



**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

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

**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 2004.

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**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 governments. They 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	\$ 27,032,562
Depreciation expense	<u>(10,831,120)</u>

Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 16,201,442</u>
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*“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.	\$ (50,804)
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**MONTGOMERY COUNTY, TEXAS**

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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.

(57,466)

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

\$ (108,270)

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*“The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	\$ (10,205,000)
Issuance of certificates of obligation	(2,600,000)
Premium on bonds issued, net	(671,113)
Capital lease financing	(581,915)

Principal repayments:

General obligation debt	2,591,279
Certificates of obligation debt	870,000
Capital leases	1,380,284

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

\$ (9,216,465)

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*“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	\$ (340,924)
Accrued interest	900,470
Amortization of issuance costs	(147,415)
Amortization of bond discounts	(6,649)
Amortization of bond premiums	37,660
Reduction of receivable for reimbursement of county expenditures	452,410

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

\$ 895,552

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**MONTGOMERY COUNTY, TEXAS**  
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**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 2004, formal budgets were adopted for the General Fund, the Special Revenue Funds (except the Juvenile Probation Fund), and the Debt Service Fund. The budget for the Juvenile Probation Fund is established pursuant to grant awards. Formal budgetary integration is not employed for Capital Project Funds, and legal budgets are not adopted, because budgetary control is achieved through legally binding construction contracts. All appropriations lapse at fiscal year end with the exception of grant awards and certain ongoing projects.

The Commissioners’ Court may approve expenditures as an amendment to the budget to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. Such expenditures would include the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal 2004, budget amendments totaling \$3,207,389 were approved that met this criteria.

The Commissioners’ Court may also adopt a supplemental budget for the limited purpose of spending proceeds that become available for disbursement in a fiscal year, but are not included in the budget for that budget year. Included in this category are public or private grants or aid money, revenue from intergovernmental contracts, and proceeds from the issuance of debt. In fiscal 2004, supplemental appropriations were approved in the amounts of \$4,230,653, \$5,374,260, and \$581,915 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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

Expenditures exceeded appropriations in five funds during fiscal year 2004. Expenditures in the Forfeitures, Sheriff Commissary, Alternate Dispute Resolution, Child Welfare, and Airport Maintenance Special Revenue Funds exceeded appropriations by \$512,379, \$15,256, \$2,736, \$7,454, and \$712,292, respectively. These excesses were absorbed by unanticipated revenues and transfers from the General Fund, and had no impact on fund balances.

**C) DEFICIT FUND EQUITY:**

At September 30, 2004, the Attorney Administration Special Revenue Fund and the Community Development Special Revenue Fund had deficit fund balances of \$9,676 and \$254,239, respectively. Management anticipates that future revenues will replenish the Attorney Administration Fund. The deficit in the Community Development Fund will be addressed by a transfer from the General Fund.

**NOTE 4- DEPOSITS AND INVESTMENTS:**

**A) DEPOSITS:**

Of the \$12,671,786 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 \$12,649,236 represented the carrying amount of the County's deposits. The total bank balance (collected funds) at the balance sheet date was \$5,317,521. At September 30, 2004, 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, 2004:

	<b><u>Category</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
U.S. Government Securities	1	\$19,125,634	\$19,125,634
Investments not subject to categorization:			
State's Investment Pool (TEXPOOL)		1,029,381	1,029,381
Money Market Mutual Fund (ICT)		12,140,206	12,140,206
Money Market Mutual Fund (BPIF)		11,563,568	11,563,568
Money Market Mutual Fund (AIM)		10,279,481	10,279,481
Total Investments		<u>\$54,138,270</u>	<u>\$54,138,270</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

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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 financial 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 of up to \$0.80 per \$100 of assessed valuation for general governmental services and the payment of long-term debt. The combined current tax rate for the year end was \$0.4828 per \$100, which means that the County has a tax margin of \$0.3172 per \$100, and could raise up to \$55,803,269 in additional taxes from the present assessed valuation of \$17,592,455,375 before the limit is reached.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

The thirty years' property taxes receivable at September 30, 2004, 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	\$4,562,379	\$ 91,248	\$4,471,131
Road & Bridge Fund	660,792	13,216	647,576
Debt Service Fund	885,945	17,719	868,226
Total Receivable	<u>\$6,109,116</u>	<u>\$122,183</u>	<u>\$5,986,933</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, 2004, the following amounts were recorded as due to the County:

	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
General Fund	\$ 372,760	\$ 479,951	\$ 326,141	\$1,178,852
Special Revenue Funds	781,489	298,851	140,384	1,220,724
Capital Project Funds	-	11,340	-	11,340
Total Due from Governments	<u>\$1,154,249</u>	<u>\$ 790,142</u>	<u>\$ 466,525</u>	<u>\$2,410,916</u>

**NOTE 7- CAPITAL ASSETS:**

**A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2004:**

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions (1)</b>	<b>Deletions (1)</b>	<b>Ending Balance</b>
Land	\$ 5,876,958	\$ 179,057	\$ -	\$ 6,056,015
Construction in Progress	11,374,372	4,590,564	(14,435,469)	1,529,467
Total Capital Assets not being depreciated	<u>17,251,330</u>	<u>4,769,621</u>	<u>(14,435,469)</u>	<u>7,585,482</u>
Buildings	85,112,913	37,916,351	(23,404,398)	99,624,866
Improvements	6,215,045	155,532	(41,290)	6,329,287
Equipment	38,726,232	5,351,355	(4,466,147)	39,611,440
Infrastructure	32,257,082	18,380,405	-	50,637,487
Total Capital Assets being depreciated	<u>162,311,272</u>	<u>61,803,643</u>	<u>(27,911,835)</u>	<u>196,203,080</u>
Less accumulated depreciation for:				
Buildings	(21,220,202)	(2,130,012)	43,657	(23,306,557)
Improvements	(2,909,951)	(353,331)	-	(3,263,282)
Equipment	(23,183,650)	(4,063,083)	2,473,015	(24,773,718)
Infrastructure	(2,766,080)	(4,494,064)	-	(7,260,144)
Total Capital Assets being depreciated, net	<u>\$ 129,482,719</u>	<u>\$ 55,532,774</u>	<u>\$(39,830,632)</u>	<u>\$ 145,184,861</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**

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**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, 2004, the County charged depreciation expense to functions/programs as follows:

Governmental activities:	
General Administration	\$ 1,624,661
Judicial	200,554
Legal Services	64,807
Elections	15,885
Financial Administration	30,535
Public Facilities	699,489
Public Safety	1,342,061
Health and Welfare	112,791
Culture and Recreation	921,455
Conservation	17,939
Public Transportation	5,800,943
Total depreciation expense-governmental activities	<u><u>\$ 10,831,120</u></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, 2004:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Three Libraries	Under construction	\$ 10,500,000	\$ 1,472,602
Various road projects	Under construction	41,116,531	11,204,310
Airport Improvements	Design/planning phase	1,889,500	32,475
Total		<u><u>\$ 53,506,031</u></u>	<u><u>\$ 12,709,387</u></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, 2004, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
General	\$1,543,766	\$ -	\$ 2,474	\$ 1,546,240
Road & Bridge	-	-	54,252	54,252
Other Nonmajor	-	224	-	224
Total	<u><u>\$1,543,766</u></u>	<u><u>\$ 224</u></u>	<u><u>\$ 56,726</u></u>	<u><u>\$ 1,600,716</u></u>

**MONTGOMERY COUNTY, TEXAS****Notes to the Financial Statements****September 30, 2004****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:

<b>Fund</b>	<b>Property Taxes</b>	<b>Unearned Fees</b>	<b>Total Deferred Revenues</b>
General	\$ 4,271,450	\$ 271,948	\$ 4,543,398
Road & Bridge	646,139	-	646,139
Debt Service	822,072	-	822,072
Other Nonmajor	-	391,147	391,147
Total	<u>\$ 5,739,661</u>	<u>\$ 663,095</u>	<u>\$ 6,402,756</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, 2004 is presented:

	<b>Interest Rate (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Bonds Outstanding</b>
<b>GENERAL OBLIGATION BONDS:</b>				
Library & Refunding, Series 1992	6.00-7.25	1992	2011	\$ 1,889,807
Refunding Bonds, Series 1997	5.10-5.60	1997	2017	9,510,607
Permanent Improvement, Series 2000	4.50-5.25	2000	2020	14,100,000
Road Bonds, Series 2002A	4.00-4.50	2002	2022	24,705,000
Refunding Bonds, Series 2002B	3.00-4.50	2002	2011	3,105,000
Road Bonds, Series 2003A	5.00	2003	2026	24,000,000
Library Bonds, Series 2003B	2.00-4.75	2003	2026	10,000,000
Road Bonds, Series 2004	5.50	2004	2026	10,205,000
<b>Total Principal</b>				<u>97,515,414</u>
Accretion of Cap Appreciation Bonds:				
Library & Refunding, Series 1992	6.60-6.80	1992	2006	2,580,288
Refunding, Series 1997	5.10-5.60	1997	2017	5,264,819
<b>Total Accretion</b>				<u>7,845,107</u>
<b>TOTAL GENERAL OBLIGATION BONDS PAYABLE</b>				<u>\$105,360,521</u>
<b>CERTIFICATES OF OBLIGATION:</b>				
Series 1996	4.30-5.75	1996	2011	\$ 3,785,000
Series 1997	5.00-6.50	1997	2016	3,090,000
Series 1997A	4.10-6.00	1997	2015	13,525,000
Series 1998	4.60-6.50	1998	2018	17,800,000
Series 2001	4.65	2001	2011	1,870,000
Series 2003	2.00-4.75	2003	2022	11,600,000
Series 2004	3.00-4.60	2004	2020	2,600,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>				<u>\$ 54,270,000</u>
<b>TOTAL BONDED DEBT</b>				<u>\$159,630,521</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

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

The following schedule illustrates changes in long-term debt for the year ended September 30, 2004. Reductions to general obligation bonds include an annual accretion reduction of capital appreciation bonds in the amount of \$443,595. For each category, management has presented the portion that will be due within one 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	\$ 97,746,800	\$10,205,000	\$ (2,591,279)	\$105,360,521	\$2,054,737
Certificates of obligation	52,540,000	2,600,000	(870,000)	54,270,000	905,000
Less deferred amounts:					
Issuance discounts	(109,775)	(9,776)	6,649	(112,902)	(7,227)
Unamortized premiums	545,924	680,888	(37,660)	1,189,152	67,016
Total bonds payable	150,722,949	13,476,112	(3,492,290)	160,706,771	3,019,526
Arbitrage rebate payable	117,463	-	(117,463)	-	-
Capital leases	2,588,746	581,915	(1,380,284)	1,790,377	639,502
Compensated absences	3,880,836	3,793,592	(3,452,668)	4,221,760	3,295,761
Total Long-term Liabilities	\$157,309,994	\$17,851,619	\$(8,442,705)	\$166,718,908	\$6,954,789

**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>
2005	\$ 2,054,737	\$ 6,088,431	\$ 905,000	\$ 2,627,009
2006	1,805,070	5,566,425	2,025,000	2,540,116
2007	2,460,000	4,277,033	3,090,000	2,402,826
2008	2,033,741	4,713,666	3,630,000	2,224,984
2009	2,036,809	4,706,749	3,820,000	2,042,964
2010-2014	11,358,583	25,325,633	19,085,000	7,459,942
2015-2019	20,076,474	21,772,409	17,860,000	2,786,254
2020-2024	37,865,000	9,610,383	3,210,000	456,951
2025-2026	17,825,000	921,812	645,000	32,625
<b>Total</b>	<b>\$ 97,515,414</b>	<b>\$ 82,982,541</b>	<b>\$ 54,270,000</b>	<b>\$ 22,573,671</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 government-wide financial statements. As of September 30, 2004, defeased but outstanding debt from prior a year refunding transaction consisted of General Obligation Bonds, Library and Refunding Series 1992 in the amount \$5,088,450.

**E) FUTURE BORROWING:**

In January of 2005, the Commissioners' Court identified the need to issue \$100,000,000 to \$150,000,000 in unlimited tax road bonds to complete those projects that were begun with the

**MONTGOMERY COUNTY, TEXAS**  
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Series 2002, 2003, and 2004 road bonds. It is unclear at this time when these bonds will be presented to the voters for their approval. In the event these bonds are issued, the County will report the debt with no corresponding asset due to the fact that these projects are primarily for the improvement of State-owned roads.

**F) CONDUIT DEBT OBLIGATIONS:**

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

**Montgomery County Industrial Development Corporation-** The corporation issues industrial revenue bonds that promote and encourage employment and public welfare. As of September 30, 2004, 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, 2004, there were twenty-five series of bonds outstanding with an aggregate principal payable of \$2,935,960,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the corporation and the entities for whose benefit the bonds were issued.

**G) CAPITAL LEASES:**

The County has entered into capital lease agreements for the lease/purchase of certain heavy road equipment, 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, 2004 and the funds from which they will be paid are as shown below:

<b>Year Ending</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>
2005	\$ 53,143	\$ 548,583	\$ 75,194
2006	-	485,986	-
2007	-	441,951	-
2008	-	330,192	-
Total Minimum Lease Payments	53,143	1,806,712	75,194
Less: amount representing interest	2,534	138,015	4,122
Present value-minimum lease payments	<u>\$ 50,609</u>	<u>\$ 1,668,697</u>	<u>\$ 71,072</u>

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

**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, 2004 is as follows:

	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
General Fund	\$ 3,616,750	\$ 4,446,088
Road and Bridge Fund	407,560	1,865,905
Debt Service Fund	1,824,706	-
Cap Project/Road Bonds 2003A	1,741,517	-
Non-major Governmental Funds	1,305,826	1,561,767
Agency Funds	-	1,022,599
	<b><u>\$ 8,896,359</u></b>	<b><u>\$ 8,896,359</u></b>

B) **TRANSFERS:**

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from bond refundings and residual balances from capital project funds to the Debt Service Fund to pay debt obligations, and c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers for the year ended September 30, 2004 were:

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ 3,976,481	\$ 9,482,449
Road and Bridge Fund	714,255	2,129,928
Debt Service Fund	86,064	-
Cap Project/Road Bonds 2003A	2,620	-
Nonmajor Governmental Funds	9,792,334	2,959,377
	<b><u>\$ 14,571,754</u></b>	<b><u>\$ 14,571,754</u></b>

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, 2005. 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 \$320,971.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

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, 2004 totaled \$532,209. 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>	
2005	\$ 42,583
2006	833
Total Future Payments	<u>\$ 43,416</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 \$125,000 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, 2004, were \$932,113. Claims incurred but not reported (IBNR) at September 30, 2004, are estimated to be \$1,226,102. 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.

Changes in the health claims liability for the two fiscal years ended September 30, 2004 and September 30, 2003 are as follows:

	<b><u>2004</u></b>	<b><u>2003</u></b>
Unpaid claims, beginning of year	\$ 1,603,273	\$ 1,229,042
Incurred claims (including IBNR)	12,640,505	9,804,511
Claim payments	<u>(12,085,563)</u>	<u>(9,430,280)</u>
Unpaid claims, end of year	<u>\$ 2,158,215</u>	<u>\$ 1,603,273</u>

During the year ended September 30, 2004, the plan received contributions in the amounts of \$12,971,406 and \$1,126,230 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 \$355,903 in administrative costs and \$1,101,228 for reinsurance and insurance premiums.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

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

As of January 1, 2003, the County established a partially self-funded program to cover claims by employees arising from job related injuries. The program offers coverage at the statutorily required 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 \$150,000 per claim in 2004 and \$100,000 in 2005.

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, 2004, the County expended \$22,042 for administrative costs and \$218,388 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 20, 2004 and September 30, 2003 are as follows:

	<b><u>2004</u></b>	<b><u>2003</u></b>
Unpaid claims, beginning of year	\$ 262,846	\$ -
Incurred claims (including IBNR)	1,402,190	347,956
Claim payments	(490,686)	(85,110)
Unpaid claims, end of year	<b><u>\$1,174,350</u></b>	<b><u>\$ 262,846</u></b>

**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 \$297,917 in premiums in fiscal 2004, 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:**

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 2004.

**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 TCDRS Board of Trustees 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, TX, 78768.

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.



**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

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 9.12% for the months of the accounting year in 2003, and 9.35% for the months of the accounting year in 2004.

The deposit rate payable by the employee members for calendar year 2004 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, 2004, the pension cost for the TCDRS plan for its employees was \$5,053,942, and the actual contributions were \$5,053,942.

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, 2001, and December 31, 2002, the basis for determining the contributions rates for calendar years 2003 and 2004. The December 31, 2003 actuarial valuation is the most recent valuation.

**D) ACTUARIAL VALUATION INFORMATION:**

Actuarial valuation date	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>
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 <sup>(1)</sup>	8.00%	8.00%	8.00%
Projected salary increase <sup>(1)</sup>	5.50%	5.50%	5.50%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

<sup>(1)</sup>Includes inflation at the stated rate.

**MONTGOMERY COUNTY, TEXAS**  
**Notes to the Financial Statements**  
**September 30, 2004**

E) **TREND INFORMATION:**

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/02	\$ 4,143,323	100.00%	\$ 0.00
9/30/03	4,633,757	100.00%	0.00
9/30/04	5,053,942	100.00%	0.00

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 ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
12/31/01	\$ 82,349	\$ 96,621	\$ 14,273	85.22%	\$ 43,351	32.92%
12/31/02	89,840	107,275	17,435	83.74%	48,138	36.21%
12/31/03	102,230	118,625	16,395	86.17%	52,283	31.36%

(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, 2004, fifteen employees retired from service with the County. Seven of those retirees met the qualifications stated above, bringing the total retirees covered by this benefit to fifty-three. The cost recorded by the County is included in Note 12.

During the year, the County incurred \$708,685 in health care claims for retirees and their dependents. Retiree contributions for 2004 were \$114,079, and the County paid the remaining amount of the claims.

**NOTE 15- CONTINGENT LIABILITIES:**

A) **GENERAL LIABILITY:**

For fiscal year 2004, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$343,436, was recorded in the General Fund. In addition, the County expended \$71,655 for damages in connection with twenty-nine claims, for which the deductible had not been satisfied.

**MONTGOMERY COUNTY, TEXAS**

**Notes to the Financial Statements**

**September 30, 2004**

**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. The County paid \$26,285 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- NEW ACCOUNTING PRONOUNCEMENT:**

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

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This statement will be effective for the County for the fiscal year ending September 30, 2005.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes accounting and financial reporting standards for impairment of capital assets, along with clarifying and establishing accounting requirements for insurance recoveries. This statement will be effective for the County for the fiscal year ending September 30, 2006.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section – an Amendment of NCGA Statement 1*, which amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The implementation of GASB Statement No. 34 created a need for the presentation of new information in the statistical section. This statement will be effective for the County for the fiscal year ending September 30, 2006.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, and note disclosures in the financial report. This statement will be effective for the County for the fiscal year ending September 30, 2008.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34*, which requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This statement will be effective for the County for the fiscal year ending September 30, 2006.



## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>TAXES:</u></b>				
Ad Valorem Current	\$ 62,679,301	\$ 62,903,697	\$ 63,027,411	\$ 123,714
Ad Valorem Delinquent	953,600	1,303,600	1,374,812	71,212
Penalty and Interest	735,100	935,100	1,092,382	157,282
Mixed Beverage	500,000	500,000	673,699	173,699
Bingo Tax	75,000	75,000	113,882	38,882
Miscellaneous Taxes	15,000	192,142	186,931	(5,211)
Total Taxes	64,958,001	65,909,539	66,469,117	559,578

**LICENSES AND PERMITS:**

Beer Licenses	72,600	72,600	73,471	871
Trial Fees	3,500	3,500	5,926	2,426
Stenographer Fees	75,000	111,027	95,373	(15,654)
Health Permits	550,000	550,000	554,752	4,752
Park Permits	65,000	65,000	53,158	(11,842)
Animal Control Fees	3,000	3,000	3,730	730
Food Service Permits	290,000	290,000	308,775	18,775
Alarm Permits	75,000	75,000	88,369	13,369
Hazardous Waste Mgmt Fees	-	-	5,162	5,162
Flood Plain Fees	-	9,600	15,455	5,855
Total Licenses and Permits	1,134,100	1,179,727	1,204,171	24,444

**FEES:**

County Judge	7,000	7,000	8,532	1,532
County Sheriff	220,000	220,000	219,450	(550)
County Attorney	85,000	85,000	77,385	(7,615)
County Clerk	2,735,550	2,953,750	3,600,704	646,954
Tax Assessor-Collector	1,020,734	1,032,734	677,703	(355,031)
District Clerk	745,000	745,000	845,160	100,160
Justice of the Peace	2,800,000	2,855,751	3,250,514	394,763
Constable	550,000	558,963	761,877	202,914
Voter Registration	5,000	5,000	3,090	(1,910)
Criminal Justice Fees	578,500	629,645	645,047	15,402
Total Fees	8,746,784	9,092,843	10,089,462	996,619

**INTERGOVERNMENTAL:**

Federal Grants:				
Department of Agriculture	40,000	76,369	729,549	653,180
Dept Health/Human Services	174,440	174,440	27,538	(146,902)
Department of Homeland Security	-	190,124	78,270	(111,854)
Department of Justice	350,000	544,949	147,085	(397,864)
Federal Emergency Mgt Agency	25,000	25,000	30,000	5,000
Total Federal Grants	589,440	1,010,882	1,012,442	1,560

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Revenues and Other Financing Sources**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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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	-	362,598	324,306	(38,292)
Department of Health	-	-	91,901	91,901
Tx Comm on Environmental Quality	-	10,665	300,915	290,250
Total State Grants	-	373,263	717,122	343,859
Other:				
Local Law Enforcement Grant	-	25,320	25,320	-
Prosecutor Salary Supplement	-	7,885	103,625	95,740
Intergovernmental Contracts	15,000	15,000	16,368	1,368
Voter Registration	-	75,999	205,625	129,626
Total Other	15,000	124,204	350,938	226,734
Total Intergovernmental	604,440	1,508,349	2,080,502	572,153
<b><u>CHARGES FOR SERVICES</u></b>	20,000	35,132	177,528	142,396
<b><u>INTEREST</u></b>	292,135	293,406	346,544	53,138
<b><u>CONTRACT REIMBURSEMENTS</u></b>	2,335,456	7,697,152	7,483,946	(213,206)
<b><u>INMATE HOUSING</u></b>	202,000	154,000	118,818	(35,182)
<b><u>FINES AND FORFEITURES</u></b>	110,000	110,000	110,109	109
<b><u>MISCELLANEOUS:</u></b>				
Lease of Facility	114,500	114,500	106,892	(7,608)
Commissions	405,000	405,000	544,827	139,827
Other	75,000	199,823	356,240	156,417
Total Miscellaneous	594,500	719,323	1,007,959	288,636
<b><u>TOTAL REVENUES</u></b>	78,997,416	86,699,471	89,088,156	2,388,685
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	2,786,526	3,976,481	1,189,955
<b><u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u></b>	<u>\$ 78,997,416</u>	<u>\$ 89,485,997</u>	<u>\$ 93,064,637</u>	<u>\$ 3,578,640</u>



**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge:				
Salaries	\$ 206,660	\$ 214,560	\$ 214,556	\$ 4
Employee Benefits	49,106	50,154	49,568	586
Supplies	9,100	7,827	3,010	4,817
Contract Services	7,700	30,850	27,360	3,490
Capital Outlay	1,200	2,473	1,273	1,200
Total County Judge	<u>273,766</u>	<u>305,864</u>	<u>295,767</u>	<u>10,097</u>
Human Resources:				
Salaries	161,800	168,054	168,020	34
Employee Benefits	44,029	45,149	45,101	48
Supplies	9,600	13,127	10,514	2,613
Contract Services	17,450	23,950	16,762	7,188
Capital Outlay	-	1,142	1,142	-
Total Human Resources	<u>232,879</u>	<u>251,422</u>	<u>241,539</u>	<u>9,883</u>
Risk Management:				
Salaries	128,040	132,936	125,447	7,489
Employee Benefits	38,323	38,965	38,459	506
Supplies	55,500	1,411,648	9,940	1,401,708
Contract Services	1,794,590	1,993,729	2,007,345	(13,616)
Capital Outlay	3,766	3,766	1,197	2,569
Total Risk Management	<u>2,020,219</u>	<u>3,581,044</u>	<u>2,182,388</u>	<u>1,398,656</u>
County Clerk:				
Salaries	1,289,214	1,339,584	1,328,628	10,956
Employee Benefits	401,401	401,286	400,784	502
Supplies	82,700	87,863	73,369	14,494
Contract Services	169,389	251,274	201,482	49,792
Capital Outlay	57,114	56,061	47,025	9,036
Total County Clerk	<u>1,999,818</u>	<u>2,136,068</u>	<u>2,051,288</u>	<u>84,780</u>
Collections:				
Salaries	264,825	272,287	271,933	354
Employee Benefits	78,258	74,946	74,323	623
Supplies	20,213	24,030	23,639	391
Contract Services	15,292	13,804	13,727	77
Total Collections	<u>378,588</u>	<u>385,067</u>	<u>383,622</u>	<u>1,445</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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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	77,005	80,236	79,964	272
Employee Benefits	21,356	22,027	21,944	83
Supplies	851	1,951	1,947	4
Contract Services	2,700	2,300	1,489	811
Total Veterans' Service	101,912	106,514	105,344	1,170
Communications/Information:				
Salaries	901,407	1,076,059	1,076,014	45
Employee Benefits	226,716	268,697	268,596	101
Supplies	99,974	145,181	105,286	39,895
Contract Services	266,392	1,089,298	801,412	287,886
Capital Outlay	73,580	170,217	131,527	38,690
Total Comms/Information	1,568,069	2,749,452	2,382,835	366,617
Purchasing Agent:				
Salaries	461,515	482,210	482,130	80
Employee Benefits	123,876	125,229	125,166	63
Supplies	11,500	20,127	17,584	2,543
Contract Services	208,277	203,959	131,321	72,638
Capital Outlay	250	2,799	2,799	-
Total Purchasing Agent	805,418	834,324	759,000	75,324
County-Wide:				
Supplies	551,000	507,413	506,308	1,105
Contract Services	2,896,100	1,708,777	575,258	1,133,519
Total County-Wide	3,447,100	2,216,190	1,081,566	1,134,624
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>10,827,769</u></b>	<b><u>12,565,945</u></b>	<b><u>9,483,349</u></b>	<b><u>3,082,596</u></b>
<b><u>JUDICIAL:</u></b>				
County Court No1:				
Salaries	224,115	193,688	187,717	5,971
Employee Benefits	52,474	50,010	49,991	19
Supplies	6,934	12,698	5,325	7,373
Contract Services	8,015	6,865	5,405	1,460
Capital Outlay	1,515	3,911	3,911	-
Total County Court No1	293,053	267,172	252,349	14,823

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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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	232,424	232,347	226,396	5,951
Employee Benefits	51,928	57,906	57,863	43
Supplies	8,280	8,780	8,603	177
Contract Services	3,850	4,210	3,970	240
Capital Outlay	2,216	6,837	6,630	207
Total County Court No2	298,698	310,080	303,462	6,618
County Court No3:				
Salaries	227,286	176,089	170,142	5,947
Employee Benefits	51,060	44,857	44,820	37
Supplies	17,065	14,760	13,501	1,259
Contract Services	13,810	9,184	7,060	2,124
Capital Outlay	-	7,181	5,586	1,595
Total County Court No3	309,221	252,071	241,109	10,962
County Court No4:				
Salaries	225,439	197,452	191,492	5,960
Employee Benefits	52,698	50,541	50,465	76
Supplies	13,300	18,473	6,373	12,100
Contract Services	8,600	8,982	4,125	4,857
Capital Outlay	-	1,252	1,252	-
Total County Court No4	300,037	276,700	253,707	22,993
District Attorney:				
Salaries	2,914,474	2,943,671	2,954,350	(10,679)
Employee Benefits	767,275	775,087	750,140	24,947
Supplies	93,267	116,067	111,998	4,069
Contract Services	123,530	117,057	98,093	18,964
Capital Outlay	94,615	82,722	81,903	819
Total District Attorney	3,993,161	4,034,604	3,996,484	38,120
District Clerk:				
Salaries	1,154,179	1,153,035	1,152,457	578
Employee Benefits	375,220	365,280	364,576	704
Supplies	48,000	36,947	28,932	8,015
Contract Services	53,064	45,606	39,030	6,576
Capital Outlay	5,000	41,791	7,182	34,609
Total District Clerk	1,635,463	1,642,659	1,592,177	50,482

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUDICIAL(cont'd)</u></b>				
Justice of Peace Pct 1:				
Salaries	219,627	236,270	236,215	55
Employee Benefits	61,543	64,091	63,989	102
Supplies	8,000	15,115	14,113	1,002
Contract Services	9,330	24,999	23,104	1,895
Capital Outlay	-	1,707	1,707	-
Total Justice of Peace Pct 1	298,500	342,182	339,128	3,054
Justice of Peace Pct 2:				
Salaries	190,310	190,985	190,907	78
Employee Benefits	52,313	53,144	52,933	211
Supplies	6,150	7,750	7,139	611
Contract Services	9,200	9,500	6,263	3,237
Capital Outlay	1,018	15,062	12,158	2,904
Total Justice of Peace Pct 2	258,991	276,441	269,400	7,041
Justice of Peace Pct 3:				
Salaries	400,214	416,811	416,773	38
Employee Benefits	126,030	121,712	121,591	121
Supplies	48,009	50,357	36,978	13,379
Contract Services	12,525	16,675	15,434	1,241
Capital Outlay	1,421	2,810	2,810	-
Total Justice of Peace Pct 3	588,199	608,365	593,586	14,779
Justice of Peace Pct 4:				
Salaries	263,747	320,028	319,942	86
Employee Benefits	82,113	93,160	92,955	205
Supplies	9,903	16,736	16,561	175
Contract Services	8,100	10,644	10,292	352
Capital Outlay	2,998	21,796	18,298	3,498
Total Justice of Peace Pct 4	366,861	462,364	458,048	4,316
Justice of Peace Pct 5:				
Salaries	182,407	192,879	192,793	86
Employee Benefits	51,682	53,114	53,066	48
Supplies	9,362	9,404	6,359	3,045
Contract Services	7,750	30,396	27,563	2,833
Capital Outlay	-	1,700	1,317	383
Total Justice of Peace Pct 5	251,201	287,493	281,098	6,395
<b><u>TOTAL JUDICIAL</u></b>	<b><u>8,593,385</u></b>	<b><u>8,760,131</u></b>	<b><u>8,580,548</u></b>	<b><u>179,583</u></b>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>LEGAL:</u></b>				
County Attorney:				
Salaries	1,029,116	1,087,700	1,114,491	(26,791)
Employee Benefits	261,511	269,308	269,103	205
Supplies	28,430	31,284	37,390	(6,106)
Contract Services	19,700	18,500	20,250	(1,750)
Capital Outlay	-	-	1,664	(1,664)
<b><u>TOTAL LEGAL</u></b>	<b><u>1,338,757</u></b>	<b><u>1,406,792</u></b>	<b><u>1,442,898</u></b>	<b><u>(36,106)</u></b>
<b><u>ELECTIONS:</u></b>				
Salaries	354,771	432,509	441,450	(8,941)
Employee Benefits	74,686	88,382	88,247	135
Supplies	43,039	28,239	81,679	(53,440)
Contract Services	58,069	99,835	115,124	(15,289)
Capital Outlay	4,089	3,753	3,753	-
<b><u>TOTAL ELECTIONS</u></b>	<b><u>534,654</u></b>	<b><u>652,718</u></b>	<b><u>730,253</u></b>	<b><u>(77,535)</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor:				
Salaries	672,490	605,793	593,899	11,894
Employee Benefits	188,728	163,788	160,297	3,491
Supplies	15,600	18,442	18,295	147
Contract Services	13,090	25,516	22,532	2,984
Capital Outlay	2,000	3,505	3,505	-
Total County Auditor	<u>891,908</u>	<u>817,044</u>	<u>798,528</u>	<u>18,516</u>
Budget Officer:				
Salaries	-	82,154	82,131	23
Employee Benefits	-	20,399	20,317	82
Supplies	-	1,684	1,678	6
Contract Services	-	2,725	2,323	402
Capital Outlay	-	-	-	-
Total Budget Officer	<u>-</u>	<u>106,962</u>	<u>106,449</u>	<u>513</u>
County Treasurer:				
Salaries	230,335	248,469	248,373	96
Employee Benefits	63,953	66,351	66,270	81
Supplies	16,850	15,057	13,053	2,004
Contract Services	14,892	16,835	15,961	874
Capital Outlay	-	-	-	-
Total County Treasurer	<u>326,030</u>	<u>346,712</u>	<u>343,657</u>	<u>3,055</u>

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>FINANCIAL ADM(cont'd)</u></b>				
Tax Assessor-Collector:				
Salaries	1,816,846	1,845,556	1,835,505	10,051
Employee Benefits	547,533	536,604	531,755	4,849
Supplies	140,958	148,477	56,101	92,376
Contract Services	73,108	123,164	57,091	66,073
Capital Outlay	11,609	11,069	8,339	2,730
Total Tax Assessor-Collector	2,590,054	2,664,870	2,488,791	176,079
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>3,807,992</u></b>	<b><u>3,935,588</u></b>	<b><u>3,737,425</u></b>	<b><u>198,163</u></b>
<b><u>PUBLIC FACILITIES:</u></b>				
Custodial Services:				
Salaries	908,868	911,032	910,338	694
Employee Benefits	294,880	289,133	287,722	1,411
Supplies	166,315	173,736	173,735	1
Contract Services	41,744	44,138	43,788	350
Capital Outlay	32,150	20,435	20,435	-
Total Custodial Services	1,443,957	1,438,474	1,436,018	2,456
Building Maintenance:				
Salaries	913,832	913,967	913,010	957
Employee Benefits	254,541	248,451	246,809	1,642
Supplies	464,772	428,534	402,992	25,542
Contract Services	119,436	680,280	652,787	27,493
Capital Outlay	68,600	293,751	222,423	71,328
Total Building Maintenance	1,821,181	2,564,983	2,438,021	126,962
Jail:				
Supplies	1,299,200	1,265,998	1,249,080	16,918
Contract Services	285,300	282,995	244,357	38,638
Capital Outlay	-	55,521	47,545	7,976
Total Jail	1,584,500	1,604,514	1,540,982	63,532
Civic Center:				
Salaries	307,321	333,254	333,154	100
Employee Benefits	89,476	92,296	92,252	44
Supplies	83,600	96,545	92,384	4,161
Contract Services	306,394	372,495	307,345	65,150
Capital Outlay	84,438	83,039	54,813	28,226
Total Civic Center	871,229	977,629	879,948	97,681

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC FACILITIES(cont'd)</u></b>				
Parks:				
Salaries	45,083	47,099	47,021	78
Employee Benefits	11,790	12,212	12,195	17
Supplies	2,800	1,900	1,728	172
Contract Services	12,500	28,625	16,341	12,284
Capital Outlay	250	4,550	4,291	259
Total Parks	72,423	94,386	81,576	12,810
<b><u>TOTAL PUBLIC FACILITIES</u></b>	<b><u>5,793,290</u></b>	<b><u>6,679,986</u></b>	<b><u>6,376,545</u></b>	<b><u>303,441</u></b>
<b><u>PUBLIC SAFETY:</u></b>				
Fire Marshal:				
Salaries	375,469	382,927	382,917	10
Employee Benefits	89,572	90,157	89,897	260
Supplies	13,750	16,822	16,437	385
Contract Services	9,495	16,775	13,901	2,874
Capital Outlay	-	4,699	4,699	-
Total Fire Marshal	488,286	511,380	507,851	3,529
Crimestoppers:				
Salaries	63,704	66,222	66,039	183
Employee Benefits	19,108	19,727	19,659	68
Total Crimestoppers	82,812	85,949	85,698	251
Constable Pct 1				
Salaries	1,222,378	1,323,317	1,323,317	-
Employee Benefits	327,541	343,082	342,652	430
Supplies	66,879	74,077	70,456	3,621
Contract Services	27,050	47,062	45,383	1,679
Capital Outlay	3,360	11,151	11,151	-
Total Constable Pct 1	1,647,208	1,798,689	1,792,959	5,730
Constable Pct 2				
Salaries	577,134	624,537	624,520	17
Employee Benefits	151,759	156,978	156,244	734
Supplies	37,773	36,965	30,495	6,470
Contract Services	17,400	26,469	22,349	4,120
Capital Outlay	2,448	1,157	-	1,157
Total Constable Pct 2	786,514	846,106	833,608	12,498

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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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 3				
Salaries	1,011,194	1,458,828	1,434,248	24,580
Employee Benefits	258,482	369,987	358,196	11,791
Supplies	28,200	66,723	63,926	2,797
Contract Services	18,880	25,913	24,994	919
Capital Outlay	15,801	209,760	204,934	4,826
Total Constable Pct 3	<u>1,332,557</u>	<u>2,131,211</u>	<u>2,086,298</u>	<u>44,913</u>
Constable Pct 4				
Salaries	620,881	660,669	660,643	26
Employee Benefits	159,152	165,201	163,628	1,573
Supplies	23,116	24,759	24,672	87
Contract Services	13,860	17,674	17,023	651
Capital Outlay	4,862	41,199	40,885	314
Total Constable Pct 4	<u>821,871</u>	<u>909,502</u>	<u>906,851</u>	<u>2,651</u>
Constable Pct 5				
Salaries	1,009,575	1,123,497	1,123,426	71
Employee Benefits	262,380	285,512	285,090	422
Supplies	41,275	37,841	31,394	6,447
Contract Services	28,115	35,642	32,438	3,204
Capital Outlay	-	21,160	-	21,160
Total Constable Pct 5	<u>1,341,345</u>	<u>1,503,652</u>	<u>1,472,348</u>	<u>31,304</u>
Sheriff:				
Salaries	16,050,404	17,109,188	16,710,851	398,337
Employee Benefits	4,560,405	4,769,461	4,632,104	137,357
Supplies	775,301	1,126,041	1,142,539	(16,498)
Contract Services	1,597,715	1,937,764	1,675,125	262,639
Capital Outlay	-	147,184	63,841	83,343
Total Sheriff	<u>22,983,825</u>	<u>25,089,638</u>	<u>24,224,460</u>	<u>865,178</u>
Bail Bond Board:				
Salaries	40,000	34,756	34,756	-
Employee Benefits	10,931	8,776	8,776	-
Supplies	12,374	1,153	1,153	-
Contract Services	6,534	1,167	1,167	-
Total Juvenile Services	<u>69,839</u>	<u>45,852</u>	<u>45,852</u>	<u>-</u>



**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY(cont'd)</u></b>				
Juvenile Services:				
Salaries	2,261,153	2,287,246	2,274,028	13,218
Employee Benefits	675,615	689,744	685,862	3,882
Supplies	65,815	114,141	74,149	39,992
Contract Services	311,554	403,730	366,770	36,960
Capital Outlay	2,120	16,351	4,683	11,668
Total Juvenile Services	3,316,257	3,511,212	3,405,492	105,720
Adult Services:				
Salaries	-	3,534,100	3,509,252	24,848
Employee Benefits	-	976,200	970,597	5,603
Supplies	830	7,796	8,975	(1,179)
Contract Services	7,500	27,141	26,068	1,073
Capital Outlay	10,220	3,254	2,433	821
Total Adult Services	18,550	4,548,491	4,517,325	31,166
Emergency Management:				
Salaries	37,397	99,019	59,257	39,762
Employee Benefits	8,823	16,321	10,976	5,345
Supplies	1,750	74,451	30,380	44,071
Contract Services	5,070	6,331	6,285	46
Capital Outlay	2,500	113,258	52,959	60,299
Total Emergency Management	55,540	309,380	159,857	149,523
Department of Public Safety:				
Salaries	48,873	50,339	47,575	2,764
Employee Benefits	16,602	14,850	14,640	210
Supplies	450	450	378	72
Contract Services	-	300	297	3
Total Dept of Public Safety	65,925	65,939	62,890	3,049
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>33,010,529</u></b>	<b><u>41,357,001</u></b>	<b><u>40,101,489</u></b>	<b><u>1,255,512</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Vehicle Emissions Program:				
Contract Services	-	172,698	300,914	(128,216)
Medical:				
Contract Services	81,000	81,000	853,498	(772,498)
Mental Health:				
Contract Services	231,071	262,486	262,486	-

**MONTGOMERY COUNTY, TEXAS****General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>HEALTH/WELFARE(cont'd)</u></b>				
Environmental Health:				
Salaries	775,456	778,981	778,232	749
Employee Benefits	226,985	217,947	216,684	1,263
Supplies	36,863	36,863	29,146	7,717
Contract Services	33,386	53,986	39,704	14,282
Capital Outlay	32,611	22,611	12,015	10,596
Total Environmental Health	1,105,301	1,110,388	1,075,781	34,607
Animal Control:				
Salaries	348,443	333,302	332,670	632
Employee Benefits	117,281	107,764	107,340	424
Supplies	44,600	42,600	39,303	3,297
Contract Services	11,550	9,957	4,884	5,073
Capital Outlay	-	-	-	-
Total Animal Control	521,874	493,623	484,197	9,426
Welfare:				
Contract Services	871,122	905,122	905,122	-
<b><u>TOTAL HEALTH/WELFARE</u></b>	2,810,368	3,025,317	3,881,998	(856,681)
<b><u>CONSERVATION:</u></b>				
Extension Agent:				
Salaries	237,827	237,917	237,436	481
Employee Benefits	64,527	59,387	58,656	731
Supplies	11,700	18,805	18,764	41
Contract Services	33,281	42,267	42,182	85
Capital Outlay	-	8,533	8,533	-
Total Extension Agent	347,335	366,909	365,571	1,338
Local Environmental Enforcement Grant:				
Contract Services	-	1,700	-	1,700
<b><u>TOTAL CONSERVATION</u></b>	347,335	368,609	365,571	3,038
<b><u>MISCELLANEOUS:</u></b>				
Salaries	1,402,088	-	-	-
Benefits	236,814	1,741,221	6,757,241	(5,016,020)
Contingency	3,719,071	4,319,382	476,979	3,842,403
<b><u>TOTAL MISCELLANEOUS</u></b>	5,357,973	6,060,603	7,234,220	(1,173,617)
<b><u>TOTAL EXPENDITURES</u></b>	72,422,052	84,812,690	81,934,296	2,878,394

**MONTGOMERY COUNTY, TEXAS**

**General Fund**

**Schedule of Expenditures and Other Financing Uses**

**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>OTHER FINANCING USES:</u></b>				
Transfers Out:				
To Attorney Administration	-	-	4,246	(4,246)
To Jury	-	1,255,891	4,824,827	(3,568,936)
To Road and Bridge	-	363,519	-	363,519
To Memorial Library	-	106,596	4,297,341	(4,190,745)
To Animal Shelter	-	1,593	285,139	(283,546)
To Historical Commission	-	-	8,656	(8,656)
To Alternative Dispute Res.	-	265	-	265
To Juvenile Probation	-	60,247	-	60,247
To Child Welfare	-	-	62,240	(62,240)
To Airport Maintenance	-	9,974	-	9,974
<b><u>TOTAL FINANCING USES</u></b>	<b><u>-</u></b>	<b><u>1,798,085</u></b>	<b><u>9,482,449</u></b>	<b><u>(7,684,364)</u></b>
<b><u>TOTAL EXPENDITURES AND FINANCING USES</u></b>	<b><u>\$ 72,422,052</u></b>	<b><u>\$ 86,610,775</u></b>	<b><u>\$ 91,416,745</u></b>	<b><u>\$ (4,805,970)</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Debt Service Fund**  
**Year Ended September 30, 2004**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Taxes	\$11,844,176	\$ 11,844,176	\$ 12,034,785	\$ 190,609
Interest	126,460	126,460	62,985	(63,475)
<b><u>TOTAL REVENUES</u></b>	<u>11,970,636</u>	<u>11,970,636</u>	<u>12,097,770</u>	<u>127,134</u>
<b><u>EXPENDITURES:</u></b>				
Debt Service:				
Principal Retirement	3,239,188	3,239,188	3,237,591	1,597
Interest and Fiscal Charges	8,840,778	8,840,778	8,831,163	9,615
<b><u>TOTAL EXPENDITURES</u></b>	<u>12,079,966</u>	<u>12,079,966</u>	<u>12,068,754</u>	<u>11,212</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(109,330)</u>	<u>(109,330)</u>	<u>29,016</u>	<u>138,346</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	111,000	-	86,064	86,064
Premiums on General Obligation Bonds	-	-	1,318	1,318
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	<u>111,000</u>	<u>-</u>	<u>87,382</u>	<u>87,382</u>
Net Changes in Fund Balance	1,670	(109,330)	116,398	225,728
Fund Balance at Beginning of Year	<u>2,043,861</u>	<u>2,043,861</u>	<u>2,043,861</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 2,045,531</u>	<u>\$ 1,934,531</u>	<u>\$ 2,160,259</u>	<u>\$ 225,728</u>



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

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2004**

B-1

	Special Revenue	Capital Projects	Total
<b><u>ASSETS:</u></b>			
Cash	\$ 668,850	\$ 726,866	\$ 1,395,716
Investments, at Fair Value	553,484	4,731,579	5,285,063
Restricted Cash	-	5,208	5,208
Receivables:			
Accounts	46,056	-	46,056
Accrued Interest	1,085	1,806	2,891
Due from Other Funds	1,305,826	-	1,305,826
Due from Other Governments	843,160	11,340	854,500
Prepaid Items	56,219	-	56,219
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 3,474,680</u></b>	<b><u>\$ 5,476,799</u></b>	<b><u>\$ 8,951,479</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 975,142	\$ 434,225	\$ 1,409,367
Retainage Payable	-	5,208	5,208
Due to Other Funds	677,631	884,136	1,561,767
Due to Other Governments	224	-	224
Deferred Revenue	391,147	-	391,147
Total Liabilities	<u>2,044,144</u>	<u>1,323,569</u>	<u>3,367,713</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	56,219	-	56,219
Capital Projects	-	4,153,230	4,153,230
Unreserved, reported in:			
Special Revenue Funds	1,374,317	-	1,374,317
Total Fund Balances	<u>1,430,536</u>	<u>4,153,230</u>	<u>5,583,766</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 3,474,680</u></b>	<b><u>\$ 5,476,799</u></b>	<b><u>\$ 8,951,479</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, 2004**

B-2

	Special Revenue	Capital Projects	Totals
<b><u>REVENUES:</u></b>			
Licenses and Permits	\$ 85,560	\$ -	\$ 85,560
Fees	265,805	-	265,805
Intergovernmental	5,218,634	-	5,218,634
Charges for Services	981,489	-	981,489
Interest	11,651	73,740	85,391
Contract Reimbursements	103,139	-	103,139
Fines and Forfeitures	1,097,858	-	1,097,858
Miscellaneous	73,545	149,820	223,365
<b><u>TOTAL REVENUES</u></b>	<b><u>7,837,681</u></b>	<b><u>223,560</u></b>	<b><u>8,061,241</u></b>
<b><u>EXPENDITURES:</u></b>			
Current:			
General Administration	173,568	-	173,568
Judicial	5,555,158	-	5,555,158
Legal Services	269,427	-	269,427
Public Safety	2,195,397	-	2,195,397
Health and Welfare	2,544,020	-	2,544,020
Culture and Recreation	4,473,911	-	4,473,911
Public Transportation	1,265,476	-	1,265,476
Capital Projects	-	9,008,737	9,008,737
Debt Service:	-		
Issuance Costs	-	61,108	61,108
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>16,476,957</u></b>	<b><u>9,069,845</u></b>	<b><u>25,546,802</u></b>
(Deficiency) Revenues Over Expenditures	<b><u>(8,639,276)</u></b>	<b><u>(8,846,285)</u></b>	<b><u>(17,485,561)</u></b>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>			
Transfers In	9,762,377	29,957	9,792,334
Transfers Out	(1,424,153)	(1,535,224)	(2,959,377)
Proceeds of Certificates of Obligation	-	2,600,000	2,600,000
Premiums on Certificates of Obligation	-	19,769	19,769
Discounts on Certificates of Obligation	-	(9,776)	(9,776)
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	<b><u>8,338,224</u></b>	<b><u>1,104,726</u></b>	<b><u>9,442,950</u></b>
Net Change in Fund Balances	(301,052)	(7,741,559)	(8,042,611)
Fund Balances at Beginning of Year	<b><u>1,731,588</u></b>	<b><u>11,894,789</u></b>	<b><u>13,626,377</u></b>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ 1,430,536</u></b>	<b><u>\$ 4,153,230</u></b>	<b><u>\$ 5,583,766</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 Fund** - to account for annual grants from U.S. Department of Housing and Urban Development (HUD), both Block Grants and HOME Partnership grants. Grants are 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, 2004**

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Page 1 of 2

	Attorney Administration	Forfeitures	Civic Center Complex
<b><u>ASSETS:</u></b>			
Cash	\$ 7,939	\$ 388,017	\$ -
Investments, at Fair Value	-	-	-
Receivables:			
Accounts	4,447	15,737	9,915
Accrued Interest	-	-	-
Due from Other Funds	6,098	2,109	426,669
Due from Other Governments	-	-	93,018
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 18,484</u></b>	<b><u>\$ 405,863</u></b>	<b><u>\$ 529,602</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 6,932	\$ -	\$ 4,385
Due to Other Funds	21,228	60	-
Due to Other Governments	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>28,160</u>	<u>60</u>	<u>4,385</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	-	-	-
Unreserved	(9,676)	405,803	525,217
Total Fund Balances	<u>(9,676)</u>	<u>405,803</u>	<u>525,217</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 18,484</u></b>	<b><u>\$ 405,863</u></b>	<b><u>\$ 529,602</u></b>
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Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 91	Totals
\$ 18,426	\$ 100,344	\$ 340	\$ 153,784	\$ 668,850
-	-	-	553,484	553,484
4,381	-	1,131	10,445	46,056
-	-	-	1,085	1,085
299,705	1,254	213,504	356,487	1,305,826
89,834	-	-	660,308	843,160
-	-	-	56,219	56,219
<u>\$ 412,346</u>	<u>\$ 101,598</u>	<u>\$ 214,975</u>	<u>\$ 1,791,812</u>	<u>\$ 3,474,680</u>
\$ 409,093	\$ -	\$ 214,975	\$ 339,757	\$ 975,142
3,253	-	-	653,090	677,631
-	-	-	224	224
-	-	-	391,147	391,147
<u>412,346</u>	<u>-</u>	<u>214,975</u>	<u>1,384,218</u>	<u>2,044,144</u>
-	-	-	56,219	56,219
-	101,598	-	351,375	1,374,317
-	101,598	-	407,594	1,430,536
<u>\$ 412,346</u>	<u>\$ 101,598</u>	<u>\$ 214,975</u>	<u>\$ 1,791,812</u>	<u>\$ 3,474,680</u>

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2004**

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Page 2 of 2

	Community Development	Animal Shelter	Law Library
<b><u>ASSETS:</u></b>			
Cash	\$ -	\$ -	\$ 1,446
Investments, at Fair Value	-	-	513,355
Receivables:			
Accounts	-	425	10,000
Accrued Interest	-	-	1,032
Due from Other Funds	-	23,107	14,215
Due from Other Governments	236,128	-	-
Prepaid Items	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 236,128</u></b>	<b><u>\$ 23,532</u></b>	<b><u>\$ 540,048</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 121,414	\$ 23,532	\$ 7,093
Due to Other Funds	368,953	-	-
Due to Other Governments	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>490,367</u>	<u>23,532</u>	<u>7,093</u>

**FUND BALANCES:**

Reserved for:			
Prepaid Items	-	-	-
Unreserved	(254,239)	-	532,955
Total Fund Balances	<u>(254,239)</u>	<u>-</u>	<u>532,955</u>

**TOTAL LIABILITIES AND  
FUND BALANCES**

<b><u>\$ 236,128</u></b>	<b><u>\$ 23,532</u></b>	<b><u>\$ 540,048</u></b>
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Historical Commission	Alternate Dispute Resolution	Juvenile Probation	Child Welfare	Airport Maintenance	Memo Totals to Page 89
\$ -	\$ 19,386	\$ 83,379	\$ 44,390	\$ 5,183	\$ 153,784
-	40,129	-	-	-	553,484
-	-	6	14	-	10,445
-	53	-	-	-	1,085
2,900	6,354	-	-	309,911	356,487
-	-	406,992	5,409	11,779	660,308
-	-	-	-	56,219	56,219
<u>\$ 2,900</u>	<u>\$ 65,922</u>	<u>\$ 490,377</u>	<u>\$ 49,813</u>	<u>\$ 383,092</u>	<u>\$ 1,791,812</u>

\$ 2,900	\$ 7,237	\$ 123,154	\$ 6,707	\$ 47,720	\$ 339,757
-	-	185,883	43,106	55,148	653,090
-	-	-	-	224	224
-	-	111,147	-	280,000	391,147
<u>2,900</u>	<u>7,237</u>	<u>420,184</u>	<u>49,813</u>	<u>383,092</u>	<u>1,384,218</u>

-	-	-	-	56,219	56,219
-	58,685	70,193	-	(56,219)	351,375
-	58,685	70,193	-	-	407,594

<u>\$ 2,900</u>	<u>\$ 65,922</u>	<u>\$ 490,377</u>	<u>\$ 49,813</u>	<u>\$ 383,092</u>	<u>\$ 1,791,812</u>
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**MONTGOMERY COUNTY, TEXAS**

**Nonmajor Special Revenue Funds**

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

**Year Ended September 30, 2004**

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Page 1 of 2

	Attorney Administration	Forfeitures	Civic Center Complex
<b><u>REVENUES:</u></b>			
Licenses and Permits	\$ -	\$ -	\$ -
Fees	4,866	-	-
Intergovernmental	-	-	166,201
Charges for Services	157,516	-	281,053
Interest	67	5,469	-
Contract Reimbursements	-	-	-
Fines and Forfeitures	-	823,345	-
Miscellaneous	-	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>162,449</u></b>	<b><u>828,814</u></b>	<b><u>447,254</u></b>
<b><u>EXPENDITURES:</u></b>			
General Administration	173,568	-	-
Judicial	-	-	-
Legal Services	-	-	-
Public Safety	-	565,788	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Public Transportation	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>173,568</u></b>	<b><u>565,788</u></b>	<b><u>-</u></b>
Excess (Deficiency) Revenues Over Expenditures	(11,119)	263,026	447,254
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>			
Transfers In	4,246	-	-
Transfers Out	-	(234)	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>4,246</u></b>	<b><u>(234)</u></b>	<b><u>-</u></b>
Net Change in Fund Balances	(6,873)	262,792	447,254
Fund Balances at Beginning of Year	(2,803)	143,011	77,963
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ (9,676)</u></b>	<b><u>\$ 405,803</u></b>	<b><u>\$ 525,217</u></b>

Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 95	Totals
\$ -	\$ -	\$ -	\$ 85,560	\$ 85,560
-	-	-	260,939	265,805
280,505	-	31,635	4,740,293	5,218,634
72,040	100,664	96,482	273,734	981,489
134	613	33	5,335	11,651
103,139	-	-	-	103,139
274,513	-	-	-	1,097,858
-	-	39,764	33,781	73,545
730,331	101,277	167,914	5,399,642	7,837,681
-	-	-	-	173,568
5,555,158	-	-	-	5,555,158
-	-	-	269,427	269,427
-	98,292	-	1,531,317	2,195,397
-	-	-	2,544,020	2,544,020
-	-	4,465,255	8,656	4,473,911
-	-	-	1,265,476	1,265,476
5,555,158	98,292	4,465,255	5,618,896	16,476,957
(4,824,827)	2,985	(4,297,341)	(219,254)	(8,639,276)
4,824,827	-	4,297,341	635,963	9,762,377
-	-	-	(1,423,919)	(1,424,153)
4,824,827	-	4,297,341	(787,956)	8,338,224
-	2,985	-	(1,007,210)	(301,052)
-	98,613	-	1,414,804	1,731,588
\$ -	\$ 101,598	\$ -	\$ 407,594	\$ 1,430,536



**MONTGOMERY COUNTY, TEXAS****Nonmajor Special Revenue Funds****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2004**C-2  
Page 2 of 2

	Community Development	Animal Shelter	Law Library	Historical Commission
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ -	\$ 85,560	\$ -	\$ -
Fees	-	-	198,424	-
Intergovernmental	2,003,654	-	-	-
Charges for Services	-	-	-	-
Interest	-	-	4,508	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	10,804	-	-
<b><u>TOTAL REVENUES</u></b>	<b><u>2,003,654</u></b>	<b><u>96,364</u></b>	<b><u>202,932</u></b>	<b><u>-</u></b>
<b><u>EXPENDITURES:</u></b>				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	126,612	-
Public Safety	-	-	-	-
Health and Welfare	2,052,613	381,503	-	-
Culture and Recreation	-	-	-	8,656
Public Transportation	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>2,052,613</u></b>	<b><u>381,503</u></b>	<b><u>126,612</u></b>	<b><u>8,656</u></b>
Excess (Deficiency) Revenues Over Expenditures	<u>(48,959)</u>	<u>(285,139)</u>	<u>76,320</u>	<u>(8,656)</u>
<b><u>OTHER FINANCING SOURCES/ (USES):</u></b>				
Transfers In	-	285,139	-	8,656
Transfers Out	(398,298)	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<b><u>(398,298)</u></b>	<b><u>285,139</u></b>	<b><u>-</u></b>	<b><u>8,656</u></b>
Net Change in Fund Balances	(447,257)	-	76,320	-
Fund Balances at Beginning of Year	<u>193,018</u>	<u>-</u>	<u>456,635</u>	<u>-</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<b><u>\$ (254,239)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 532,955</u></b>	<b><u>\$ -</u></b>

Alternate Dispute Resolution	Juvenile Probation	Child Welfare	Airport Maintenance	Memo Totals to Page 93
\$ -	\$ -	\$ -	\$ -	\$ 85,560
62,515	-	-	-	260,939
-	1,892,662	25,187	818,790	4,740,293
77,000	30,055	-	166,679	273,734
538	210	-	79	5,335
-	-	-	-	-
-	-	-	-	-
-	500	22,477	-	33,781
140,053	1,923,427	47,664	985,548	5,399,642
-	-	-	-	-
-	-	-	-	-
142,815	-	-	-	269,427
-	1,531,317	-	-	1,531,317
-	-	109,904	-	2,544,020
-	-	-	-	8,656
-	-	-	1,265,476	1,265,476
142,815	1,531,317	109,904	1,265,476	5,618,896
(2,762)	392,110	(62,240)	(279,928)	(219,254)
-	-	62,240	279,928	635,963
-	(1,025,621)	-	-	(1,423,919)
-	(1,025,621)	62,240	279,928	(787,956)
(2,762)	(633,511)	-	-	(1,007,210)
61,447	703,704	-	-	1,414,804
\$ 58,685	\$ 70,193	\$ -	\$ -	\$ 407,594

**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, 2004**

C-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ -	\$ -	\$ 4,866	\$ 4,866
Charges for Service	184,113	188,195	157,516	(30,679)
Interest	-	-	67	67
Total Revenues	<u>184,113</u>	<u>188,195</u>	<u>162,449</u>	<u>(25,746)</u>
<b><u>EXPENDITURES:</u></b>				
General Administration:				
Salaries	123,043	126,535	118,927	7,608
Employee Benefits	37,000	37,590	39,618	(2,028)
Supplies	10,037	10,037	6,734	3,303
Contract Services	14,033	14,033	8,289	5,744
Total Expenditures	<u>184,113</u>	<u>188,195</u>	<u>173,568</u>	<u>14,627</u>
(Deficiency) Revenues Over Expenditures	-	-	(11,119)	(11,119)
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	<u>-</u>	<u>-</u>	<u>4,246</u>	<u>(4,246)</u>
Net Change in Fund Balance	-	-	(6,873)	(15,365)
Fund Balance at Beginning of Year	<u>(2,803)</u>	<u>(2,803)</u>	<u>(2,803)</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (2,803)</u>	<u>\$ (2,803)</u>	<u>\$ (9,676)</u>	<u>\$ (15,365)</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, 2004**

C-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Interest	\$ -	\$ -	\$ 5,469	\$ 5,469
Fines and Forfeitures	53,409	53,409	823,345	769,936
Total Revenues	53,409	53,409	828,814	775,405
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	-	16,400	(16,400)
Supplies	46,437	46,437	208,241	(161,804)
Contract Services	6,972	6,972	27,431	(20,459)
Capital Outlay	-	-	313,716	(313,716)
Total Expenditures	53,409	53,409	565,788	(512,379)
Excess Revenues Over Expenditures	-	-	263,026	263,026
<b><u>OTHER FINANCING (USES):</u></b>				
Transfers Out	-	-	(234)	(234)
Net Change in Fund Balance	-	-	262,792	262,792
Fund Balance at Beginning of Year	143,011	143,011	143,011	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 143,011</u>	<u>\$ 143,011</u>	<u>\$ 405,803</u>	<u>\$ 262,792</u>

**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, 2004**

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 132,000	\$ 150,500	\$ 166,201	\$ 15,701
Charges for Services	315,000	315,000	281,053	(33,947)
Total Revenues	<u>447,000</u>	<u>465,500</u>	<u>447,254</u>	<u>(18,246)</u>
 <b><u>OTHER FINANCING (USES):</u></b>				
Transfers Out	<u>-</u>	<u>(18,500)</u>	<u>-</u>	<u>18,500</u>
 Net Change in Fund Balance	447,000	447,000	447,254	254
 Fund Balance at Beginning of Year	<u>77,963</u>	<u>77,963</u>	<u>77,963</u>	<u>-</u>
 <b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 524,963</u>	<u>\$ 524,963</u>	<u>\$ 525,217</u>	<u>\$ 254</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, 2004**

C-6

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ 100,000	\$ 109,375	\$ 112,655	\$ 3,280
State Grants	140,000	149,593	150,350	757
Other	24,000	24,000	17,500	(6,500)
Charges for Services	55,000	75,000	72,040	(2,960)
Interest	1,000	1,000	134	(866)
Contract Reimbursements	90,515	103,078	103,139	61
Fines and Forfeitures	250,000	275,000	274,513	(487)
Total Revenues	<u>660,515</u>	<u>737,046</u>	<u>730,331</u>	<u>(6,715)</u>
<b><u>EXPENDITURES:</u></b>				
Judicial:				
Salaries	1,010,315	1,066,857	1,051,087	15,770
Employee Benefits	287,536	279,959	270,891	9,068
Supplies	65,490	78,780	60,266	18,514
Contract Services	2,983,079	4,212,537	4,152,753	59,784
Capital Outlay	-	30,991	20,161	10,830
Total Expenditures	<u>4,346,420</u>	<u>5,669,124</u>	<u>5,555,158</u>	<u>113,966</u>
(Deficiency) Revenues Over Expenditures	<u>(3,685,905)</u>	<u>(4,932,078)</u>	<u>(4,824,827)</u>	<u>107,251</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	1,255,891	4,824,827	3,568,936
Transfers Out	<u>-</u>	<u>(12,190)</u>	<u>-</u>	<u>12,190</u>
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	<u>-</u>	<u>1,243,701</u>	<u>4,824,827</u>	<u>3,581,126</u>
Net Change in Fund Balance	(3,685,905)	(3,688,377)	-	3,688,377
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (3,685,905)</u>	<u>\$ (3,688,377)</u>	<u>\$ -</u>	<u>\$ 3,688,377</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, 2004**

C-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Charges for Services	\$ 83,036	\$ 83,036	\$ 100,664	\$ 17,628
Interest	-	-	613	613
Total Revenues	83,036	83,036	101,277	18,241
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	-	16,800	(16,800)
Supplies	71,000	71,000	52,989	18,011
Contract Services	12,036	12,036	3,490	8,546
Capital Outlay	-	-	25,013	(25,013)
Total Expenditures	83,036	83,036	98,292	(15,256)
Excess Revenues Over Expenditures	-	-	2,985	2,985
Fund Balance at Beginning of Year	98,613	98,613	98,613	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<b><u>\$ 98,613</u></b>	<b><u>\$ 98,613</u></b>	<b><u>\$ 101,598</u></b>	<b><u>\$ 2,985</u></b>

**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, 2004**

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ -	\$ 31,635	\$ 31,635	\$ -
Charges for Service	95,000	95,000	96,482	1,482
Interest	-	-	33	33
Miscellaneous	-	42,150	39,764	(2,386)
Total Revenues	95,000	168,785	167,914	(871)
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Salaries	2,246,336	2,282,977	2,282,656	321
Employee Benefits	677,362	665,624	664,221	1,403
Supplies	421,657	490,248	440,276	49,972
Contract Services	417,655	469,358	461,982	7,376
Capital Outlay	604,193	619,101	616,120	2,981
Total Expenditures	4,367,203	4,527,308	4,465,255	62,053
(Deficiency) Revenues Over Expenditures	(4,272,203)	(4,358,523)	(4,297,341)	61,182
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	106,596	4,297,341	4,190,745
Transfers Out	-	(315)	-	315
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	-	106,281	4,297,341	4,191,060
Net Change in Fund Balance	(4,272,203)	(4,252,242)	-	4,252,242
Fund Balance at Beginning of Year	-	-	-	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (4,272,203)</u>	<u>\$ (4,252,242)</u>	<u>\$ -</u>	<u>\$ 4,252,242</u>



**MONTGOMERY COUNTY, TEXAS**  
**Community Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual Year Ended September 30, 2004**

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 2,794,000	\$ 2,794,000	\$ 2,003,654	\$ (790,346)
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	423,605	463,100	231,356	231,744
Employee Benefits	53,909	120,154	56,487	63,667
Supplies	20,000	826,636	13,235	813,401
Contract Services	979,590	1,776,085	1,232,111	543,974
Capital Outlay	1,316,896	2,101,332	519,424	1,581,908
Total Expenditures	2,794,000	5,287,307	2,052,613	3,234,694
 (Deficiency) Revenues Over Expenditures	-	(2,493,307)	(48,959)	2,444,348
<b><u>OTHER FINANCING (USES):</u></b>				
Transfers Out	-	-	(398,298)	(398,298)
 Net Change in Fund Balance	-	(2,493,307)	(447,257)	2,046,050
 Fund Balance at Beginning of Year	193,018	193,018	193,018	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 193,018</u>	<u>\$ (2,300,289)</u>	<u>\$ (254,239)</u>	<u>\$ 2,046,050</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, 2004**

C-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Licenses and Permits	\$ 100,000	\$ 105,899	\$ 85,560	\$ (20,339)
Miscellaneous	11,000	11,000	10,804	(196)
Total Revenues	<u>111,000</u>	<u>116,899</u>	<u>96,364</u>	<u>(20,535)</u>
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	201,454	194,015	193,996	19
Employee Benefits	70,529	63,073	62,836	237
Supplies	37,700	38,423	38,102	321
Contract Services	78,800	86,569	86,569	-
Capital Outlay	1,000	-	-	-
Total Expenditures	<u>389,483</u>	<u>382,080</u>	<u>381,503</u>	<u>577</u>
(Deficiency) Revenues Over Expenditures	<u>(278,483)</u>	<u>(265,181)</u>	<u>(285,139)</u>	<u>(19,958)</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	<u>-</u>	<u>1,593</u>	<u>285,139</u>	<u>283,546</u>
Net Change in Fund Balance	(278,483)	(263,588)	-	263,588
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (278,483)</u>	<u>\$ (263,588)</u>	<u>\$ -</u>	<u>\$ 263,588</u>

**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, 2004**

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 242,627	\$ 244,909	\$ 198,424	\$ (46,485)
Interest	1,000	1,000	4,508	3,508
Total Revenues	<u>243,627</u>	<u>245,909</u>	<u>202,932</u>	<u>(42,977)</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	26,000	27,952	26,020	1,932
Employee Benefits	8,227	8,557	8,324	233
Supplies	79,800	79,800	1,074	78,726
Contract Services	9,600	9,600	4,676	4,924
Capital Outlay	120,000	120,000	86,518	33,482
Total Expenditures	<u>243,627</u>	<u>245,909</u>	<u>126,612</u>	<u>119,297</u>
Excess Revenues Over Expenditures	-	-	76,320	76,320
Fund Balance at Beginning of Year	<u>456,635</u>	<u>456,635</u>	<u>456,635</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 456,635</u>	<u>\$ 456,635</u>	<u>\$ 532,955</u>	<u>\$ 76,320</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, 2004**

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>EXPENDITURES:</u></b>				
Culture and Recreation:				
Contract Services	\$ 9,000	\$ 9,000	\$ 8,656	\$ 344
(Deficiency) Revenues Over Expenditures	(9,000)	(9,000)	(8,656)	344
<b><u>OTHER FINANCING</u></b>				
<b><u>SOURCES:</u></b>				
Transfers In	-	-	8,656	8,656
Net Change in Fund Balance	(9,000)	(9,000)	-	9,000
Fund Balance at Beginning of Year	-	-	-	-
<b><u>FUND BALANCE AT</u></b>				
<b><u>END OF YEAR</u></b>	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	<u>\$ -</u>	<u>\$ 9,000</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, 2004**

C-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Fees	\$ 96,159	\$ 106,914	\$ 62,515	\$ (44,399)
Charges for Services	20,000	32,400	77,000	44,600
Interest	500	500	538	38
Total Revenues	<u>116,659</u>	<u>139,814</u>	<u>140,053</u>	<u>239</u>
<b><u>EXPENDITURES:</u></b>				
Legal Services:				
Salaries	95,000	109,900	112,838	(2,938)
Employee Benefits	21,659	29,914	29,761	153
Contract Services	-	265	216	49
Total Expenditures	<u>116,659</u>	<u>140,079</u>	<u>142,815</u>	<u>(2,736)</u>
(Deficiency) Revenues Over Expenditures	-	(265)	(2,762)	(2,497)
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	<u>-</u>	<u>265</u>	<u>-</u>	<u>265</u>
Net Change in Fund Balance	-	-	(2,762)	(2,232)
Fund Balance at Beginning of Year	<u>61,447</u>	<u>61,447</u>	<u>61,447</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ 61,447</u>	<u>\$ 61,447</u>	<u>\$ 58,685</u>	<u>\$ (2,232)</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, 2004**

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Dept Health/Human Services Grant	\$ -	\$ 1,615,639	\$ 689,242	\$ (926,397)
Texas Juvenile Prob Comm Grants	-	1,220,193	1,203,420	(16,773)
Charges for Services	-	35,000	30,055	(4,945)
Interest	-	-	210	210
Miscellaneous	-	500	500	-
Total Revenues	-	2,871,332	1,923,427	(947,905)
<b><u>EXPENDITURES:</u></b>				
Public Safety:				
Salaries	-	1,558,323	769,533	788,790
Benefits	-	435,110	187,543	247,567
Supplies	-	76,939	29,187	47,752
Contract Services	-	1,269,700	542,904	726,796
Capital Outlay	-	44,150	2,150	42,000
Total Expenditures	-	3,384,222	1,531,317	1,852,905
Excess Revenues Over Expenditures	-	(512,890)	392,110	905,000
<b><u>OTHER FINANCING</u></b>				
<b><u>SOURCES/(USES):</u></b>				
Transfers In	-	60,247	-	(60,247)
Transfers Out	-	(1,025,621)	(1,025,621)	-
<b><u>TOTAL OTHER FINANCING</u></b>				
<b><u>(USES)</u></b>	-	(965,374)	(1,025,621)	(60,247)
Net Change in Fund Balance	-	(1,478,264)	(633,511)	844,753
Fund Balance at Beginning of Year	-	703,704	703,704	-
<b><u>FUND BALANCE AT END</u></b>				
<b><u>OF YEAR</u></b>	\$ -	\$ (774,560)	\$ 70,193	\$ 844,753

**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, 2004**

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 25,187	\$ 187
Miscellaneous	-	-	22,477	22,477
Total Revenues	25,000	25,000	47,664	22,664
<b><u>EXPENDITURES:</u></b>				
Health and Welfare:				
Salaries	-	20,000	19,163	837
Supplies	31,250	39,650	49,691	(10,041)
Contract Services	44,700	42,800	41,050	1,750
Total Expenditures	75,950	102,450	109,904	(7,454)
(Deficiency) Revenues Over Expenditures	(50,950)	(77,450)	(62,240)	15,210
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	-	-	62,240	62,240
Net Change in Fund Balance	(50,950)	(77,450)	-	77,450
Fund Balance at Beginning of Year	-	-	-	-
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (50,950)</u>	<u>\$ (77,450)</u>	<u>\$ -</u>	<u>\$ 77,450</u>

**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, 2004**

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>REVENUES:</u></b>				
Intergovernmental:				
Federal Grants	\$ -	\$ 25,000	\$ 798,774	\$ 773,774
State Grants	-	-	20,016	20,016
Charges for Services	155,000	155,000	166,679	11,679
Interest	-	-	79	79
Total Revenues	<u>155,000</u>	<u>180,000</u>	<u>985,548</u>	<u>805,548</u>
<b><u>EXPENDITURES:</u></b>				
Public Transportation:				
Salaries	193,165	203,214	203,175	39
Employee Benefits	47,214	48,193	48,023	170
Supplies	29,850	35,717	30,379	5,338
Contract Services	43,327	49,964	42,739	7,225
Capital Outlay	11,900	216,096	941,160	(725,064)
Total Expenditures	<u>325,456</u>	<u>553,184</u>	<u>1,265,476</u>	<u>(712,292)</u>
(Deficiency) Revenues Over Expenditures	<u>(170,456)</u>	<u>(373,184)</u>	<u>(279,928)</u>	<u>93,256</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	189,974	279,928	89,954
Transfers Out	-	(375)	-	375
<b><u>TOTAL OTHER FINANCING SOURCES</u></b>	<u>-</u>	<u>189,599</u>	<u>279,928</u>	<u>90,329</u>
Net Change in Fund Balance	(170,456)	(183,585)	-	183,585
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE AT END OF YEAR</u></b>	<u>\$ (170,456)</u>	<u>\$ (183,585)</u>	<u>\$ -</u>	<u>\$ 183,585</u>





## **NON-MAJOR 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.

**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.

**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. The final project has been completed, and this fund has been eliminated as of September 30, 2004.

**Road Bonds Series 2002A** - to account for various road improvements to be made with the proceeds of general obligation bonds.

**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.

**Certificates of Obligation, Series 2004** - to account for the remodel of county buildings and improvements to the County's municipal airport. Financing is provided by the issuance of \$2.6million in certificates of obligation.

**MONTGOMERY COUNTY, TEXAS**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2004**

D-1

	<u>County Jail</u>	<u>Airport Improvements</u>	<u>Road Bonds Series 2002A</u>
<b><u>ASSETS:</u></b>			
Cash	\$ 24,627	\$ 27	\$ 30,853
Investments, at Fair Value	50,000	-	2,268,845
Restricted Cash	-	-	5,208
Receivables:			
Accrued Interest	114	-	757
Due from Other Governments	-	-	11,340
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 74,741</u></b>	<b><u>\$ 27</u></b>	<b><u>\$ 2,317,003</u></b>

**LIABILITIES AND FUND BALANCES:**

<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ -	\$ -	\$ 395,295
Retainage Payable	-	-	5,208
Due To Other Funds	-	27	131,888
Total Liabilities	<u>-</u>	<u>27</u>	<u>532,391</u>

<b><u>FUND BALANCES:</u></b>			
Reserved for Capital Projects	<u>74,741</u>	<u>-</u>	<u>1,784,612</u>

<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 74,741</u></b>	<b><u>\$ 27</u></b>	<b><u>\$ 2,317,003</u></b>
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Certificates Obligation Series 97A-98	Certificates Obligation Series 2001	Certificates Obligation Series 2003	Certificates Obligation Series 2004	Totals
\$ 23,436	\$ 43,789	\$ 43,259	\$ 560,875	\$ 726,866
223,364	200,000	-	1,989,370	4,731,579
-	-	-	-	5,208
500	435	-	-	1,806
-	-	-	-	11,340
<u>\$ 247,300</u>	<u>\$ 244,224</u>	<u>\$ 43,259</u>	<u>\$ 2,550,245</u>	<u>\$ 5,476,799</u>
\$ -	\$ 3,135	\$ 3,320	\$ 32,475	\$ 434,225
-	-	-	-	5,208
-	54,002	32,062	666,157	884,136
<u>-</u>	<u>57,137</u>	<u>35,382</u>	<u>698,632</u>	<u>1,323,569</u>
<u>247,300</u>	<u>187,087</u>	<u>7,877</u>	<u>1,851,613</u>	<u>4,153,230</u>
<u>\$ 247,300</u>	<u>\$ 244,224</u>	<u>\$ 43,259</u>	<u>\$ 2,550,245</u>	<u>\$ 5,476,799</u>

**MONTGOMERY COUNTY, TEXAS**

**Nonmajor Capital Project Funds**

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

**Year Ended September 30, 2004**

D-2

	County Jail	Airport Improvements	Right of Way	Road Bonds Series 2002A
<b><u>REVENUES:</u></b>				
Interest	\$ 1,186	\$ 240	\$ 1,799	\$ 50,443
Miscellaneous	149,820	-	-	-
<b><u>TOTAL REVENUES</u></b>	<u>151,006</u>	<u>240</u>	<u>1,799</u>	<u>50,443</u>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	74,808	-	1,762	5,874,008
Issuance Costs	-	-	-	-
<b><u>TOTAL EXPENDITURES</u></b>	<u>74,808</u>	<u>-</u>	<u>1,762</u>	<u>5,874,008</u>
Excess (Deficiency) Revenues Over Expenditures	<u>76,198</u>	<u>240</u>	<u>37</u>	<u>(5,823,565)</u>
<b><u>OTHER FINANCING SOURCES/(USES):</u></b>				
Transfers In	-	29,957	-	-
Transfers Out	-	-	(634,653)	(148,350)
Proceeds of Cert of Oblig	-	-	-	-
Premiums on Cert of Oblig	-	-	-	-
Discounts on Cert of Oblig	-	-	-	-
<b><u>TOTAL OTHER FINANCING SOURCES/(USES)</u></b>	<u>-</u>	<u>29,957</u>	<u>(634,653)</u>	<u>(148,350)</u>
Excess (Deficiency) Revenues/ Other Sources Over Expenditures/ Other Uses	<u>76,198</u>	<u>30,197</u>	<u>(634,616)</u>	<u>(5,971,915)</u>
Fund Balance at Beginning of Year	<u>(1,457)</u>	<u>(30,197)</u>	<u>634,616</u>	<u>7,756,527</u>
<b><u>FUND BALANCES AT END OF YEAR</u></b>	<u>\$ 74,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,612</u>

Certificates Obligation Series 97A-98	Certificates Obligation Series 2001	Certificates Obligation Series 2003	Certificates Obligation Series 2004	Totals
\$ 5,468	\$ 2,541	\$ 10,703	\$ 1,360	\$ 73,740
-	-	-	-	149,820
5,468	2,541	10,703	1,360	223,560
1,115,488	69,155	1,841,041	32,475	9,008,737
-	-	-	61,108	61,108
1,115,488	69,155	1,841,041	93,583	9,069,845
(1,110,020)	(66,614)	(1,830,338)	(92,223)	(8,846,285)
-	-	-	-	29,957
-	(54,002)	(32,062)	(666,157)	(1,535,224)
-	-	-	2,600,000	2,600,000
-	-	-	19,769	19,769
-	-	-	(9,776)	(9,776)
-	(54,002)	(32,062)	1,943,836	1,104,726
(1,110,020)	(120,616)	(1,862,400)	1,851,613	(7,741,559)
1,357,320	307,703	1,870,277	-	11,894,789
\$ 247,300	\$ 187,087	\$ 7,877	\$ 1,851,613	\$ 4,153,230



## **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.



**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**September 30, 2004**

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	Restitution Center	County Officials	Totals
<b><u>ASSETS:</u></b>			
Cash	\$ 5,476	\$ 8,556,074	\$ 8,561,550
Investments, at Fair Value	-	962,918	962,918
Accounts Receivable	-	5,236	5,236
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 5,476</u></b>	<b><u>\$ 9,524,228</u></b>	<b><u>\$ 9,529,704</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ 5,476	\$ 3,733,809	\$ 3,739,285
Due to Other Funds	-	1,022,599	1,022,599
Due to Other Governments	-	4,767,820	4,767,820
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 5,476</u></b>	<b><u>\$ 9,524,228</u></b>	<b><u>\$ 9,529,704</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**Year Ended September 30, 2004**

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	Balance October 1, 2003	Additions	Deductions	Balance September 30, 2004
<b><u>RESTITUTION CENTER:</u></b>				
<b>Assets:</b>				
Cash	\$ 26,430	\$ 414,937	\$ 435,891	\$ 5,476
<b>Liabilities:</b>				
Accounts Payable	\$ 26,430	\$ 414,937	\$ 435,891	\$ 5,476

**COUNTY OFFICIALS:**

<b>Assets:</b>				
Cash	\$ 8,912,975	\$ 777,548,464	\$ 777,905,365	\$ 8,556,074
Investment, at Fair Value	1,038,569	1,270,789	1,346,440	962,918
Accounts Receivable	13,406	20,653	28,823	5,236
Due from Other Funds	-	335	335	-
Total Assets	\$ 9,964,950	\$ 778,840,241	\$ 779,280,963	\$ 9,524,228
<b>Liabilities:</b>				
Accounts Payable	\$ 4,163,964	\$ 13,358,558	\$ 13,788,713	\$ 3,733,809
Due to Other Funds	1,124,433	336,454,657	336,556,491	1,022,599
Due To Other Governments	4,676,553	426,929,517	426,838,250	4,767,820
Total Liabilities	\$ 9,964,950	\$ 776,742,732	\$ 777,183,454	\$ 9,524,228

**TOTALS - ALL AGENCY FUNDS:**

<b>Assets:</b>				
Cash	\$ 8,939,405	\$ 777,963,401	\$ 778,341,256	\$ 8,561,550
Investments, at Fair Value	1,038,569	1,270,789	1,346,440	962,918
Accounts Receivable	13,406	20,653	28,823	5,236
Due From Other Funds	-	335	335	-
Total Assets	\$ 9,991,380	\$ 779,255,178	\$ 779,716,854	\$ 9,529,704
<b>Liabilities:</b>				
Accounts Payable	\$ 4,190,394	\$ 13,773,495	\$ 14,224,604	\$ 3,739,285
Due to Other Funds	1,124,433	336,454,657	336,556,491	1,022,599
Due to Other Governments	4,676,553	426,929,517	426,838,250	4,767,820
Total Liabilities	\$ 9,991,380	\$ 777,157,669	\$ 777,619,345	\$ 9,529,704

**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, 2004**

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**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 6,056,015
Buildings	99,624,866
Improvements Other Than Buildings	6,329,287
Equipment	39,611,440
Infrastructure	50,637,487
Construction in Progress	<u>1,529,467</u>

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 203,788,562</u></b>
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**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS**  
**BY SOURCE:**

General Fund	\$ 98,904,080
Special Revenue Funds	103,355,015
Capital Project Funds	<u>1,529,467</u>

<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 203,788,562</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, 2004**

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Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment
<b><u>GENERAL ADMINISTRATION:</u></b>					
County Judge	\$ 27,967	\$ -	\$ -	\$ -	\$ 27,967
Human Resources	13,165	-	-	-	13,165
Risk Management	13,442	-	-	-	13,442
County Clerk	612,938	-	-	-	612,938
Collections	31,095	-	-	-	31,095
Veterans' Service	2,115	-	-	-	2,115
Purchasing Agent	32,343	-	-	-	32,343
Motor Pool	42,569	-	-	-	42,569
Commns/Info Services	1,050,106	-	86,900	8,000	955,206
County Buildings	74,036,801	-	74,014,659	22,142	-
County Land	4,150,222	4,034,376	-	115,846	-
Worthless Check Administration	12,521	-	-	-	12,521
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>80,025,284</u></b>	<b><u>4,034,376</u></b>	<b><u>74,101,559</u></b>	<b><u>145,988</u></b>	<b><u>1,743,361</u></b>
<b><u>FINANCIAL ADMINISTRATION</u></b>					
County Auditor	71,041	-	-	-	71,041
Budget Office	9,992	-	-	-	9,992
County Treasurer	36,985	-	-	-	36,985
Tax Assessor/Collector	271,883	-	-	-	271,883
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>389,901</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>389,901</u></b>
<b><u>CONSERVATION</u></b>					
Extension Agents	75,652	-	8,948	15,520	51,184
Recycling Stations	152,102	-	66,318	20,722	65,062
<b><u>TOTAL CONSERVATION</u></b>	<b><u>227,754</u></b>	<b><u>-</u></b>	<b><u>75,266</u></b>	<b><u>36,242</u></b>	<b><u>116,246</u></b>
<b><u>ELECTIONS</u></b>					
Elections Administrator	345,614	-	-	-	345,614
<b><u>TOTAL ELECTIONS ADM</u></b>	<b><u>345,614</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>345,614</u></b>
<b><u>FACILITIES</u></b>					
Custodial Services	321,998	-	1,613	-	320,385
Building Maintenance	678,868	-	88,913	5,668	584,287
Parks	6,387,181	817,488	2,139,669	3,341,286	88,738
Jail	432,721	-	86,658	-	346,063
Civic Center	15,261,446	88,216	14,316,797	157,066	699,367
<b><u>TOTAL FACILITIES</u></b>	<b><u>23,082,214</u></b>	<b><u>905,704</u></b>	<b><u>16,633,650</u></b>	<b><u>3,504,020</u></b>	<b><u>2,038,840</u></b>
<b><u>HEALTH AND WELFARE</u></b>					
Public Health	2,395,466	-	2,152,335	-	243,131
Child Welfare	6,739	-	-	-	6,739
Community Development	1,330,577	-	1,229,324	-	101,253
<b><u>TOTAL HEALTH/WELFARE</u></b>	<b><u>3,732,782</u></b>	<b><u>-</u></b>	<b><u>3,381,659</u></b>	<b><u>-</u></b>	<b><u>351,123</u></b>

**MONTGOMERY COUNTY, TEXAS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2004**

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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	416,416	-	-	924	415,492	-
District Attorney	416,316	-	-	-	416,316	-
District Clerk	430,018	-	-	-	430,018	-
Justice of Peace	167,857	-	6,580	1,440	159,837	-
<b><u>TOTAL JUDICIAL</u></b>	<b><u>1,430,607</u></b>	<b><u>-</u></b>	<b><u>6,580</u></b>	<b><u>2,364</u></b>	<b><u>1,421,663</u></b>	<b><u>-</u></b>
<b><u>LEGAL SERVICES</u></b>						
County Attorney	68,286	-	-	-	68,286	-
Law Library	619,623	-	-	-	619,623	-
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>687,909</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>687,909</u></b>	<b><u>-</u></b>
<b><u>PUBLIC SAFETY</u></b>						
Emergency Management	76,028	-	-	-	76,028	-
Fire Marshal	22,161	-	-	-	22,161	-
Department of Public Safety	15,220	-	-	-	15,220	-
Constables	1,502,139	-	28,453	1,440	1,472,246	-
Sheriff	9,862,800	10,907	306,551	194,006	9,351,336	-
District Attorney Forfeitures	31,288	-	-	8,900	22,388	-
County Attorney Forfeitures	2,752	-	-	-	2,752	-
Juvenile Probation	264,397	-	14,127	-	250,270	-
Adult Probation	69,285	-	-	-	69,285	-
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>11,846,070</u></b>	<b><u>10,907</u></b>	<b><u>349,131</u></b>	<b><u>204,346</u></b>	<b><u>11,281,686</u></b>	<b><u>-</u></b>
<b><u>PUBLIC TRANSPORTATION</u></b>						
Engineer	116,919	-	-	-	116,919	-
Commissioners' Operations	64,467,520	1,018,222	2,341,539	1,984,267	11,835,277	47,288,215
Airport	5,740,277	86,806	1,652,537	443,716	207,946	3,349,272
<b><u>TOTAL PUBLIC TRANSPORTATION</u></b>	<b><u>70,324,716</u></b>	<b><u>1,105,028</u></b>	<b><u>3,994,076</u></b>	<b><u>2,427,983</u></b>	<b><u>12,160,142</u></b>	<b><u>50,637,487</u></b>
<b><u>CULTURE AND RECREATION</u></b>						
Memorial Library	10,166,244	-	1,082,945	8,344	9,074,955	-
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>10,166,244</u></b>	<b><u>-</u></b>	<b><u>1,082,945</u></b>	<b><u>8,344</u></b>	<b><u>9,074,955</u></b>	<b><u>-</u></b>
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>202,259,095</u></b>	<b><u>\$6,056,015</u></b>	<b><u>\$99,624,866</u></b>	<b><u>\$6,329,287</u></b>	<b><u>\$39,611,440</u></b>	<b><u>\$50,637,487</u></b>
Construction In Progress	<u>1,529,467</u>					
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$203,788,562</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, 2004**

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Page 1 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2003	Additions	Deletions	Govtl Funds Capital Assets September 30, 2004
<b><u>GENERAL ADMINISTRATION:</u></b>				
County Judge	\$ 26,757	\$ 1,210	\$ -	\$ 27,967
Human Resources	15,364	1,142	3,341	13,165
Risk Management	12,246	1,196	-	13,442
County Clerk	1,679,445	170,258	1,236,765	612,938
Collections	32,305	-	1,210	31,095
Veterans' Service	2,115	-	-	2,115
Purchasing Agent	53,767	8,123	29,547	32,343
Motor Pool	42,569	-	-	42,569
Commns/Info Services	995,634	151,930	97,458	1,050,106
County Buildings	59,551,607	31,041,744	16,556,550	74,036,801
County Land	4,100,222	56,226	6,226	4,150,222
Worthless Check Administration	15,835	-	3,314	12,521
<b><u>TOTAL GENERAL ADM</u></b>	<b><u>66,527,866</u></b>	<b><u>31,431,829</u></b>	<b><u>17,934,411</u></b>	<b><u>80,025,284</u></b>
<b><u>FINANCIAL ADMINISTRATION:</u></b>				
County Auditor	82,400	3,862	15,221	71,041
Budget Office	-	9,992	-	9,992
County Treasurer	35,491	2,254	760	36,985
Tax Assessor/Collector	260,120	21,438	9,675	271,883
<b><u>TOTAL FINANCIAL ADM</u></b>	<b><u>378,011</u></b>	<b><u>37,546</u></b>	<b><u>25,656</u></b>	<b><u>389,901</u></b>
<b><u>CONSERVATION:</u></b>				
Extension Agents	73,183	5,469	3,000	75,652
Recycling Stations	118,959	33,143	-	152,102
<b><u>TOTAL CONSERVATION</u></b>	<b><u>192,142</u></b>	<b><u>38,612</u></b>	<b><u>3,000</u></b>	<b><u>227,754</u></b>
<b><u>ELECTIONS:</u></b>				
Elections Administrator	341,989	3,625	-	345,614
<b><u>TOTAL ELECTIONS</u></b>	<b><u>341,989</u></b>	<b><u>3,625</u></b>	<b><u>-</u></b>	<b><u>345,614</u></b>
<b><u>FACILITIES:</u></b>				
Custodial Services	302,161	157,048	137,211	321,998
Building Maintenance	730,309	226,290	277,731	678,868
Parks	6,357,987	29,194	-	6,387,181
Jail	394,758	47,081	9,118	432,721
Civic Center	15,063,473	6,289,679	6,091,706	15,261,446
<b><u>TOTAL FACILITIES</u></b>	<b><u>22,848,688</u></b>	<b><u>6,749,292</u></b>	<b><u>6,515,766</u></b>	<b><u>23,082,214</u></b>
<b><u>HEALTH AND WELFARE:</u></b>				
Public Health	2,393,005	11,985	9,524	2,395,466
Child Welfare	6,739	-	-	6,739
Community Development	1,330,577	-	-	1,330,577
<b><u>TOTAL HEALTH &amp; WELFARE</u></b>	<b><u>3,730,321</u></b>	<b><u>11,985</u></b>	<b><u>9,524</u></b>	<b><u>3,732,782</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, 2004**

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Page 2 of 2

Function and Activity	Govtl Funds Capital Assets October 1, 2003	Additions	Deletions	Govtl Funds Capital Assets September 30, 2004
<b><u>JUDICIAL:</u></b>				
Courts	398,100	38,308	19,992	416,416
District Attorney	390,983	84,054	58,721	416,316
District Clerk	424,726	197,500	192,208	430,018
Justice of Peace	182,238	39,267	53,648	167,857
<b><u>TOTAL JUDICIAL</u></b>	<b><u>1,396,047</u></b>	<b><u>359,129</u></b>	<b><u>324,569</u></b>	<b><u>1,430,607</u></b>
<b><u>LEGAL SERVICES:</u></b>				
County Attorney	68,132	3,525	3,371	68,286
Law Library	533,105	86,518	-	619,623
<b><u>TOTAL LEGAL SERVICES</u></b>	<b><u>601,237</u></b>	<b><u>90,043</u></b>	<b><u>3,371</u></b>	<b><u>687,909</u></b>
<b><u>PUBLIC SAFETY:</u></b>				
Emergency Management	40,822	39,949	4,743	76,028
Fire Marshal	20,821	4,699	3,359	22,161
Department of Public Safety	6,050	9,170	-	15,220
Constables	1,190,846	335,093	23,800	1,502,139
Sheriff	10,181,647	682,912	1,001,759	9,862,800
Bail Bond Board	2,854	-	2,854	-
District Attorney Forfeitures	33,018	1,000	2,730	31,288
County Attorney Forfeitures	2,752	-	-	2,752
Juvenile Probation	274,809	10,743	21,155	264,397
Adult Probation	69,122	1,033	870	69,285
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>11,822,741</u></b>	<b><u>1,084,599</u></b>	<b><u>1,061,270</u></b>	<b><u>11,846,070</u></b>
<b><u>PUBLIC TRANSPORTATION:</u></b>				
Engineers	123,019	24,690	30,790	116,919
Commissioners' Operations	45,728,014	20,508,873	1,769,367	64,467,520
Airport	4,935,848	886,537	82,108	5,740,277
<b><u>TOTAL PUBLIC TRANS</u></b>	<b><u>50,786,881</u></b>	<b><u>21,420,100</u></b>	<b><u>1,882,265</u></b>	<b><u>70,324,716</u></b>
<b><u>CULTURE &amp; RECREATION:</u></b>				
Memorial Library	9,562,307	755,940	152,003	10,166,244
<b><u>TOTAL CULTURE/REC</u></b>	<b><u>9,562,307</u></b>	<b><u>755,940</u></b>	<b><u>152,003</u></b>	<b><u>10,166,244</u></b>
Construction In Progress	11,374,372	4,590,564	14,435,469	1,529,467
<b><u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u></b>	<b><u>\$ 179,562,602</u></b>	<b><u>\$ 66,573,264</u></b>	<b><u>\$ 42,347,304</u></b>	<b><u>\$ 203,788,562</u></b>





## STATISTICAL SECTION



**STATISTICAL SECTION  
(UNAUDITED)**

**MONTGOMERY COUNTY, TEXAS**  
**Government-wide Expenses by Function**  
**Year Ended September 30, 2004**

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Fiscal Year <sup>(1)</sup>	General Admin	Judicial	Legal	Elections	Financial Admin	Public Facilities	Public Safety
2003	\$ 11,648,705	\$ 12,773,623	\$ 1,535,772	\$ 578,472	\$ 3,545,228	\$ 6,756,690	\$ 39,426,821
2004	11,020,255	14,196,220	1,688,226	741,325	3,775,200	6,351,995	41,783,788

(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 Trans	Debt Service	Miscellaneous	Total
\$ 4,735,049	\$ 4,207,762	\$ 595,714	\$ 1,447,670	\$ 8,229,368	\$ 4,589,512	\$ 100,070,386
5,679,181	4,746,828	565,941	14,662,727	8,062,860	7,234,220	120,508,766

**MONTGOMERY COUNTY, TEXAS**  
**Government-wide Revenues**  
**For the Fiscal Year Ended September 30, 2004**

Fiscal Year <sup>(1)</sup>	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	\$ 1,335,848	\$ 79,213,163
2004	31,299,005	5,787,485	1,032,241	87,697,664

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

**TABLE II**

General Revenues				
Insurance Reimbursements	Unrestricted Investment Earnings	Gain on Sale of Capital Assets	Total	
\$ 89,328	\$ 1,168,435	\$ 41,478	\$	116,408,715
260,233	785,873	-		126,862,501



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

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Fiscal Year	General Admin	Judicial	Legal Services	Elections	Financial Admin	Public Facilities	Public Safety
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
2004	9,656,917	14,135,706	1,712,325	730,253	3,737,425	6,376,545	42,296,886

(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 <sup>(2)</sup>	Culture and Recreation	Conservation	Public Transportation	Debt Service	Miscellaneous	Total
\$ 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
6,426,018	4,473,911	755,853	18,210,470	12,068,754	7,234,220	127,815,283

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

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Fiscal Year	Taxes	Licenses and Permits	Fees	Inter- Governmental	Charges for Services
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 <sup>(2)</sup>	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
2004	87,999,696	7,391,938	10,355,267	7,780,777	1,159,017

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

(2) FY 1996 included aid received from FEMA for buy-out of flooded homes

**TABLE IV**

Interest	Contract Reimbursements	Inmate Housing	Fines and Forfeitures	Miscellaneous	Total
\$ 1,107,379	\$ 4,177,047	\$ 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
447,620	7,587,085	118,818	2,421,254	1,556,800	126,818,272

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections<sup>(1)</sup></u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1995	\$ 38,903,900	\$ 37,209,387	95.6 %	\$ 1,205,982
1996	41,110,603	39,921,462	97.1	1,187,826
1997	43,694,149	42,119,201	96.4	1,764,514
1998	46,937,541	45,882,279	97.8	1,208,829
1999	50,889,079	49,887,250	98.0	1,247,664
2000	54,051,832	52,810,108	97.7	1,244,737
2001	59,831,094	58,384,869	97.6	1,547,076
2002	67,447,935	65,714,723	97.4	1,608,717
2003	77,043,931	75,232,037	97.6	1,784,876
2004	85,764,910	83,960,577	97.9	1,839,076

(1) 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.

**TABLE V**

Total Tax Collections		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
\$	38,415,369	98.7 %	\$ 6,487,532	16.7 %
	41,109,288	100.0	6,449,308	15.7
	43,883,715	100.4	6,441,147	14.7
	47,091,108	100.3	6,112,852	13.0
	51,134,914	100.5	6,175,378	12.1
	54,054,845	100.0	6,501,501	12.0
	59,931,945	100.2	6,232,148	10.4
	67,323,440	99.8	6,471,525	9.6
	77,016,913	100.0	6,587,183	8.5
	85,799,653	100.0	6,109,116	7.1

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

Tax Year	Fiscal Year	Real Property <sup>(2)</sup>	
		Assessed Value	Estimated Actual Value
1994	1995	\$ 6,206,631	\$ 6,206,631
1995	1996	6,981,063	6,981,063
1996	1997	7,164,696	7,164,696
1997	1998	7,811,763	7,811,763
1998	1999	8,597,552	8,597,552
1999	2000	9,497,283	9,497,283
2000	2001	10,671,089	10,671,089
2001	2002	12,252,007	12,252,007
2002	2003	14,154,934	14,154,934
2003	2004	15,380,063	15,380,063

(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

**TABLE VI**

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	
\$ 1,161,497	\$ 1,161,497	\$ 7,368,128	\$ 7,368,128	100 %
1,308,349	1,308,349	8,289,412	8,289,412	100
1,434,865	1,434,865	8,599,561	8,599,561	100
1,510,582	1,510,582	9,322,345	9,322,345	100
1,593,073	1,593,073	10,190,625	10,190,625	100
1,704,490	1,704,490	11,201,772	11,201,772	100
1,865,436	1,865,436	12,536,525	12,536,525	100
2,030,021	2,030,021	14,282,028	14,282,028	100
2,134,447	2,134,447	16,289,381	16,289,381	100
2,212,392	2,212,392	17,592,455	17,592,455	100



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

	1995	1996	1997
<hr/>			
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<b><u>MONTGOMERY COUNTY, TEXAS:</u></b>			
General Fund	\$ 0.3581	\$ 0.3693	\$ 0.3631
Special Revenue Funds	0.0770	0.0740	0.0746
Debt Service Fund	0.0576	0.0494	0.0550
Total Montgomery County, Texas	0.4927	0.4927	0.4927
<hr/>			
<b><u>SOUTH MONTGOMERY COUNTY,</u></b>			
<b><u>TEXAS ROAD DISTRICT NO. 1:</u></b>			
Debt Service Fund	0.0450	0.0398	0.0358
<hr/>			
<b><u>OVERLAPPING GOVERNMENTS:</u></b>			
Special Districts:			
Chateau Woods M.U.D.	0.8856	0.9047	0.8976
Clover Creek M.U.D.	-	-	1.0000
Corinthian Point M.U.D.	0.8892	0.8410	0.8380
East Montgomery County M.U.D. #1	1.2500	1.0500	0.6000
East Montgomery County M.U.D. #3	-	-	-
East Plantation U.D.	0.9400	1.7013	0.8350
Far Hills U.D.	0.6748	0.6500	0.6300
Harris County U.D. #1	0.9361	0.9362	Annexed
Harris County U.D. #4	0.7679	0.7677	Annexed
Kingwood Place South M.U.D.	1.4032	1.5072	Annexed
Kings Manor M.U.D.	-	1.2900	1.2900
Lake Conroe Hills M.U.D.	1.1900	1.1060	1.0899
Lazy River I.D.	0.4318	0.5433	0.4746
Montgomery County D.D. #6	0.7191	0.6039	0.5111
Montgomery County F.W.S.D. #6	0.3627	0.3723	0.3833
Montgomery County Hospital Dist	0.1175	0.0885	0.0885
Montgomery County M.U.D. #6	0.6200	0.6500	0.6500
Montgomery County M.U.D. #7	0.6000	0.6000	0.6000
Montgomery County M.U.D. #8	0.5600	0.5500	0.5495
Montgomery County M.U.D. #9	1.2100	1.1422	1.1700

**TABLE VII**

Page 1 of 4

1998	1999	2000	2001	2002	2003	2004
\$ 0.3669	\$ 0.3583	\$ 0.3498	\$ 0.3446	\$ 0.3509	\$ 0.3568	\$ 0.3627
0.0746	0.0746	0.0746	0.0746	0.0746	0.0525	0.0523
0.0482	0.0568	0.0503	0.0555	0.0455	0.0617	0.0678
0.4897	0.4897	0.4747	0.4747	0.4710	0.4710	0.4828
0.0213	0.0213	0.0160	-	-	-	-
0.8190	0.6761	0.5215	0.5019	0.2500	0.2500	0.2500
1.2500	-	1.2500	1.2500	1.2500	1.2500	1.2500
0.8836	0.8459	0.8175	0.8175	0.8175	0.7987	0.7987
0.6300	0.5000	0.4397	0.4000	0.3800	0.3800	0.3800
-	-	-	-	-	0.5000	0.5000
0.7810	0.7590	0.7430	0.7300	0.7300	0.7300	0.7300
0.5900	0.5700	0.5700	0.5650	0.4950	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
0.8736	0.7712	0.6593	0.6300	0.5000	0.5000	0.5000
0.4792	0.5000	0.8285	0.7848	0.7500	0.7200	0.7200
0.4046	0.3520	0.3358	0.3052	0.3052	0.2922	0.2922
0.3652	0.3619	0.3618	0.4200	0.3924	0.3774	0.3774
0.0785	0.0785	0.1378	0.1378	0.1338	0.1082	0.1082
0.6010	0.5652	0.5650	0.5550	0.5000	0.3000	0.3000
0.5544	0.4840	0.4576	0.4400	0.4200	0.3800	0.3800
0.4986	0.4895	0.2671	0.2682	0.2263	0.2263	0.2263
1.0700	1.0200	0.9700	0.9700	0.8600	0.7000	0.7000

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

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	<u>1995</u>	<u>1996</u>	<u>1997</u>
Special Districts (continued):			
Montgomery County M.U.D. #15	2.2490	2.2151	2.0209
Montgomery County M.U.D. #16	6.2300	5.5700	5.3700
Montgomery County M.U.D. #18	0.6981	0.8317	0.8237
Montgomery County M.U.D. #19	1.1500	0.9954	0.9500
Montgomery County M.U.D. #24	2.6000	2.5400	2.5000
Montgomery County M.U.D. #36	0.4500	0.4300	0.4200
Montgomery County M.U.D. #39	0.9000	0.9000	0.8700
Montgomery County M.U.D. #40	0.5900	0.6225	0.5825
Montgomery County M.U.D. #42	0.5000	-	0.5000
Montgomery County M.U.D. #43	1.7400	0.9000	3.3100
Montgomery County M.U.D. #46	0.7900	0.8500	0.8450
Montgomery County M.U.D. #47	0.6200	0.6200	0.5900
Montgomery County M.U.D. #48	2.3318	2.7963	Annexed
Montgomery County M.U.D. #53	1.8500	1.8500	1.8500
Montgomery County M.U.D. #56	2.7100	-	1.2500
Montgomery County M.U.D. #58	3.4500	4.0500	Annexed
Montgomery County M.U.D. #60	0.7000	0.7000	0.6500
Montgomery County M.U.D. #67	0.6500	0.5900	0.5200
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	1.0533	0.9896	0.9062
Montgomery County U.D. #3	0.5950	0.5783	0.5783
Montgomery County U.D. #4	0.8500	0.7500	0.7500
Montgomery County W.C.I.D. #1	0.9115	1.1700	1.1122
New Caney M.U.D.	0.5662	0.5862	0.5827
No Harris/Mont. Comm. College	0.0990	0.1012	0.1228
Oak Ridge M.U.D.	0.9075	0.8721	Annexed

**TABLE VII**

Page 2 of 4

1998	1999	2000	2001	2002	2003	2004
2.0386	1.9010	1.8088	2.1442	2.0800	1.6000	1.6000
-	5.0800	5.0800	5.0800	4.8300	3.9600	3.9600
0.7200	0.6800	0.6600	0.6400	0.5860	0.5600	0.5600
0.6500	0.5000	0.4919	0.4500	0.4500	0.4500	0.4500
1.8500	1.7900	1.6800	1.5900	1.5900	1.5900	1.5900
0.4148	0.3956	0.3956	0.3900	0.3600	0.3600	0.3600
0.8800	0.8800	0.8200	0.7200	0.7200	0.7200	0.7200
0.5418	0.4250	0.4150	0.4050	0.3650	0.3200	0.3200
0.9500	1.2500	1.5000	1.5000	1.5000	1.4800	1.4800
-	-	-	-	-	-	-
0.8400	0.7950	0.7800	0.6950	0.6300	0.6000	0.6000
0.5443	0.5200	0.4340	0.4200	0.3950	0.3700	0.3700
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
-	-	-	-	-	-	-
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.6400	0.6100	0.5949	0.5500	0.4500	0.4200	0.4200
0.4780	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700
-	1.0000	0.9880	0.9880	1.0000	1.2500	1.2500
-	-	-	-	-	1.3900	1.3900
-	-	-	-	-	1.2200	1.2200
-	-	-	-	-	1.2500	1.2500
0.7625	0.7342	0.6893	0.6800	0.6000	0.5900	0.5900
0.5783	0.5733	0.5765	0.5765	0.5765	0.5765	0.5765
0.6500	0.4100	0.3300	0.3800	0.3800	0.3800	0.3800
1.1136	0.9341	0.9378	0.8500	0.8200	0.8200	0.8200
0.5188	0.5076	0.5076	0.5076	0.5076	0.5076	0.5076
0.1198	0.1174	0.1100	0.1100	0.1055	0.1145	0.1145
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed	Annexed

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

	1995	1996	1997
Special Districts (continued):			
Point Aquarius M.U.D.	0.6724	0.7012	0.7000
Porter M.U.D.	0.5500	0.5293	0.5293
Rayford Road M.U.D.	0.7145	0.6756	0.6400
River Plantation M.U.D.	0.6856	0.6832	0.6379
Roman Forest Cons. M.U.D.	0.8555	0.8087	0.7849
Roman Forest P.U.D. #3	7.5000	-	4.0000
Roman Forest P.U.D. #4	2.5000	2.5000	2.5000
South Montgomery County M.U.D.	0.2492	0.2392	0.2341
Spring Creek U.D.	1.1000	1.1000	1.0460
Stanley Lake M.U.D.	1.0585	1.0400	1.0376
Texas National M.U.D.	1.9857	0.8144	0.7500
Wood Trace M.U.D. #1	-	-	-
Woodlands Metro-Center M.U.D.	0.7900	0.5400	0.4600
Woodlands M.U.D. #2	0.5100	0.5100	0.4800
Woodlands R.U.D. #1	0.3100	0.4900	0.4900
Emergency Service District #1	0.0300	0.0299	0.0850
Emergency Service District #2	0.0294	0.0300	0.0800
Emergency Service District #3	0.0300	0.0300	0.1000
Emergency Service District #4	0.0300	0.0300	0.1000
Emergency Service District #5	0.0300	0.0300	0.0600
Emergency Service District #6	0.0300	0.0300	0.1000
Emergency Service District #7	0.0300	0.0300	0.1000
Emergency Service District #8	0.0300	0.0300	0.0300
Emergency Service District #9	0.0300	0.0300	0.1000
Emergency Service District #10	0.0300	0.0300	0.0800
Emergency Service District #11	0.0300	0.0300	0.1000
Emergency Service District #12	0.0284	0.0300	0.0300
Emergency Service District #14	0.0300	0.0300	0.1000
Total Special Districts	68.6185	57.8342	54.0666

**TABLE VII**

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1998	1999	2000	2001	2002	2003	2004
0.6800	0.6800	0.6708	0.6666	0.5877	0.5558	0.5558
0.5200	0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.6890	0.7416	0.7620	0.7620	0.7620	0.7620	0.7620
0.6104	0.6109	0.6055	0.5357	0.5026	0.4895	0.4895
0.7750	0.7237	0.6429	0.6100	0.5900	0.5800	0.5800
-	2.1400	1.8900	1.8900	1.2500	1.2500	1.2500
-	2.0193	1.8965	1.2500	1.1500	1.1500	1.1500
0.2266	0.2985	0.2704	0.2704	0.2704	0.2704	0.2704
0.9490	0.9400	0.9100	0.9100	0.9100	1.0100	1.0100
0.8000	0.6700	0.6345	0.6345	0.6345	0.6000	0.6000
0.6566	0.7500	1.1400	1.1400	1.1200	1.1100	1.1100
-	-	-	-	1.5000	1.2500	1.2500
0.4500	0.4500	0.4000	0.4000	0.3200	0.3000	0.3000
0.4800	0.4800	0.4800	0.4600	0.4400	0.4100	0.4100
0.5000	0.5000	0.4925	0.5000	0.5000	0.5000	0.5000
0.0884	0.0950	0.0967	0.1000	0.1000	0.1000	0.1000
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	0.1000
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	0.1000
0.0700	0.0790	0.0784	0.0646	0.0545	0.0562	0.0562
0.1000	0.1000	0.1000	0.1000	0.1000	0.0620	0.0620
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	0.1000
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	0.1000
33.9746	42.8640	43.3078	42.2598	41.2545	43.5173	43.5173

---

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

	1995	1996	1997
Cities:			
Conroe	0.4228	0.4200	0.4200
Magnolia	0.5647	0.5647	0.5649
Montgomery	0.6198	0.2735	0.1017
Oak Ridge North	0.3300	0.3102	1.1533
Panorama Village	0.7578	0.7344	0.7437
Patton Village	0.1500	0.2606	0.2606
Roman Forest	0.4298	0.4310	0.4310
Shenandoah Village	0.8450	0.7977	0.8000
Splendora	-	-	-
Stagecoach	0.3680	0.3680	0.3796
Willis	0.6495	0.6450	0.6421
Woodbranch Village	0.5381	0.5499	0.5360
Woodloch	0.6918	1.5600	0.9400
Houston (County Line City)	0.6650	-	0.6650
Total Cities	7.0323	6.9150	7.6379
School Districts:			
Cleveland I.S.D.	1.2302	1.2624	1.3288
Conroe I.S.D.	1.5655	1.5955	1.6355
Magnolia I.S.D.	1.5200	1.6200	1.6900
Montgomery I.S.D.	1.5500	1.4800	1.5100
New Caney I.S.D.	1.6874	1.6874	1.7400
Richards I.S.D.	1.3020	1.3000	1.3000
Splendora I.S.D.	1.7400	1.7100	1.7400
Tomball I.S.D.	1.5000	1.5000	1.5900
Willis I.S.D.	1.7200	1.7100	1.7100
Total School Districts	13.8151	13.8653	14.2443
<b><u>TOTAL PROPERTY TAX RATES -</u></b>			
<b><u>DIRECT AND OVERLAPPING</u></b>			
<b><u>GOVERNMENTS</u></b>	<u>\$90.0036</u>	<u>\$79.1470</u>	<u>\$76.4773</u>

(1) Per \$100 of assessed valuation

**TABLE VII**

Page 4 of 4

1998	1999	2000	2001	2002	2003	2004
0.4200	0.4200	0.4200	0.4200	0.4165	0.4335	0.4335
0.5747	0.5337	0.5090	0.4603	0.4052	0.4186	0.4186
0.1060	0.4221	0.4106	0.3620	0.3869	0.3869	0.3869
1.1296	1.0600	0.9950	0.8950	0.7710	0.7579	0.7579
0.7445	0.7355	0.6802	0.6633	0.6663	0.6586	0.6586
0.2606	0.2569	0.2636	0.2673	0.2779	0.4340	0.4340
0.4959	0.4891	0.4891	0.4845	0.5000	0.5000	0.5000
0.7638	0.7251	0.6163	0.5000	0.4187	0.4099	0.4099
-	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.6376	0.6497	0.5054	0.5176	0.5316	0.5330	0.5330
0.6449	0.6280	0.5243	0.5310	0.5647	0.5784	0.5784
0.5355	0.5376	0.5364	0.5214	0.4986	0.4919	0.4919
0.0928	0.9185	0.9446	0.8187	0.7642	0.7186	0.7186
0.6650	0.6650	0.6550	0.6550	0.6550	0.6550	0.6500
7.0709	8.3412	7.8495	7.3961	7.1566	7.2763	7.2713
1.4000	1.3750	1.3750	1.5750	1.6000	1.7000	1.7000
1.7505	1.6905	1.7025	1.7025	1.7225	1.7325	1.7325
1.7500	1.7100	1.5500	1.6900	1.6900	1.6800	1.6800
1.6100	1.6400	1.6400	1.6600	1.6600	1.6600	1.6600
1.8300	1.6900	1.7696	1.6554	1.7100	1.7700	1.7700
1.3800	1.2220	1.4000	1.4600	1.4629	1.5000	1.5000
1.7600	1.3800	1.4200	1.5700	1.6500	1.7300	1.7300
1.5900	1.5900	1.6500	1.6800	1.7500	1.7300	1.7300
1.7600	1.6700	1.6600	1.7200	1.7300	1.7100	1.7100
14.8305	13.9675	14.1671	14.7129	14.9754	15.2125	15.2125
\$56.3870	\$65.6837	\$65.8151	\$64.8435	\$63.8575	\$66.4771	\$66.4839



**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 <sup>(1)</sup>	Assessed Value	Gross Bonded Debt <sup>(2)</sup>	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2004	360,419	17,592,455,375	159,630,521	2,160,259	157,470,262	.90	436.91

(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, 2004**

**TABLE IX**

Assessed Value of Real Property (net of Exemptions)		<u><u>\$ 15,380,062,774</u></u>
Debt Limit <sup>(1)</sup>		3,845,015,694
 <u>Amount of Debt Applicable to Debt Limit:</u>		
Total Bonded Debt	159,630,521	
Less:		
Assets in Debt Service Funds available for payment of principal	<u>2,160,259</u>	
Total Amount of Debt Applicable to Debt Limit		<u>157,470,262</u>
 <u>LEGAL DEBT MARGIN</u>		 <u><u>\$ 3,687,545,432</u></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, 2004**

**TABLE X**

Page 1 of 3

	Debt Outstanding	Percentage Applicable to Montgomery County	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 159,630,521	100.00	\$ 159,630,521

**OVERLAPPING GOVERNMENTS:**

Special Districts:

Clovercreek M.U.D.	1,870,000	100.00	1,870,000
Corinthian Point M.U.D. #2	1,675,000	100.00	1,675,000
East Plantation U.D.	2,250,000	100.00	2,250,000
Far Hills U.D.	940,000	100.00	940,000
Kings Manor M.U.D.	8,735,000	97.85	8,547,198
Lazy River I.D.	1,255,000	100.00	1,255,000
Montgomery Co. D.D. #6	4,249,990	100.00	4,249,990
Montgomery Co. M.U.D. #6	-	100.00	-
Montgomery Co. M.U.D. #7	13,235,000	100.00	13,235,000
Montgomery Co. M.U.D. #9	7,270,000	100.00	7,270,000
Montgomery Co. M.U.D. #15	3,145,000	100.00	3,145,000
Montgomery Co. M.U.D. #16	-	100.00	-
Montgomery Co. M.U.D. #18	21,895,000	100.00	21,895,000
Montgomery Co. M.U.D. #24	680,000	100.00	680,000
Montgomery Co. M.U.D. #36	1,595,000	100.00	1,595,000
Montgomery Co. M.U.D. #39	17,762,729	100.00	17,762,729
Montgomery Co. M.U.D. #40	8,265,000	100.00	8,265,000
Montgomery Co. M.U.D. #42	1,865,000	100.00	1,865,000
Montgomery Co. M.U.D. #46	38,465,000	100.00	38,465,000
Montgomery Co. M.U.D. #47	52,730,000	100.00	52,730,000
Montgomery Co. M.U.D. #56	2,768,697	100.00	2,768,697
Montgomery Co. M.U.D. #60	3,140,000	100.00	3,140,000
Montgomery Co. M.U.D. #67	21,880,000	100.00	21,880,000
Montgomery Co. U.D. #2	680,000	100.00	680,000
Montgomery Co. U.D. #3	1,700,000	100.00	1,700,000
Montgomery Co. U.D. #4	5,745,000	100.00	5,745,000
Montgomery Co. W.C.I.D. #1	3,645,000	100.00	3,645,000
New Caney M.U.D.	5,000,000	100.00	5,000,000

**MONTGOMERY COUNTY, TEXAS**  
**Computation of Direct and Overlapping Debt**  
**September 30, 2004**

**TABLE X**

Page 2 of 3

	Debt Outstanding	Percentage Applicable to Montgomery County	Amount Applicable to Montgomery County
Special Districts:(Continued)			
No Harris/Mont. Comm. College	228,320,874	25.74	58,769,793
Point Aquarius M.U.D.	3,085,000	100.00	3,085,000
Porter M.U.D.	5,924,627	100.00	5,924,627
Rayford Road M.U.D.	27,045,000	100.00	27,045,000
River Plantation M.U.D.	1,915,000	100.00	1,915,000
Roman Forest Cons. M.U.D.	2,445,000	100.00	2,445,000
Roman Forest P.U.D. #3	-	DEFAULT	-
Roman Forest P.U.D. #4	-	DEFAULT	-
South Montgomery Co. M.U.D.	5,224,048	100.00	5,224,048
Spring Creek U.D.	6,935,000	100.00	6,935,000
Stanley Lake M.U.D.	6,952,000	100.00	6,952,000
Texas National M.U.D.	275,000	100.00	275,000
Woodlands Metro-Center M.U.D.	19,455,000	100.00	19,455,000
Woodlands M.U.D. #2	2,750,000	100.00	2,750,000
Woodlands R.U.D. #1	61,430,000	100.00	61,430,000
Emergency Service District #1	404,780	100.00	404,780
Emergency Service District #2	662,861	100.00	662,861
Emergency Service District #3	207,245	100.00	207,245
Emergency Service District #4	672,814	100.00	672,814
Emergency Service District #5	130,156	100.00	130,156
Emergency Service District #6	347,180	100.00	347,180
Emergency Service District #7	416,775	100.00	416,775
Emergency Service District #8	-	100.00	-
Emergency Service District #9	40,624	100.00	40,624
Emergency Service District #10	966,936	100.00	966,936
Emergency Service District #11	131,166	100.00	131,166
Emergency Service District #12	70,831	100.00	70,831
Emergency Service District #14	-	100.00	-
Total Special Districts	608,249,333		438,510,450

\* 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, 2004**

**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	52,340,000	100.00	52,340,000
Magnolia	60,352	100.00	60,352
Montgomery	60,351	100.00	60,351
Oak Ridge North	6,530,000	100.00	6,530,000
Panorama Village	1,105,000	100.00	1,105,000
Shenandoah Village	5,415,000	100.00	5,415,000
Splendora	2,295,000	100.00	2,295,000
Willis	4,750,000	100.00	4,750,000
Woodbranch Village	434,000	100.00	434,000
Woodloch	253,739	100.00	253,739
Houston (County Line City)	1,606,853,564	0.01	160,685
Total Cities	<u>1,680,097,006</u>		<u>73,404,127</u>
School Districts			
Cleveland I.S.D.	47,055,903	1.77	832,889
Conroe I.S.D.	435,682,880	100.00	435,682,880
Magnolia I.S.D.	98,794,958	100.00	98,794,958
Montgomery I.S.D.	46,491,312	100.00	46,491,312
New Caney I.S.D.	79,258,000	100.00	79,258,000
Splendora I.S.D.	24,934,996	100.00	24,934,996
Tomball I.S.D.	135,060,000	10.40	14,046,240
Willis I.S.D.	4,530,000	97.36	4,410,408
Total School Districts	<u>871,808,049</u>		<u>704,451,683</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u>\$ 3,319,784,909</u>		 <u>\$ 1,375,996,782</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<sup>(1)</sup></u>	<u>Ratio of Debt Service to Total General Expenditures</u>
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
2004	3,461,279	8,821,279	12,282,558	127,815,283	9.6

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



**MONTGOMERY COUNTY, TEXAS**

**Demographic Statistics**

**Last Ten Fiscal Years**

**TABLE XII**

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>School Enrollment<sup>(2)</sup></b>	<b>School Average Daily Attendance<sup>(2)</sup></b>	<b>Unemployment Rate<sup>(3)</sup></b>
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
2004	360,419	80,364	74,120	4.7

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<sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	Property Value <sup>(2)</sup>			
	Commercial	Residential	Other <sup>(5)</sup>	Total
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
2004	2,049,837	11,607,173	1,723,053	15,380,063

(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 <sup>(3)</sup>		Residential Construction <sup>(3)</sup>		Bank Deposits	
Number of Units	Value	Number of Units	Value		
179	\$ 61,863	2,645	\$ 255,858	\$ 888,948	<sup>(4)</sup>
248	67,209	3,967	389,573	1,073,543	<sup>(4)</sup>
273	85,628	3,745	411,856	1,832,154	<sup>(4)</sup>
491	159,956	4,902	580,483	1,263,421	<sup>(4)</sup>
376	66,170	3,925	440,938	875,037	<sup>(4)</sup>
395	920,414	3,209	483,754	1,706,780	<sup>(4)</sup>
373	194,996	3,419	501,635	2,682,819	<sup>(6)</sup>
495	207,333	4,252	610,797	2,146,243	<sup>(6)</sup>
437	508,691	5,132	774,983	2,861,000	<sup>(6)</sup>
507	242,667	6,062	906,083	3,092,000	<sup>(6)</sup>

**MONTGOMERY COUNTY, TEXAS**

**Principal Taxpayers**

**September 30, 2004**

**TABLE XIV**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation<sup>(1)</sup></u>	<u>Percentage of Total Assessed Valuation<sup>(2)</sup></u>
The Woodlands Companies	Land Development	\$ 153,049,220	0.87 %
Gulf States Utilities Company	Electric Utility	152,035,275	0.86
Wal-Mart Stores, Inc.	Retail	150,590,673	0.86
Columbia Regional Medical Center/ Kingwood Medical Plaza	Medical	126,555,009	0.72
TXU Communications Telephone	Telephone Utility	90,319,000	0.51
Eckerd Drugs	Retail	64,542,849	0.37
Huntsman Petrochemical Corp.	Industrial	60,086,358	0.34
SBC Communications Inc.	Telephone Utility	51,902,790	0.30
The Woodlands Mall Association	Retail	50,995,710	0.29
SSR WM Texas LP	Property Mgmt	40,217,890	0.23
		<u>\$ 940,294,774</u>	<u>5.35 %</u>

(1) Source: Montgomery Central Appraisal District

(2) Source: Net Assessed Valuation \$17,592,455,375

**MONTGOMERY COUNTY, TEXAS**

**Miscellaneous Statistics**

**September 30, 2004**

**TABLE XV**

Date of Organization	1837
Form of Government	County Commissioners' Court
Area (in square miles)	1,090
Miles of County Roads	2,319
Number of Bridges	144
Recreation and Culture:	
Number of Parks	11
Number of Libraries	6
Volumes in Library Collections	478,205
Employees:	
Elected Officials	31
Other	1,695

