

MONTGOMERY COUNTY TEXAS

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
September 30, 2008**

MONTGOMERY COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008

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

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INTRODUCTORY SECTION



Montgomery County, Texas
Office of the County Auditor
301 North Thompson, Suite 202, Conroe, Texas 77301
P. O. Box 539, Conroe, Texas 77305

Phyllis L. Martin
County Auditor

Peggie Rushing
1st Assistant County Auditor

March 23, 2009

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, 2008, 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 114.025 and Chapter 115.045 of the Local Government Code.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To provide a reasonable basis for making this representation, Montgomery County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the county's financial statements in conformity with 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, 2008 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, 2008 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 Lone Star College System offers both 2- and 4-year degree plans in partnership with several universities throughout the state. Scenic Lake Conroe sits among some 1,090 square miles of rolling hills and grassy meadows to create an atmosphere of rural America nestled securely beside its urban neighbors.

The County operates as specified under the Constitution of The State of Texas, and in accordance with the provisions of the State Statutes of Texas, which provide for a Commissioners' Court consisting of the County Judge 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, 2008 the reported population was 430,768. This 47% growth in nine 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 Funds are included in the annual appropriated budget. Budget to actual comparisons are provided in this report for all funds for which an annual appropriated budget is adopted. According to the budget laws of the State of Texas, expenditures may not exceed the amount appropriated for each fund. The County Auditor is responsible for compiling and presenting a budget to Commissioners' Court for their consideration and approval, adhering to a calendar established by the statutes of the State of Texas. In keeping with those statutes, the ad valorem tax levy cannot be established until the budget is adopted. In Montgomery County, the budget is adopted by September 1 of each year. Once adopted, the budget is enforced by the County Auditor, as provided by statute.

Factors Affecting Financial Condition

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

Local economy- The County's economy has historically been based on mineral production (oil, gas, sand, and gravel), agriculture (horses, cattle, greenhouse nurseries), 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. 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.

Long-term financial planning- The Commissioners' Court continues to be very active in infrastructure development, specifically road improvements, to help insure economic growth. In the second half of calendar year 2005, the County executed an agreement with the Texas Department of Transportation that is facilitating the improvement of five separate state-owned roads. This "pass-thru toll" agreement provides for the County to pledge local funds to improve these roads, with a partial reimbursement from highway funds at a later date. The County pledged \$100 million of the Series 2006 \$160 million voter-approved road bonds, as well as an additional \$88 million of future bonds to leverage the federal funds for the projects in the hopes of gaining an estimated \$232 million in improvements for the citizens of Montgomery County.

As part of this future planning, the Commissioners' Court created the Montgomery County Toll Road Authority ("MCTRA") in August 2006. The MCTRA will be charged with the task of collecting tolls from vehicles traveling on that portion of State Highway 242 which connects with Interstate 45 in southern Montgomery County. This project will improve one of the specific roads listed in the agreement with the Texas Department of Transportation, and is expected to be completed in early 2010. Revenues generated by the authority are anticipated to be used to either retire a portion of the debt related to the construction or to fund future improvements.

Recognizing the immediate as well as future need for more bed space in the county jail, Commissioners' Court created the Jail Financing Corporation in September 2006. The primary purpose of the new entity was to raise the funds necessary to construct a 1,100-bed detention facility adjacent to the existing jail. The Corporation issued \$45 million in lease-revenue bonds during 2007, and construction has been completed. The facility is being leased to the County by the Corporation to initially house federal inmates under the terms of an intergovernmental agreement (IGA) with the federal government. Revenues received from housing the federal inmates are, in turn, being used to retire the outstanding bonds. The County has freed additional bed space by transferring federal inmates from the existing jail to the new facility.

In an effort to combat the increasing inflationary cost on medical claims and to control utilization of plan benefits by participants, the County will open an employee/retiree health clinic, which will allow the County to pay for minor medical services at substantially reduced pricing. The clinic will also be modeled to offer Health Risk Assessments (HRA) which will allow for identification and education for the prevention of medical conditions by the employee/retiree population. With proper maintenance of certain medical conditions, the employer sponsored medical plan will be less apt to incur large claims.

In addition to traditional medical claims, the Clinic will offer immediate medical services for Workers Compensation injuries. A large percentage of workers compensation claims could be resolved at the clinic and the employee would be released to back to work. This method of service would allow for a reduction of workers compensation claim cost and workers compensation indemnity payments for the County.

If all components of the medical clinic are implemented, including a pharmacy, the County should achieve substantial savings now and in the future.

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 sixth 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, 2007. This was the twentieth 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 also wish to commend the members of the Commissioners' Court for conducting the financial operations of Montgomery County in a responsible manner, while meeting the increasing demands for public service.

Respectfully submitted,

Phyllis L. Martin
Montgomery County Auditor

/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, 2007

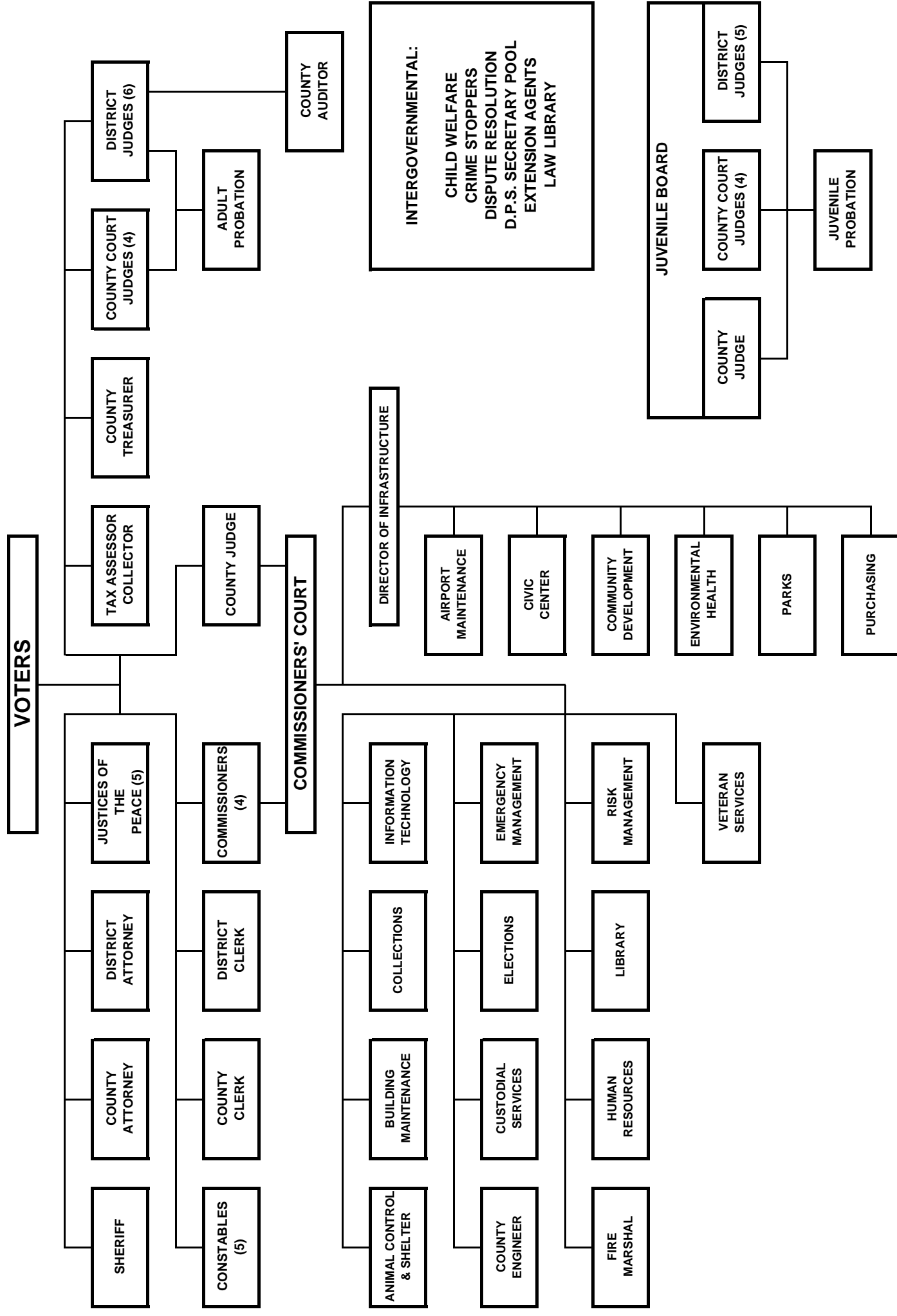
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

MONTGOMERY COUNTY, TEXAS ORGANIZATION CHART



MONTGOMERY COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2008

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
Cara Wood
Kathleen Hamilton
K. Michael Mayes
Michael T. Seiler
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
Judge, 435th Judicial District
District Attorney
District Clerk

COUNTY COURT AT LAW:

Dennis Watson
Luther J. Winfree
Patrice McDonald
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
Matthew Masden

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

LAW ENFORCEMENT:

Tommy Gage
Donnie O. Chumley
Gene DeForest
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
Phyllis L. Martin
Carolyn Hooper

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

* Designates appointed official. All others are elected.



FINANCIAL SECTION



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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Conroe, Texas 77305

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American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
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INDEPENDENT AUDITORS' 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, 2008, 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, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Major Special Revenue Funds 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered 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 and schedules, 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 and schedules, additional supplementary information, and schedules of capital assets used in the operation of governmental funds as listed in the table of contents 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

March 18, 2009

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, 2008. 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 \$345,753,360 (net assets). Of this amount, \$7,656,130 is restricted for specific purposes. With the presentation of the investment in capital assets, unrestricted net assets becomes a negative \$61,641,311. 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 \$261,537,623 and expenses were \$232,751,031. Rapid growth in the county brought about uncommon infrastructure contributions, adding to an increase in net assets of \$28,786,592.
- At September 30, 2008, the County's governmental funds reported combined ending fund balances of \$162,094,633, an increase of \$13,471,268 in comparison with the prior year. From the ending fund balance, \$114,640,573 is reserved for specific purposes. Approximately 29% of the ending balance, \$47,454,060, is available for spending at the government's discretion.
- At September 30, 2008, unreserved, undesignated fund balance for the General Fund was \$25,332,415, or 19.6% of total General Fund expenditures.
- The County's total net bonded debt increased by \$74,546,835 (22.7%) during the current fiscal year. This increase was brought about by the issuance of \$46,835,000 in general obligation bonds, \$9,855,000 in refunding bonds and \$33,050,000 in certificates of obligation. The refunding issue contributed to an increase of outstanding general obligation bonds by \$1,760,308, while instrumentally affecting a decrease in outstanding certificates of obligation by \$4,455,000.

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 disbursed. These statements include capital assets of the County (including infrastructure added since implementing GASB 34 in fiscal year 2003 and the portion of GASB 34 as it pertains to retroactive infrastructure reporting) as well as all liabilities (including long-term debt). Additionally,

certain eliminations have occurred as prescribed by GASB 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, 2008. 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.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of a legally separate component unit: the Montgomery County Jail Financing Corporation. The County Commissioners' Court acts as the Board of Directors for the component unit whose activities are blended with those of the primary government because they function as part of the County government.

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 33 individual governmental funds during the fiscal year ended September 30, 2008. 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 Capital Projects Road Bonds Series 2006B Fund, and the Capital Projects Road Bonds Series 2008B 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 43-66 of this report.

Additional supplementary information is comprised of the General Fund final budget versus actual at the department level. This comparative data can be found on pages 68-80 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 a single column 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 82-131 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 \$345,753,360 at September 30, 2008, as shown in the table below. This amount represents an increase through governmental activities of \$28,786,592 from the net assets at September 30, 2007.

Montgomery County, Texas		
Net Assets - Governmental Activities		
	FY 2008	FY 2007
Current and other assets	\$ 230,963,963	\$ 205,233,607
Capital assets	590,403,599	487,246,734
Total assets	821,367,562	692,480,341
Long-term liabilities outstanding	439,396,902	347,275,198
Other liabilities	36,217,300	28,238,375
Total liabilities	475,614,202	375,513,573
Net assets:		
Invested in capital assets, net of related debt	399,738,541	368,993,046
Restricted	7,656,130	7,070,714
Unrestricted	(61,641,311)	(59,096,992)
Total net assets	\$ 345,753,360	\$ 316,966,768

The County's total assets of \$821,367,562 are largely comprised of investments of \$165,318,997, or 20.2%, and capital assets net of accumulated depreciation of \$590,403,599, or 71.9%. 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 \$439,396,902 comprises the largest portion of the County's total liabilities of \$475,614,202, at 92.4%. Of total long-term liabilities, \$13,003,414 is due within one year, with the remainder of \$426,393,488 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 exceeded its liabilities by \$345,753,360 (net assets) on September 30, 2008. Roughly 2.3%, or \$7,656,130, 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, \$38,463 is restricted for capital projects and \$7,617,667 is restricted for debt service of compensated absences and arbitrage rebate. The most significant portion (\$399,738,541) of the County's net assets reflects its investment in capital assets, net of related debt. Although unrestricted net assets is negative for government-wide net assets, it should be noted that the County's fund financial statements continue to reflect positive unreserved fund balances.

Montgomery County's governmental activities increased net assets by \$28,786,592. The key components of this increase are as follows:

**Montgomery County, Texas
Governmental Activities**

	<u>FY 2008</u>	<u>FY 2007</u>
Revenues:		
<i>Program revenues:</i>		
Fees, fines, forfeitures, and charges for services	\$ 45,404,012	\$ 42,109,442
Federal grants and contributions	18,752,348	11,964,706
State grants and contributions	4,485,971	2,761,919
Other grants and contributions	52,567,749	58,884,598
<i>General revenues:</i>		
Property taxes	131,600,844	115,740,129
Other taxes	1,610,605	1,381,764
Other general revenues	7,116,094	8,862,425
Total revenues	<u>261,537,623</u>	<u>241,704,983</u>
Expenses:		
General administration	16,822,168	11,780,620
Judicial	15,894,641	17,042,393
Legal services	2,445,787	2,233,072
Elections	1,947,963	1,466,229
Financial administration	5,088,713	4,981,536
Public facilities	19,887,748	20,208,449
Public safety	51,558,472	44,725,170
Health and welfare	16,301,079	7,637,646
Culture and recreation	8,697,389	8,460,806
Conservation	825,476	760,370
Public transportation	76,212,732	69,455,834
Miscellaneous	1,070,696	2,846,822
Debt service interest and fiscal charges	15,998,167	11,701,725
Total expenses	<u>232,751,031</u>	<u>203,300,672</u>
Change in net assets	28,786,592	38,404,311
Net assets - beginning	<u>316,966,768</u>	<u>278,562,457</u>
Net assets - ending	<u>\$ 345,753,360</u>	<u>\$ 316,966,768</u>

The County's total revenues of \$261,537,623 were all from governmental activities. Property tax revenue accounts for \$131,600,844, or 50.3%; program revenues of fees, fines, forfeitures, and charges for services comprise \$45,404,012, or 17.4%; and grants and contributions encompass \$75,806,068, or 29.0% of total government-wide revenues.

Expenses for the year totaled \$232,751,031. The public transportation function accounted for \$76,212,732, or 32.8% of this total. The increase in spending in the public transportation function continues to be due to the several large road construction projects the County has undertaken. These projects are primarily for the widening and improvement of State-owned roads, creating inflated expenditures in the public transportation function, with no offsetting asset capitalization. The public safety (\$51,558,472), public facilities (\$19,887,748), and general administration (\$16,822,168) functions represent 22.2%, 8.6%, and 7.2% of total government-wide expenses, respectively. These three functions show marked interdependent increases. Expenses of the County jail and law enforcement agencies are reported in the public facilities and public safety functions, respectively. These two functions operate with the clerks of the court (County and District), which are housed in the general administration function.

The government's ending net assets of \$345,753,360 represent an increase of \$28,786,592 from the prior year's \$316,966,768 in net assets. The County's change in net assets is summarized by the following chart:

Montgomery County, Texas
Change in Net Assets

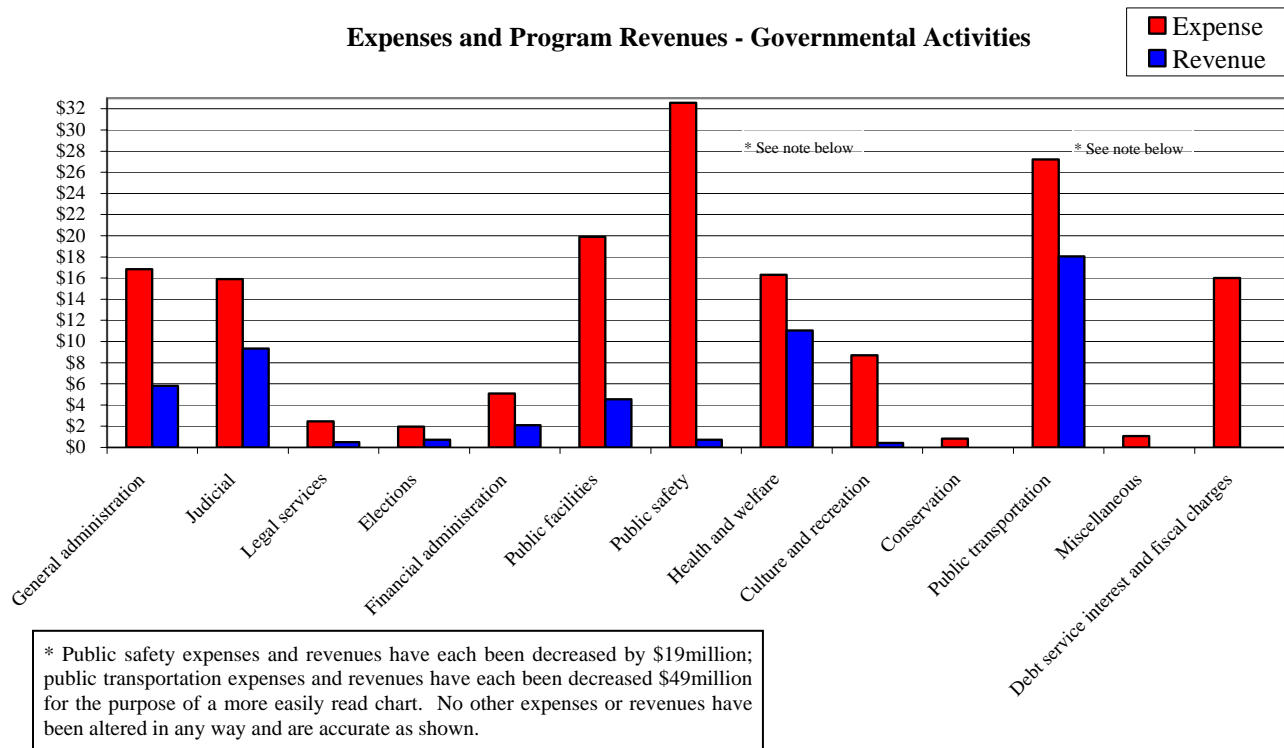
	<u>FY 2008</u>	<u>FY 2007</u>
<i>Governmental funds activity:</i>		
Total revenues	\$ 208,706,577	\$ 183,339,792
Total expenditures	<u>293,231,315</u>	<u>233,438,076</u>
Excess (Deficiency) of revenues over expenditures	(84,524,738)	(50,098,284)
Capital lease financing	16,599,021	3,953,897
Issuance of certificates of obligation	33,050,000	-
Issuance of general obligation bonds	56,690,000	86,329,989
Payment to refunded bond escrow agent	(10,211,444)	(41,706,307)
Premiums on obligations, net	<u>1,868,429</u>	<u>820,247</u>
Net change in fund balance	13,471,268	(700,458)
<i>Government-wide activity:</i>		
Difference between current year's capital outlay expenditures and depreciation expense	52,373,421	20,155,851
Net effect of capital asset sales, donations, trade-ins, etc.	50,783,445	57,517,135
Revenues not reported in funds because they do not provide current-period financial resources	2,047,598	848,056
Long-term debt not reported in funds because it does not affect the current period	(87,864,370)	(37,805,657)
Expenses not reported in the funds because they do not use current-period financial resources	<u>(2,024,770)</u>	<u>(1,610,616)</u>
Total change in net assets	<u>\$ 28,786,592</u>	<u>\$ 38,404,311</u>

This change in net assets begins with the current year's differences between governmental revenues and expenditures (\$84,524,738), along with other financing sources and uses (\$97,996,006). 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 (\$103,156,866) also affect 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 (\$22,828). 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 (\$87,864,370). During the fiscal year, the County issued new debt and paid off a portion of its existing 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, there is an increase in net assets of \$28,786,592. Additionally, the increase of \$9,870,269 in the combined fund balance of Montgomery County's two major operating funds would indicate an improvement in overall financial position. However, total operating fund balance is neither where management desires nor 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 between 20 and 25 percent of annual operating costs.

The following chart depicts expenses and program revenues for the fiscal year ending September 30, 2008 for governmental activities.

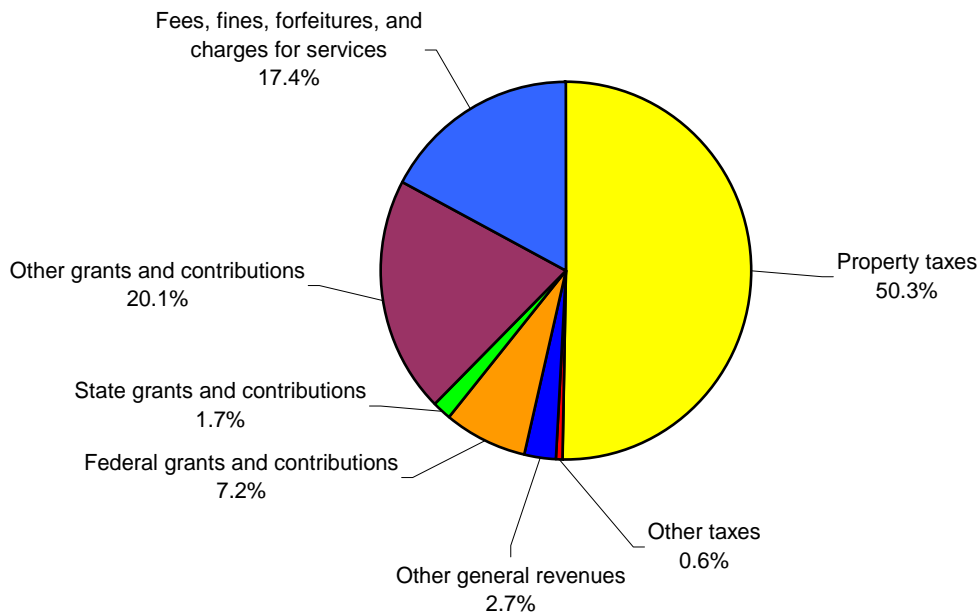


Key elements of the analysis of government-wide program revenues and expenses as they relate to each function reflect the following:

- Program revenues of \$121,210,080 are comprised in large part (55.3%) of public transportation's revenues of \$67,035,732 and public safety's revenues of \$19,715,813 (16.3%). The health and welfare function comprises 9.1% of program revenues with \$11,049,260, the judicial function makes up 7.7% of program revenues with \$9,342,159 and, the general administration function covers 4.8% of program revenues with \$5,799,253. The expenses of these functions account for 32.7%, 22.20%, 4.0%, 6.8%, and 7.3%, respectively. As expected, general revenues provided the required support and coverage in areas where expenses exceeded revenues.
- The public transportation function experienced an increase in expenses of \$6,756,898 while realizing a decrease in revenues of \$5,079,162. 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, because they are not owned by the County, cannot be shown as capital assets in the government-wide analysis; this creates a large expense, with no corresponding asset.
- On September 13, 2008, Hurricane Ike slammed into the Houston metropolitan area, leaving a wide swathe of destruction in its wake. After a Presidentially-declared disaster, the Federal Emergency Management Agency (FEMA) moved into the area to provide cleanup and debris removal assistance. During a long and difficult recovery hampered by power outages, the County provided assistance to citizens at many levels. The public safety, public facilities, general administration, public transportation and health and welfare functions experienced increased expenses while coping with an influx of citizens and officials. The County provided varied services such as debris removal and disposal, staging areas for utility companies to coordinate restoration of power to homes and businesses and housing of FEMA officials.

The following chart depicts revenues of the governmental activities for the fiscal year ended September 30, 2008.

Revenues by Source - Governmental Activities



GOVERNMENTAL FUND FINANCIAL ANALYSIS

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

Governmental funds are a means of providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Montgomery County's financing requirements. In particular, unreserved, undesignated 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, 2008, the County's governmental funds reported combined ending unreserved, undesignated fund balances of \$47,153,272, an increase of \$28,354,859 in comparison with the prior year. This unreserved, undesignated fund balance is available for spending at the County's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed. These commitments can be to fund capital projects (\$109,016,095), pay debt service (\$4,561,190), reflect inventories (\$67,641), and reflect prepaid items (\$995,647). Commitments also come in the form of designations that will fund encumbrances from the prior year (\$300,788). On September 30, 2008, the total fund balance of the General Fund (the chief operating fund of the County) was \$25,847,632. Of that amount, \$25,332,415 was available for spending at the County's discretion, \$289,129 was designated for encumbrances, and \$226,088 was reserved for prepaid items.

Total assets in the General Fund amounted to \$62,874,678, accounting for 27.4% of total governmental fund assets. The total assets of other major funds include Road and Bridge Special Revenue Fund (\$7,825,701), Capital Projects Road Bonds Series 2006B Fund (\$25,738,010), and Capital Projects Road

Bonds Series 2008B Fund (\$34,932,888). Together, all major funds account for \$131,371,248 (57.3%) of the County's \$229,345,175 in total assets.

The fund balance of the County's General Fund grew by \$5,084,572 during the current fiscal year. Key factors in this growth are as follows:

- The Commissioners' Court, as part of long-range planning, budgeted a \$2,000,000 fund balance increase.
- An increase in the appraised value of real and personal property boosted ad valorem tax revenues \$11,971,628.
- The County has multiple contracts with outside entities for security services through the offices of the Sheriff and the Constables. Increases in the number of contracts generated larger than expected reimbursements from these organizations, resulting in an increase to contract reimbursements of \$731,399 over the past year.

The Road and Bridge Special Revenue Fund has a total fund balance of \$6,006,863 which is reported as \$67,641 reserved for inventory, \$3,202 designated for encumbrances and \$5,935,863 unreserved, undesignated. The unreserved, undesignated portion of the fund balance increased \$5,540,350 during the current year due to focus by the Commissioners for various capital projects funds to help finance road construction contracts that were paid through the capital projects funds. Additionally, permitting difficulties for utility relocation involved with the building of a precinct barn necessitated the delay of its construction.

The Capital Projects Road Bonds Series 2006B Fund has a fund balance of \$21,573,561 at the end of the fiscal year. The decrease of \$18,535,175 is due to the swift progress in road construction projects throughout the County.

At year end, the \$33,736,679 fund balance of the Capital Projects Road Bonds Series 2006B was reserved for capital projects to illustrate the County's commitment to rapid road expansion and its pioneering implementation of the State of Texas "pass-through toll" program.

GENERAL FUND BUDGETARY HIGHLIGHTS

The published budget of Montgomery County for the fiscal 2008 was prepared on a modified accrual basis, and includes all elements required by Texas Local Government Code Section 111.063, applicable to counties of population more than 125,000 that have appointed a County Budget Officer. The original adopted budget of the General Fund includes revenues of \$120,771,453 and expenditures of \$108,496,003. The General Fund's final budget, as amended, contains revenues of \$136,861,463 and expenditures of \$148,262,777.

The following table presents the changes between the original adopted budget and the final budget for the General Fund as of September 30, 2008.

**General Fund
Budget Variances
Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Original Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 97,679,584	\$ 98,470,862	\$ 791,278
Licenses and Permits	1,342,015	1,393,108	51,093
Fees	12,004,306	11,846,368	(157,938)
Intergovernmental	683,896	7,879,050	7,195,154
Charges for Services	255,000	437,704	182,704
Interest	1,340,750	1,392,950	52,200
Contract Reimbursements	5,556,002	10,794,861	5,238,859
Inmate Housing	1,200,000	3,542,602	2,342,602
Fines and Forfeitures	73,500	73,500	-
Miscellaneous	636,400	1,030,458	394,058
Total Revenues	<u>120,771,453</u>	<u>136,861,463</u>	<u>16,090,010</u>
Expenditures:			
General Administration	15,325,670	17,758,987	(2,443,317)
Judicial	12,149,494	12,467,487	(317,993)
Legal Services	1,779,377	2,086,222	(306,845)
Elections	1,351,519	1,862,664	(511,145)
Financial Administration	5,573,006	5,680,038	(107,032)
Public Facilities	22,992,398	26,548,614	(3,556,216)
Public Safety	39,750,735	68,924,001	(29,173,266)
Health and Welfare	3,998,600	6,435,672	(2,437,072)
Conservation	461,065	501,487	(40,422)
Miscellaneous	5,114,139	5,997,605	(883,466)
Total Expenditures	<u>108,496,003</u>	<u>148,262,777</u>	<u>(39,766,774)</u>
Excess Revenues Over Expenditures	<u>12,275,450</u>	<u>(11,401,314)</u>	<u>(23,676,764)</u>
Other Financing Sources/(Uses):			
Transfers In	-	1,032,407	1,032,407
Transfers Out	-	(1,920,487)	(1,920,487)
Capital Lease Financing	-	16,515,427	16,515,427
Total Other Financing Sources/(Uses)	<u>-</u>	<u>15,627,347</u>	<u>15,627,347</u>
Net Change in Fund Balances	<u>12,275,450</u>	<u>4,226,033</u>	<u>(8,049,417)</u>
Fund Balance - Beginning	<u>20,763,060</u>	<u>20,763,060</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 33,038,510</u>	<u>\$ 24,989,093</u>	<u>\$ (8,049,417)</u>

Final budgeted revenues were higher than originally planned by \$16,090,010. The final amended budget for taxes increased \$791,278 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 contained \$7,195,154 more in the final budget than in the original budget. This increase is largely due to the anticipated receipt of several large federal and state grants during the year that were not foreseen at the time the original budget was adopted. The final budget for contract reimbursements was \$5,238,859 more than the original budget. The increase in the anticipated revenue was primarily due to a \$4,844,630 budgeted contract reimbursement for the Community Supervision and Corrections Department's salary and fringe benefits. 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. An increase of \$2,342,602 in the final budget for inmate housing was due to the Joe Corley Detention Facility opening earlier and at a higher capacity, allowing for more federal inmates to be housed at the facility.

The originally unanticipated revenue partially offset the expenditure differences of \$39,766,774 between the original budget and the final amended budget. The general administration function had a final expenditure budget that is \$2,433,317 higher than the original budget. This increase was 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.

The public facilities function had a final budget \$3,556,216 higher than the original budget. As discussed earlier, the Joe Corley Detention Facility opened earlier than anticipated, resulting in a need to budget additional operating expenses.

Funds that were originally scheduled in prior fiscal years were not included in the original budget for fiscal year 2008. 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, elections, public facilities, health and welfare, public safety, and miscellaneous functions.

A \$29,173,266 increase in the final budget over the original budget for expenditures in the public safety function was the result of several factors, including encumbrance carryovers as mentioned above. 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 original, adopted 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. 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.

During the fiscal year, the County entered into a contract with Motorola, Incorporated to provide infrastructure and subscriber equipment (Montgomery County Radio System). This radio system is part of a Regional Radio System that incorporates Galveston, Harris, Fort Bend, Brazoria, Walker, Wharton, Matagorda, Liberty and Montgomery Counties and provides interoperable communication between all of these agencies with more than 38,000 users. Five Radio Consoles were purchased and are housed in the Communication Division of the Sheriff's Office and include computer and radio equipment. As part of the contract with Motorola, Incorporated, Montgomery County purchased P25 compliant digital radios for the County and other law enforcement agencies in the County.

The health and welfare function had final budgeted expenditures \$2,437,072 higher than the original budget for expenditures. This function includes two grants that are managed by the University of Texas Medical Branch for the County. Both grants are pass-through in nature, ultimately resulting in a corresponding revenue for the expense incurred. To prevent any increase in taxes for the constituents of the County for this grant-funded cost, the expense is not budgeted until the revenue is budgeted, which was after the original budget process.

The increase of expenditures in the final amended budget over the original budget that was not covered by the revenues' increase was reported as a decrease in the final amended budgeted net change in fund balances. This amount was reduced by \$8,049,417.

The following table presents the differences between the final amended budget and actual expenditures for the General Fund as of September 30, 2008.

General Fund Budget Variances Year Ended September 30, 2008			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 98,470,862	\$ 98,955,742	\$ 484,880
Licenses and Permits	1,393,108	1,375,221	(17,887)
Fees	11,846,368	13,376,504	1,530,136
Intergovernmental	7,879,050	5,533,821	(2,345,229)
Charges for Services	437,704	449,802	12,098
Interest	1,392,950	2,149,826	756,876
Contract Reimbursements	10,794,861	10,968,433	173,572
Inmate Housing	3,542,602	3,566,886	24,284
Fines and Forfeitures	73,500	125,152	51,652
Miscellaneous	1,030,458	1,390,327	359,869
Total Revenues	136,861,463	137,891,714	1,030,251
Expenditures:			
General Administration	17,758,987	12,905,900	4,853,087
Judicial	12,467,487	12,020,750	446,737
Legal Services	2,086,222	1,985,918	100,304
Elections	1,862,664	1,606,046	256,618
Financial Administration	5,680,038	5,251,827	428,211
Public Facilities	26,548,614	25,448,843	1,099,771
Public Safety	68,924,001	61,944,932	6,979,069
Health and Welfare	6,435,672	6,369,418	66,254
Conservation	501,487	481,849	19,638
Miscellaneous	5,997,605	1,070,696	4,926,909
Total Expenditures	148,262,777	129,086,179	19,176,598
Excess Revenues Over Expenditures	(11,401,314)	8,805,535	20,206,849
Other Financing Sources/(Uses):			
Transfers In	1,032,407	1,032,407	-
Transfers Out	(1,920,487)	(17,281,134)	(15,360,647)
Capital Lease Financing	16,515,427	16,515,427	-
Total Other Financing Sources/(Uses)	15,627,347	266,700	(15,360,647)
Net Change in Fund Balances	4,226,033	9,072,235	4,846,202
Fund Balance - Beginning	20,763,060	20,763,060	-
Change in Accounting Principle	-	(3,987,663)	(3,987,663)
Fund Balance - Ending	\$ 24,989,093	\$ 25,847,932	\$ 858,539

Actual revenues exceeded budgeted revenues by \$1,030,251. Fee increases approved by the state legislature comprise a share of the increase (\$1,530,136) and serve to offset the shortfall in intergovernmental revenues. The County's policy for multiple year grants is to budget the entire grant in the year in which it is received. In the case of Homeland Security grants, which span multiple County fiscal years, \$2,695,385 was budgeted, of which \$891,643 was spent during the fiscal year.

Actual expenditures were \$19,176,598 lower than final budgeted expenditures. The general administration function contributed \$4,853,087 toward that amount. The risk management department of the County is charged with recording costs of various liability and property claims and settlements.

During the fiscal year, costs of those claims were significantly lower than had been anticipated at the time of the budget process.

The public facilities function had expenditures that were \$1,099,771 less than was approved in the final amended budget. The early opening of the new Joe Corley Detention Facility to house federal inmates freed bed space at the County's own Jail and allowed for cost savings.

All departments in the public safety function of the General Fund expended less than was approved in the final amended budget by \$6,979,069. The difference is primarily due to the Sheriff's department experiencing difficulty in retaining qualified staff. In fiscal year 2009 the Sheriff's department implemented a structured salary plan to attract and retain qualified staff. In addition, grants that span multiple County fiscal years or are awarded late in the fiscal year contain monies that are spent in subsequent years.

The miscellaneous function showed actual expenditures less than the final budget by \$4,926,909. As discussed in the original to final budget comparisons, this was due in large part to the funding of anticipated salary increases. At the time an increase is approved, the funds are transferred to the appropriate department or function. Therefore, actual expenditures in the miscellaneous function were far less than originally budgeted.

The actual net change in fund balance was \$4,846,202 greater than anticipated with the final budget. This is the result of both an increase in actual revenues and a reduction in actual expenditures that included sufficient amounts to cover transfers to other funds. The Jury Special Revenue Fund and the Memorial Library Special Revenue Fund each received \$7,269,478 and \$7,125,000 more than shown in the final budget. In all 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. These funds are not expected in any year to provide enough revenues to adequately fund their 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, 2008 amounted to \$590,403,599 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure that was purchased, completed or donated since the fiscal year ending September 30, 1981, and construction in progress.

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

- Additions to land totaled \$1,712,285 and included a purchase of land for the Spring Creek Greenway.
- Purchases in the buildings category of \$39,615,766 included a building that will be remodeled in the future to accommodate County growth.
- Vehicles, vehicle modifications, and other various equipment items were purchased at a cost of \$19,513,726. To support the County's commitment to law enforcement, 1,556 radios were purchased at a cost of \$14,263,857.
- 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 2008 amounted to \$17,989,738.

- Montgomery County is the 25th fastest growing county in the United States¹. This brisk growth brings with it a need for vast improvements to a rural infrastructure system. Development frequently comes with donations in the form of roads. Infrastructure donations for the year totaled \$51,217,202.
- Projects that were capitalized from ongoing construction throughout the year, including a detention facility, totaled \$44,492,871. Additional expenditures of \$52,454,254 were incurred for construction that was in progress throughout the year.
- Increases in assets were offset by depreciation expense of \$42,415,613.

Montgomery County, Texas
Capital Assets
(net of depreciation)
September 30, 2008
with Comparative Totals for September 30, 2007

	Value of Capital Asset Net of Accumulated Depreciation		Increase (Decrease)
	FY 2008	FY 2007	
Land	\$ 11,891,395	\$ 10,179,111	\$ 1,712,284
Buildings	121,968,821	84,902,379	37,066,442
Improvements	8,939,070	4,895,280	4,043,790
Equipment	30,915,808	17,308,832	13,606,976
Infrastructure	392,947,448	354,181,457	38,765,991
Construction in Progress	23,741,057	15,779,675	7,961,382
Total	<u>\$590,403,599</u>	<u>\$ 487,246,734</u>	<u>\$ 103,156,865</u>

In a continued effort to improve services to citizens, the County purchased radios, at a cost of \$14,263,857, in order to implement an interoperability agreement with various law enforcement agencies in the County. The County is in the process of constructing a new building for Justice of the Peace, Precinct 2 in the central part of the County. By September 30, 2008, \$1,580,800 had been spent on the new Justice of the Peace building.

Efforts to assist constituents in obtaining services and the County's obligation to provide those services in a rapidly growing county come with many challenges. In 2008, the Commissioner's Court has met some of those challenges by beginning construction on a new administration building and an accompanying parking garage. The new administration building will house the Commissioner's Court Room and County Judge's offices as well as various general administration and financial administration offices. The new administration building will also house Montgomery County Community Development, the County Engineer and Environmental Health. By September 30, 2008, \$7,352,802 had been spent and the building and parking garage are scheduled for completion late in fiscal year 2009.

The County has committed to multiple road construction projects in fiscal year 2008. In 2005, the voters of Montgomery County approved \$160,000,000 in road bonds to fund road improvements throughout the county. The bonds will be issued in phases to fund road construction as the need arises. The remainder of the authorized road bonds were issued in the second half of fiscal year 2008.

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

Long-Term Debt

At September 30, 2008, Montgomery County had total bonded debt outstanding of \$403,660,690 (inclusive of the accreted portion of various capital appreciation bonds). Commissioners' Court continues

¹ <http://www.census.gov>

to keep maturity dates confined to no more than 22 years. The County's underlying rating was upgraded by Standard and Poor's Corporation during current fiscal year to "AA".

The County issues three types of debt; general obligation bonds are approved by the voters of the County while lease-revenue bonds and certificates of obligation are approved by Commissioners' Court. Of the County's total debt, \$285,396,527 corresponds to general obligation debt, \$44,834,989 is in the form of lease revenue bonds and \$73,180,000 represents certificates of obligation. Montgomery County's total bonded debt had a net increase of \$74,546,835 during 2008. The following table represents the entire long-term debt of the County at September 30, 2008 on a comparative basis.

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

	FY 2008	FY 2007
General obligation bonds	\$ 285,396,527	\$ 234,277,478
Lease revenue bonds	44,834,989	44,834,989
Certificates of obligation	73,180,000	46,660,000
Accreted interest	249,174	3,341,388
Capital Leases	19,053,887	3,452,124
Premiums, net of discounts	9,064,658	7,715,713
Compensated absences	7,262,318	6,855,903
Arbitrage rebate	355,349	137,603
Total	<u>\$ 439,396,902</u>	<u>\$ 347,275,198</u>

Debt activity in 2008 included an issue of \$9,855,000 in refunding bonds. This issue refunded two series of general obligation and certificates of obligation and resulted in an economic gain of \$493,572. In addition, County issued \$33,050,000 in certificates of obligation and \$46,835,000 in general obligation bonds. The County retired \$7,690,955 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 that may be issued is limited to 25% of the assessed valuation of real property in the County. The current debt limitation for the County is \$5,517,355,611, which is significantly in excess of the County's outstanding debt obligation, despite the increases in debt issuance during 2008.

Additional information on Montgomery County's long-term debt can be found in Note 9 beginning on page 56 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the County is currently 4.7%², which is an increase from a rate of 3.9% a year ago. This compares favorably to the State's average unemployment rate of 5.2%³ and the national average rate of 6.2%⁴.
- Commissioners' Court approved allocating a 3% cost of living adjustment and a 3% merit increase in salary in fiscal year 2009.
- Increased demand for law enforcement services propelled Commissioners' Court to bring the annualized budget in the Sheriff's department to \$61,836,349 in fiscal year 2009.
- The estimated debt service obligation increased by \$2.2 million in fiscal year 2009 to \$23,022,850.

² The Work Source. <http://www.wrksolutions.com/employer/lmi/unemploymentrates/LAUSHISTORY.pdf>.

³ The Work Source. <http://www.wrksolutions.com/employer/lmi/unemploymentrates/LAUSHISTORY.pdf>.

⁴ U.S. Department of Labor, Bureau of Labor Statistics. <http://data.bls.gov/PDQ/servlet/SurveyOutputServlet>.

- 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, 2009.

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, 2008

EXHIBIT I

ASSETS:	<u>Governmental Activities</u>
Cash	\$ 9,894,470
Investments, at Fair Value	165,318,997
Cash, Restricted	818,701
Cash, Restricted for Retainage	1,456,266
Receivables:	
Taxes (net)	5,933,245
Accounts (net)	17,529,454
Accrued Interest	16,700
Due from Other Governments	13,570,556
Inventory, at Cost	67,641
Deferred Charges	15,362,286
Prepaid Items	995,647
Capital Assets, net of accumulated depreciation	
Land	11,891,395
Buildings	121,968,821
Improvements	8,939,070
Equipment	30,915,808
Infrastructure	392,947,448
Construction in Progress	23,741,057
Total Assets	<u>821,367,562</u>
LIABILITIES:	
Accounts Payable	28,344,077
Retainage Payable	2,477,566
Accrued Interest Payable	3,050,429
Due to Other Governments	1,240,933
Unearned Revenue	1,104,295
Noncurrent Liabilities:	
Due within one year	13,003,414
Due in more than one year	426,393,488
Total Liabilities	<u>475,614,202</u>
NET ASSETS:	
Invested in Capital Assets, net of related debt	399,738,541
Restricted for:	
Capital Projects	38,463
Debt Service	7,617,667
Unrestricted	(61,641,311)
Total Net Assets	<u><u>\$ 345,753,360</u></u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS**Statement of Activities****Year Ended September 30, 2008**

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	\$ 16,822,168	\$ 5,797,753	\$ -	\$ 1,500	\$ (11,022,915)
Judicial	15,894,641	8,712,572	629,587	-	(6,552,482)
Legal Services	2,445,787	483,018	-	-	(1,962,769)
Elections	1,947,963	2,081	698,910	2,266	(1,244,706)
Financial Administration	5,088,713	2,101,194	-	-	(2,987,519)
Public Facilities	19,887,748	4,548,064	-	6,367	(15,333,317)
Public Safety	51,558,472	14,255,517	4,491,912	968,384	(31,842,659)
Health and Welfare	16,301,079	1,495,403	9,281,939	271,918	(5,251,819)
Culture and Recreation	8,697,389	294,045	119,973	-	(8,283,371)
Conservation	825,476	-	11,945	-	(813,531)
Public Transportation	76,212,732	7,714,365	141,969	59,179,398	(9,177,000)
Miscellaneous	1,070,696	-	-	-	(1,070,696)
Debt Service Interest and					
Fiscal Charges	15,998,167	-	-	-	(15,998,167)
Total Governmental Activities	<u>\$232,751,031</u>	<u>\$45,404,012</u>	<u>\$15,376,235</u>	<u>\$ 60,429,833</u>	<u>(111,540,951)</u>
General Revenues:					
Property Taxes					131,600,844
Other Taxes					144,649
Mixed Beverage Taxes					1,146,155
Bingo Taxes					148,407
Vehicle Weight Tax					171,394
Insurance Reimbursements					199,183
Unrestricted Investment Earnings					5,680,817
Gain on Sale of Capital Assets					1,236,094
Total General Revenues					<u>140,327,543</u>
Change in Net Assets					28,786,592
Net Assets - Beginning					<u>316,966,768</u>
Net Assets - Ending					\$345,753,360

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2008

EXHIBIT III

	General	Road and Bridge
<u>ASSETS:</u>		
Cash	\$ 3,477,678	\$ 1,206,700
Investments, at Fair Value	43,253,298	4,048,553
Cash, Restricted	-	-
Cash, Restricted for Retainage	-	226,286
Receivables:		
Taxes (net)	4,398,410	579,782
Accounts (net)	2,733,807	34,234
Accrued Interest	-	-
Due from Other Funds	3,063,204	1,416,936
Due from Other Governments	5,722,164	245,569
Inventory, at Cost	-	67,641
Prepaid Items	226,088	-
<u>TOTAL ASSETS</u>	<u>\$ 62,874,649</u>	<u>\$ 7,825,701</u>
<u>LIABILITIES AND FUND BALANCES:</u>		
Liabilities:		
Accounts Payable	\$ 12,052,116	\$ 949,950
Retainage Payable	-	226,286
Due to Other Funds	19,150,347	47,995
Due to Other Governments	1,240,933	-
Deferred Revenue	4,583,621	594,764
Total liabilities	<u>37,027,017</u>	<u>1,818,995</u>
Fund Balances:		
Reserved for:		
Prepaid Items	226,088	-
Capital Projects	-	-
Inventory	-	67,641
Debt Service	-	-
Unreserved, designated for encumbrances, reported in :		
General Fund	289,129	-
Special Revenue Funds	-	3,202
Unreserved, undesignated, reported in:		
General Fund	25,332,415	-
Special Revenue Funds	-	5,935,863
Total Fund Balances	<u>25,847,632</u>	<u>6,006,706</u>
<u>TOTAL LIABILITIES AND</u>		
<u>FUND BALANCES</u>	<u>\$ 62,874,649</u>	<u>\$ 7,825,701</u>

See accompanying notes to the financial statements.

Road Bonds Series 2006B	Road Bonds Series 2008B	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 21,421	\$ 5,188,671	\$ 9,894,470
24,622,229	34,878,338	58,516,579	165,318,997
-	-	818,701	818,701
130	-	1,229,850	1,456,266
-	-	955,053	5,933,245
16,618	33,129	135,682	2,953,470
-	-	16,700	16,700
1,099,033	-	22,740,309	28,319,482
-	-	7,602,823	13,570,556
-	-	-	67,641
-	-	769,559	995,647
<u>\$ 25,738,010</u>	<u>\$ 34,932,888</u>	<u>\$ 97,973,927</u>	<u>\$ 229,345,175</u>
\$ 4,116,100	\$ 1,196,209	\$ 10,029,702	\$ 28,344,077
7,349	-	2,243,931	2,477,566
41,000	-	9,080,140	28,319,482
-	-	-	1,240,933
-	-	1,690,099	6,868,484
<u>4,164,449</u>	<u>1,196,209</u>	<u>23,043,872</u>	<u>67,250,542</u>
-	-	769,559	995,647
21,573,561	33,736,679	53,705,855	109,016,095
-	-	-	67,641
-	-	4,561,190	4,561,190
-	-	-	289,129
-	-	8,457	11,659
-	-	-	25,332,415
-	-	15,884,994	21,820,857
<u>21,573,561</u>	<u>33,736,679</u>	<u>74,930,055</u>	<u>162,094,633</u>
<u>\$ 25,738,010</u>	<u>\$ 34,932,888</u>	<u>\$ 97,973,927</u>	<u>\$ 229,345,175</u>



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
Year Ended September 30, 2008

Total fund balances - governmental funds (page 31) \$ 162,094,633

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. 15,362,286

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	11,891,395	
Buildings	121,968,821	
Improvements	8,939,070	
Equipment	30,915,808	
Infrastructure	392,947,448	
Construction in Progress	23,741,057	
Total Capital Assets		590,403,599

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. 14,575,984

Property taxes earned that are not available to pay for
current-period expenditures are deferred in the funds. 5,764,190

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	(3,050,430)	
Bonds and capital leases payable	(431,779,235)	
Arbitrage payable	(355,349)	
Compensated absences	(7,262,318)	
Total future period liabilities		(442,447,332)

Net assets of governmental activities \$ 345,753,360

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2008

EXHIBIT IV

	General	Road and Bridge
<u>REVENUES:</u>		
Taxes	\$ 98,955,742	\$ 13,013,191
Licenses and Permits	1,375,221	6,285,623
Fees	13,376,504	106,707
Intergovernmental	5,533,821	313,657
Charges for Services	449,802	-
Interest	2,149,826	150,334
Contract Reimbursements	10,968,433	-
Inmate Housing	3,566,886	-
Fines and Forfeitures	125,152	972,168
Miscellaneous	1,390,327	2,084,758
<u>TOTAL REVENUES</u>	<u>137,891,714</u>	<u>22,926,438</u>
<u>EXPENDITURES:</u>		
Current:		
General Administration	12,905,900	-
Judicial	12,020,750	-
Legal Services	1,985,918	-
Elections	1,606,046	-
Financial Administration	5,251,827	-
Public Facilities	25,448,843	-
Public Safety	61,944,932	-
Health and Welfare	6,369,418	-
Culture and Recreation	-	-
Conservation	481,849	321,959
Public Transportation	-	18,623,895
Miscellaneous	1,070,696	-
Capital Projects	-	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Issuance Costs	-	-
<u>TOTAL EXPENDITURES</u>	<u>129,086,179</u>	<u>18,945,854</u>
Excess (Deficiency) Revenues Over Expenditures	<u>8,805,535</u>	<u>3,980,584</u>
<u>OTHER FINANCING SOURCES/(USES):</u>		
Transfers In	1,032,407	918,150
Transfers Out	(17,281,134)	(196,631)
Capital Lease Financing	16,515,427	83,594
Issuance of General Obligation Debt	-	-
Issuance of Refunding Bonds	-	-
Issuance of Certificates of Obligation	-	-
Premium on Debt Issuance	-	-
Payment to Refunded Bond Escrow Agent	-	-
Discounts on Debt Issuance	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>266,700</u>	<u>805,113</u>
Net Change in Fund Balances	9,072,235	4,785,697
Fund Balances at Beginning of Year	20,763,060	1,221,009
Change in Accounting Principle	(3,987,663)	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 25,847,632</u>	<u>\$ 6,006,706</u>

See accompanying notes to the financial statements.

Road Bonds Series 2006B	Road Bonds Series 2008B	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 20,683,280	\$ 132,652,213
-	-	153,085	7,813,929
-	-	1,219,353	14,702,564
-	-	19,329,405	25,176,883
-	-	1,478,107	1,927,909
1,082,129	82,470	2,433,815	5,898,574
-	-	169,827	11,138,260
-	-	-	3,566,886
-	-	929,244	2,026,564
225,000	-	102,710	3,802,795
1,307,129	82,470	46,498,826	208,706,577
-	-	626,519	13,532,419
-	-	6,483,955	18,504,705
-	-	411,911	2,397,829
-	-	-	1,606,046
-	-	-	5,251,827
-	-	-	25,448,843
-	-	2,539,767	64,484,699
-	-	11,482,218	17,851,636
-	-	7,314,312	7,314,312
-	-	-	803,808
-	-	367,942	18,991,837
-	-	-	1,070,696
19,801,304	1,161,453	72,943,445	93,906,202
-	-	4,598,741	4,598,741
-	-	16,024,292	16,024,292
-	314,474	1,128,949	1,443,423
19,801,304	1,475,927	123,922,051	293,231,315
(18,494,175)	(1,393,457)	(77,423,225)	(84,524,738)
-	-	19,713,129	21,663,686
(41,000)	-	(4,144,921)	(21,663,686)
-	-	-	16,599,021
-	34,705,000	12,130,000	46,835,000
-	-	9,855,000	9,855,000
-	-	33,050,000	33,050,000
-	425,136	1,629,343	2,054,479
-	-	(10,211,444)	(10,211,444)
-	-	(186,050)	(186,050)
(41,000)	35,130,136	61,835,057	97,996,006
(18,535,175)	33,736,679	(15,588,168)	13,471,268
40,108,736	-	86,530,560	148,623,365
-	-	3,987,663	-
\$ 21,573,561	\$ 33,736,679	\$ 74,930,055	\$ 162,094,633



MONTGOMERY COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
Year Ended September 30, 2008

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)	\$ 13,471,268
--	---------------

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.	52,373,421
--	------------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, seizures, and donations) is to increase net assets.	50,783,445
--	------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,047,598
--	-----------

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.	(87,864,370)
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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.	(2,024,770)
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Change in net assets of governmental activities (page 29)	\$ 28,786,592
---	---------------

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, 2008

EXHIBIT V
Page 1 of 3

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$97,679,584	\$98,470,862	\$ 98,955,742	\$ 484,880
Licenses and Permits	1,342,015	1,393,108	1,375,221	(17,887)
Fees	12,004,306	11,846,368	13,376,504	1,530,136
Intergovernmental	683,896	7,879,050	5,533,821	(2,345,229)
Charges for Services	255,000	437,704	449,802	12,098
Interest	1,340,750	1,392,950	2,149,826	756,876
Contract Reimbursements	5,556,002	10,794,861	10,968,433	173,572
Inmate Housing	1,200,000	3,542,602	3,566,886	24,284
Fines and Forfeitures	73,500	73,500	125,152	51,652
Miscellaneous	636,400	1,030,458	1,390,327	359,869
<u>TOTAL REVENUES</u>	<u>120,771,453</u>	<u>136,861,463</u>	<u>137,891,714</u>	<u>1,030,251</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	15,325,670	17,758,987	12,905,900	4,853,087
Judicial	12,149,494	12,467,487	12,020,750	446,737
Legal Services	1,779,377	2,086,222	1,985,918	100,304
Elections	1,351,519	1,862,664	1,606,046	256,618
Financial Administration	5,573,006	5,680,038	5,251,827	428,211
Public Facilities	22,992,398	26,548,614	25,448,843	1,099,771
Public Safety	39,750,735	68,924,001	61,944,932	6,979,069
Health and Welfare	3,998,600	6,435,672	6,369,418	66,254
Conservation	461,065	501,487	481,849	19,638
Public Transportation	-	-	-	-
Miscellaneous	5,114,139	5,997,605	1,070,696	4,926,909
<u>TOTAL EXPENDITURES</u>	<u>108,496,003</u>	<u>148,262,777</u>	<u>129,086,179</u>	<u>19,176,598</u>
Excess (Deficiency) Revenues Over Expenditures	<u>12,275,450</u>	<u>(11,401,314)</u>	<u>8,805,535</u>	<u>20,206,849</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,032,407	1,032,407	-
Transfers Out	-	(1,920,487)	(17,281,134)	(15,360,647)
Capital Lease Financing	-	16,515,427	16,515,427	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>15,627,347</u>	<u>266,700</u>	<u>(15,360,647)</u>
Net Change in Fund Balances	12,275,450	4,226,033	9,072,235	4,846,202
Fund Balances at Beginning of Year	20,763,060	20,763,060	20,763,060	-
Change in Accounting Principle	-	-	(3,987,663)	3,987,663
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$33,038,510</u>	<u>\$24,989,093</u>	<u>\$ 25,847,632</u>	<u>\$ 8,833,865</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, 2008

EXHIBIT V
Page 2 of 3

	Road and Bridge Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$12,899,300	\$12,899,300	\$13,013,191	\$ 113,891
Licenses and Permits	6,132,730	6,132,730	6,285,623	152,893
Fees	-	114,157	106,707	(7,450)
Intergovernmental	130,000	259,361	313,657	54,296
Charges for Services	-	-	-	-
Interest	55,000	55,000	150,334	95,334
Contract Reimbursements	-	-	-	-
Inmate Housing	-	-	-	-
Fines and Forfeitures	1,000,000	1,000,000	972,168	(27,832)
Miscellaneous	-	1,975,291	2,084,758	109,467
<u>TOTAL REVENUES</u>	<u>20,217,030</u>	<u>22,435,839</u>	<u>22,926,438</u>	<u>490,599</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Elections	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	257,088	321,959	321,959	-
Public Transportation	18,017,530	24,005,389	18,623,895	5,381,494
Miscellaneous	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>18,274,618</u>	<u>24,327,348</u>	<u>18,945,854</u>	<u>5,381,494</u>
Excess (Deficiency) Revenues Over Expenditures	<u>1,942,412</u>	<u>(1,891,509)</u>	<u>3,980,584</u>	<u>5,872,093</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	918,150	918,150	-
Transfers Out	-	(177,635)	(196,631)	(18,996)
Capital Lease Financing	-	83,594	83,594	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>824,109</u>	<u>805,113</u>	<u>(18,996)</u>
Net Change in Fund Balances	1,942,412	(1,067,400)	4,785,697	5,853,097
Fund Balances at Beginning of Year	1,221,009	1,221,009	1,221,009	-
Change in Accounting Principle	-	-	-	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 3,163,421</u>	<u>\$ 153,609</u>	<u>\$ 6,006,706</u>	<u>\$ 5,853,097</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, 2008

EXHIBIT V
Page 3 of 3

	Totals			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$110,578,884	\$111,370,162	\$111,968,933	\$ 598,771
Licenses and Permits	7,474,745	7,525,838	7,660,844	135,006
Fees	12,004,306	11,960,525	13,483,211	1,522,686
Intergovernmental	813,896	8,138,411	5,847,478	(2,290,933)
Charges for Services	255,000	437,704	449,802	12,098
Interest	1,395,750	1,447,950	2,300,160	852,210
Contract Reimbursements	5,556,002	10,794,861	10,968,433	173,572
Inmate Housing	1,200,000	3,542,602	3,566,886	24,284
Fines and Forfeitures	1,073,500	1,073,500	1,097,320	23,820
Miscellaneous	636,400	3,005,749	3,475,085	469,336
<u>TOTAL REVENUES</u>	<u>140,988,483</u>	<u>159,297,302</u>	<u>160,818,152</u>	<u>1,520,850</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	15,325,670	17,758,987	12,905,900	4,853,087
Judicial	12,149,494	12,467,487	12,020,750	446,737
Legal Services	1,779,377	2,086,222	1,985,918	100,304
Elections	1,351,519	1,862,664	1,606,046	256,618
Financial Administration	5,573,006	5,680,038	5,251,827	428,211
Public Facilities	22,992,398	26,548,614	25,448,843	1,099,771
Public Safety	39,750,735	68,924,001	61,944,932	6,979,069
Health and Welfare	3,998,600	6,435,672	6,369,418	66,254
Conservation	718,153	823,446	803,808	19,638
Public Transportation	18,017,530	24,005,389	18,623,895	5,381,494
Miscellaneous	5,114,139	5,997,605	1,070,696	4,926,909
<u>TOTAL EXPENDITURES</u>	<u>126,770,621</u>	<u>172,590,125</u>	<u>148,032,033</u>	<u>24,558,092</u>
Excess (Deficiency) Revenues Over Expenditures	<u>14,217,862</u>	<u>(13,292,823)</u>	<u>12,786,119</u>	<u>26,078,942</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	-	1,950,557	1,950,557	-
Transfers Out	-	(2,098,122)	(17,477,765)	(15,379,643)
Capital Lease Financing	-	16,599,021	16,599,021	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>16,451,456</u>	<u>1,071,813</u>	<u>(15,379,643)</u>
Net Change in Fund Balances	14,217,862	3,158,633	13,857,932	10,699,299
Fund Balances at Beginning of Year	21,984,069	21,984,069	21,984,069	-
Change in Accounting Principle	-	-	(3,987,663)	3,987,663
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 36,201,931</u>	<u>\$ 25,142,702</u>	<u>\$ 31,854,338</u>	<u>\$ 14,686,962</u>

See accompanying notes to the financial statements.

MONTGOMERY COUNTY, TEXAS
Statement of Assets and Liabilities
Fiduciary Funds
September 30, 2008

EXHIBIT VI

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash	\$ 12,555,598
Investments, at Fair Value	1,095,368
Accounts Receivable	<u>7,569</u>
<u>TOTAL ASSETS</u>	<u>\$ 13,658,535</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 8,435,423
Due to Other Governments	<u>5,223,112</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 13,658,535</u>

See accompanying notes to the financial statements.



MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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

Montgomery County Jail Financing Corporation:

The Montgomery County Jail Financing Corporation was created by the Commissioners' Court of the County in September 2006 as a 501(c)2 Title Holding Entity. The Corporation's Board of Directors and Officers are comprised of the members of Commissioners' Court. The Corporation's stated purpose is to provide financing for the construction of an 1,100-bed detention facility, which will subsequently be sold to the County in a lease-purchase transaction.

The Corporation's financial transactions have been reported in the Debt Service Funds and the Capital Project Funds of the County.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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 521 N. Thompson Street, Conroe, Texas, 77301.

B) IMPLEMENTATION OF NEW STANDARD:

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

GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which enhanced information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension plans. For more information, see Note 13 beginning on page 63.

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

Government-wide Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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, 2007 that were due October 1, 2007, have been assessed to finance the budget of the fiscal year ending September 30, 2008. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2008, 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.

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 Capital Projects-Road Bonds, Series 2006B Fund is used to account for an additional phase of variable rate road construction bonds that were approved in 2005 by the voters of the County. The \$63,750,000 in proceeds will be used to satisfy the County's obligation under a

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

“pass-through toll” agreement with the State of Texas to improve six specific state-owned roads in the County.

The Capital Projects-Road Bonds, Series 2008B Fund is used to account for the final phase of variable rate road construction bonds approved in 2005 by the voters of the County. The \$34,705,000 in proceeds will be used to satisfy the County’s obligation under a “pass-through toll” agreement with the State of Texas to improve six specific 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).

Debt service funds are used to account for the receipt and disbursement of funds to retire debt resulting from the issuance of general obligation bonds, certificates of obligation and lease revenue bonds. Financing is provided by a specific annual property tax levy, the investment interest earned thereon and lease payments to the Jail Financing Corporation for the lease purchase of the Joe Corley Detention Facility.

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 an administration building, parking garage, road construction, airport improvements, and various remodeling plans.

The County reports the following *fiduciary funds*:

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

D) ASSETS, LIABILITIES, AND FUND EQUITY:

1. Cash and Investment

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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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.

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. Buildings and building improvements require a cost of at least \$5,000 and a useful life in excess of 5 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, drainage improvements, bridges, signals, and runways. 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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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

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

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

6. Payables

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

7. Deferred 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 have been applied in considering the accrual of the liability associated with compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2008

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 2008; however, the estimated liability at year-end was \$355,349.

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.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2008

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	\$ 94,789,034
Depreciation expense	(42,415,613)
	<hr/>

Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 \$ 52,373,421
	<hr/>

“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.	\$ 1,307,071
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The acquisition of capital assets by seizure and by donations increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	49,476,374
	<hr/>

Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ 50,783,445
	<hr/>

“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	\$ (56,690,000)
Issuance of certificates of obligation	(33,050,000)
Premium on bonds issues, net	(1,868,429)
Capital lease financing	(16,599,021)
Issuance Costs for new debt	1,443,423

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

Payment to Bond Escrow Agent for refunding debt	10,211,444
Principal repayments:	
General obligation debt	5,615,955
Certificates of obligation debt	2,075,000
Capital leases	997,258
	<hr/>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (87,864,370)
	<hr/>

“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	\$ (406,415)
Accrued interest	(1,221,065)
Amortization of gain on refunding bonds	191,594
Amortization of accrued interest on refunding bonds	(670,753)
Amortization of issuance costs	(419,438)
Amortization of bond discounts	(16,653)
Amortization of bond premiums	536,137
Reduction of receivable for reimbursement of county expenditures	(18,177)
	<hr/>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ (2,024,770)
	<hr/>

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.

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2008

For fiscal year 2008, formal budgets were adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Formal budgetary integration is not employed for Capital Project Funds, and legal budgets are not adopted, because budgetary control is achieved through legally binding construction contracts. All appropriations lapse at fiscal year end with the exception of grant awards and certain ongoing projects.

The Commissioners' Court may approve expenditures as an amendment to the budget to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. Such expenditures would include the re-appropriation of approved but unexpended amounts for encumbrances, grants, and certain projects from the previous fiscal year. In fiscal 2008, budget amendments totaling \$15,353,409 were approved that met these criteria.

The Commissioners' Court may also adopt a supplemental budget for the limited purpose of spending proceeds that become available for disbursement in a fiscal year, but are not included in the budget for that budget year. Included in this category are public or private grants or aid money, revenue from intergovernmental contracts, and proceeds from the issuance of debt. In fiscal 2008, supplemental appropriations were approved in the amounts of \$20,707,247, \$5,270,401, and \$16,599,021 for grants received, intergovernmental contracts executed, and capital leases approved, respectively.

B) DEFICIT FUND EQUITY:

At September 30, 2008, the Attorney Administration Special Revenue Fund had deficit fund balances of \$3,347. Management anticipates that future revenues will replenish the Attorney Administration Special Revenue Fund.

NOTE 4- DEPOSITS AND INVESTMENTS:

A) DEPOSITS:

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a policy for custodial credit risk. As of September 30, 2008, the County's bank balance (collected funds) was \$22,228,388. At that same date, none of the County's bank balance was exposed to custodial credit risk since the County's deposits were insured and collateralized by securities pledged by the depository and held by third party agents of the County in the County's name.

B) INVESTMENTS:

As of September 30, 2008, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
State's Investment Pool (TEXPOOL)	1,194,628	0.22
Money Market Mutual Fund (ICT)	68,443,623	0.13
Money Market Mutual Fund (BPIF)	34,003,128	0.05
Money Market Mutual Fund (AIM)	58,659,800	0.08
Repurchase Agreement (provided by Hypo Public Finance Bank)	4,113,186	0.08
Total Investments	<u>\$166,414,365</u>	

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.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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 (0.25 years), and
- A portfolio valuation of net assets that is maintained at \$1 per share.

In September 2008, the U.S. Treasury Department announced the establishment of a temporary guaranty program for the U.S. money market designed to enhance market confidence by maintaining the standard \$1 net asset value. Participation in the program provides additional assurance to stakeholders of money market funds about the safety of their fund investments. Through April 2009, the U.S. Treasury will insure the holdings of any publicly offered eligible money market mutual fund. At this time all three mutual funds that the County has invested fund with have chosen to participate in the temporary guaranty program.

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.

Proceeds from the issuance of lease revenue bonds by the Montgomery County Jail Financing Corporation (a blended component unit) were invested in a *Flexible Repurchase Agreement* with a guaranteed earnings rate of 5.04%. Hypo Public Finance Bank submitted the rate in response to the Corporation's request for bids. The agreement is collateralized with obligations of the United States, its agencies and instrumentalities. Collateral is maintained at 104% of the total principal deposited and accrued interest earned under the agreement. An additional tri-party agreement was executed whereby the collateral is held by U.S. Bank in the Corporation's name. The repurchase agreement will terminate on the earlier of November 1, 2008 or upon the withdrawal of all funds.

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

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

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

- Obligations of the U.S. Treasury and Governmental Agencies,
- Time deposits,

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

- Negotiable Order of Withdrawal (NOW) Accounts,
- Investment Pools rated AAA or AAAm by at least 1 nationally recognized rating service,
- Certificates of Deposit, and
- Money Market mutual funds.

As stated above, Standard and Poor's has rated the state's investment pool and the three mutual funds AAAm.

Concentration of credit risk. The County's investment policy does not have any provisions regarding the amount that may be invested in any one issuer. However, the Investment Committee regularly reviews that saturation for anything in excess of 25%. At September 30, 2008, none of the County's total direct invested amounts were in Federal National Mortgage Association, Federal Farm Credit Bank, or Federal Home Loan Bank.

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 \$0.4888 per \$100, which means that the County has a tax margin of \$0.3112 per \$100, and could raise up to \$83,249,804 in additional taxes from the present assessed valuation of \$26,751,222,231 before the limit is reached.

The thirty years' property taxes receivable at September 30, 2008, as reported by the Tax Assessor-Collector are presented as follows:

	Taxes Receivable	Less: Allowance for Uncollectibles	Net Taxes Receivable
General Fund	\$4,488,173	\$ 89,763	\$4,398,410
Road & Bridge Fund	591,614	11,832	579,782
Nonmajor Special Revenue Funds	974,544	19,491	955,053
Total Receivable	<u>\$6,054,331</u>	<u>\$121,086</u>	<u>\$5,933,245</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, 2008, the following amounts were recorded as due to the County:

	Federal	State	Local	Total
General Fund	\$4,396,160	\$ 728,194	\$ 597,810	\$5,722,164
Special Revenue Funds	6,482,643	969,455	95,384	7,547,482
Capital Project Funds	-	124,252	176,658	300,910
Total Due from Governments	<u>\$10,878,803</u>	<u>\$1,821,901</u>	<u>\$ 869,852</u>	<u>\$13,570,556</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

NOTE 7- CAPITAL ASSETS:

A) CHANGES IN CAPITAL ASSETS FOR YEAR ENDED SEPTEMBER 30, 2008:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions (1)</u>	<u>Deletions (1)</u>	<u>Ending Balance</u>
Land	10,179,111	\$ 2,200,054	\$ (487,770)	11,891,395
Construction in Progress	15,779,675	56,470,226	(48,508,844)	23,471,057
Total Capital Assets not being depreciated	25,958,786	58,670,280	(48,996,614)	35,632,452
Buildings	114,944,742	49,383,081	(9,767,815)	154,560,008
Improvements	9,793,980	5,057,534	(121,248)	14,730,266
Equipment	49,605,870	24,048,986	(4,535,260)	69,119,596
Infrastructure	895,805,396	70,086,835	(879,895)	965,012,336
Total Capital Assets being depreciated	1,070,149,988	148,576,436	(15,304,218)	1,203,422,206
Less accumulated depreciation for:				
Buildings	(30,042,363)	(2,583,370)	34,546	(32,591,187)
Improvements	(4,898,700)	(948,043)	55,547	(5,791,196)
Equipment	(32,297,038)	(7,980,462)	2,073,712	(38,203,788)
Infrastructure	(541,623,939)	(30,903,738)	462,789	(572,064,888)
Total Capital Assets, net of Accumulated depreciation	\$ 487,246,734	\$164,831,103	\$(61,674,238)	\$ 590,403,599

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

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, 2008, the County charged depreciation expense to functions/programs as follows:

Governmental activities:	
General Administration	\$ 1,666,853
Judicial	200,479
Legal Services	100,571
Elections	398,498
Financial Administration	25,650
Public Facilities	1,613,259
Public Safety	4,845,644
Health and Welfare	190,854
Culture and Recreation	1,543,276
Conservation	15,944
Public Transportation	31,814,585
Total depreciation expense-governmental activities	<u>\$42,415,613</u>

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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, 2008:

<u>Project</u>	<u>Status</u>	<u>Commitment</u>	<u>Paid to Date</u>
Various Road Projects	Under construction	183,553,559	135,898,881
Airport Improvement	Under construction	22,369,846	17,718,429
Park Improvements	Under construction	13,510,000	6,792,506
Building Remodelings	Underway	12,417,416	6,469,183
Ed Chance Annex	Under construction	3,200,000	1,705,888
Alan B. Sadler			
Administration Building	Under Construction	12,373,947	3,454,569
	Total	<u>\$247,424,768</u>	<u>\$172,039,456</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, 2008, the following amounts were due to other governments:

<u>Fund</u>	<u>Local</u>	<u>Total</u>
General	<u>\$1,240,933</u>	<u>\$ 1,240,933</u>

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 2008, deferred revenues were presented as follows:

<u>Fund</u>	<u>Property Taxes</u>	<u>Unearned Fees</u>	<u>Total Deferred Revenues</u>
General	\$ 4,259,694	\$ 323,927	\$ 4,583,621
Road & Bridge	594,764	-	594,764
Other Nonmajor	909,731	780,368	1,690,099
Total	<u>\$ 5,764,189</u>	<u>\$ 1,104,295</u>	<u>\$ 6,868,484</u>

NOTE 9- LONG-TERM DEBT:

General long-term debt consists of general obligation bonds, lease-revenue 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, in general, are secured by ad valorem property taxes levied on all taxable property within the County. The lease-revenue bonds are secured by a pledge of future revenues to be earned under an agreement between the County and the Montgomery County Jail Financing Corporation. Payments are recorded in the appropriate Debt Service Funds.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

A) BONDED DEBT:

A summary of the long-term bonded debt, at September 30, 2008 is presented:

	Interest Rate (%)	Issue Date	Maturity Date	Bonds Outstanding
GENERAL OBLIGATION BONDS:				
Refunding Bonds, Series 1997	5.10-5.60	1997	2017	321,527
Permanent Improvement, Series 2000	4.50-5.25	2000	2020	600,000
Road Bonds, Series 2002A	4.00-4.50	2002	2022	6,360,000
Refunding Bonds, Series 2002B	3.00-4.50	2002	2011	1,460,000
Road Bonds, Series 2003A	5.00	2003	2026	12,595,000
Library Bonds, Series 2003B	2.00-4.75	2003	2026	9,230,000
Refunding Bonds, Series 2005	4.00-5.00	2005	2020	45,295,000
Road Bonds Fixed Rate, Series 2006A	3.75-5.00	2006	2027	47,600,000
Road Bonds Adj. Rate, Series 2006B	5.00	2006	2030	63,750,000
Refunding Bonds, Series 2007	4.00-5.50	2007	2026	41,495,000
Lease Revenue Bonds, Series 2007	4.00-5.00	2007	2026	44,834,989
Road Bonds Fixed Rate, Series 2008A	3.50-5.00	2008	2030	12,130,000
Refunding Bonds, Series 2008	3.50-5.00	2008	2018	9,855,000
Road Bonds Adj. Rate, Series 2008B	3.00-6.00	2008	2032	34,705,000
Total Principal				<u>330,231,516</u>
Accretion of Cap Appreciation Bonds:				
Refunding, Series 1997	5.10-5.60	1997	2017	<u>249,174</u>
TOTAL GENERAL OBLIGATION BONDS PAYABLE				<u>\$330,480,690</u>
CERTIFICATES OF OBLIGATION:				
Series 1997A	4.10-6.00	1997	2015	95,000
Series 2001	4.65	2001	2011	880,000
Series 2003	2.00-4.75	2003	2022	10,845,000
Series 2004	3.00-4.60	2004	2020	2,190,000
Series 2006	3.75-5.00	2006	2027	26,120,000
Series 2007	4.00-4.63	2008	2027	9,260,000
Series 2008	3.50-5.25	2008	2027	<u>23,790,000</u>
TOTAL CERTIFICATES OF OBLIGATION				<u>\$ 73,180,000</u>
TOTAL BONDED DEBT				<u>\$403,660,690</u>

All of the County's outstanding bonded debt is assigned a fixed rate of interest, with the exception of the Series 2006B Road Bonds and the Series 2008B Road Bonds. The Series 2006B bonds were issued with a variable rate of interest, initially set at 5.0%. The term rate set by the remarketing agent (Goldman, Sachs and Co.) for the Series 2006B Road Bonds was set at 5.0% on September 2, 2008 and will be set again in September 2010. The Series 2008B bonds were issued with a variable rate of interest, initially set at 3.0%. The initial rate period for these bonds ends in 2009, and at that time a term rate will be determined by a remarketing agent (currently First Southwest Company.)

B) CHANGES IN LONG-TERM DEBT:

The following schedule illustrates changes in long-term debt for the year ended September 30, 2008. Reductions to general obligation bonds include an annual accretion reduction of capital appreciation bonds in the amount of \$3,092,214. For each category, management has presented

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

the portion that will be due within one year.

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General Obligation	\$282,453,855	\$56,690,000	\$(8,663,165)	\$330,480,690	\$5,062,916
Certificates of obligation	46,660,000	33,050,000	(6,530,000)	73,180,000	1,495,000
Less deferred amounts:					
Issuance discounts	(209,124)	(186,050)	16,653	(378,521)	(22,563)
Unamortized premiums	7,924,837	2,054,479	(536,137)	9,443,179	619,654
Total bonds payable	336,829,568	91,608,429	(15,712,649)	412,725,348	7,155,007
Capital leases	3,452,124	16,599,021	(997,258)	19,053,887	1,959,891
Arbitrage Rebate	137,603	1,029,360	(811,614)	355,349	-
Compensated absences	6,855,903	4,468,967	(4,062,552)	7,262,318	3,888,516
Total Long-term Liabilities	\$347,275,198	\$113,705,777	\$(21,584,073)	\$439,396,902	\$13,003,414

At year end, \$1,039,400 of special revenue funds compensated absences are included in the above amounts. The remaining balance (\$6,222,918) will be liquidated by the general fund. This follows the prior year allocation of liability between operating funds.

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

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

Maturity	General Obligation Bonds		Revenue Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	3,986,527	13,102,881	1,076,389	1,998,535	1,495,000	3,431,601
2010	4,860,000	13,264,814	1,501,900	1,941,581	1,555,000	3,281,173
2011	6,345,000	13,003,708	1,569,862	1,873,619	3,390,000	3,184,829
2012	6,965,000	12,703,286	1,640,899	1,802,582	3,195,000	3,051,534
2013	7,280,000	12,386,054	1,715,150	1,728,330	3,330,000	2,918,434
2014-2018	42,035,000	56,404,778	9,812,593	7,404,807	18,855,000	12,306,744
2019-2023	55,400,000	44,673,163	12,242,949	4,974,453	22,165,000	7,402,916
2024-2028	78,810,000	28,850,853	15,275,247	1,942,154	19,195,000	1,867,573
2029-2032	79,715,000	6,454,488	-	-	-	-
Total	\$285,396,527	\$200,844,025	\$ 44,834,989	\$ 23,666,061	\$ 73,180,000	\$ 37,444,804

D) **ADVANCE REFUNDING:**

On August 1, 2008, to take advantage of lower interest rates, the County issued \$9,855,000 Limited Tax Refunding Bonds, Series 2008 with interest rates ranging from 3.5 percent to 5.0 percent to advance refund the following bonds:

Series	Interest Rate (%)	Amount
Certificates of Obligation, Series 1997A	4.85-5.00	\$ 4,455,000
Refunding Bonds, Series 1997	5.10-5.60	3,047,210
Total Refunded		\$ 7,502,210

The proceeds of this refunding were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the prior debt. As a result, that debt is considered to be defeased and the liability for the old debt has been removed from the Statement of Net Assets.

MONTGOMERY COUNTY, TEXAS
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The County advance refunded the above debt to reduce its total debt service payments over the next twenty-three years by \$521,731, and to obtain an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$493,572.

E) PRIOR YEAR DEFEASANCE OF DEBT:

In prior years, the County defeased multiple debt issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until it is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the government-wide financial statements. As of September 30, 2008, defeased but outstanding debt from prior year refunding transactions consisted of the following:

Series	Amount
Library and Refunding Bonds, Series 1992	\$ 2,325,000
Certificates of Obligation, 1996	1,920,000
Certificates of Obligation, 1997	2,270,000
Refunding Bonds, 1997	4,208,127
Certificates of Obligation, 1997A	6,835,000
Certificates of Obligation, 1998	15,130,000
Permanent Improvement Bonds, Series 2000	12,300,000
Road Bonds, Series 2002A	17,430,000
Road Bonds, Series 2003A	11,405,000
Road Bonds, Series 2004	10,205,000
Total Defeased but Outstanding	\$ 84,028,127

F) FUTURE BORROWING:

In 2001, the voters of Montgomery County recognized the need to fund improvements to roads throughout the county with general obligation debt. In September of 2005, the voters of Montgomery County approved the issuance of \$160,000,000 in unlimited tax road bonds to complete those projects that were begun with the Series 2002, 2003, and 2004 road bonds. The final phase of these issues occurred in late summer 2008 for \$46,638,836, net of premiums and expenses. The County intends to issue approximately \$88,000,000 of revenue and limited tax road bonds in late summer 2009. When these bonds are issued, the County will report the debt with very little corresponding asset due to the fact that these projects are primarily for the improvement of State-owned roads.

G) 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, 2008, 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

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2008

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, 2008, there were sixty-eight (68) series of bonds outstanding with an aggregate principal payable of \$6,085,335,000. 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.

H) **CAPITAL LEASES:**

The County has entered into capital lease agreements for the lease/purchase of certain heavy road equipment, vehicles, and a building. Equipment with a value of \$16,599,021 was acquired during the current fiscal year under capital leases and recorded in the Capital Assets portion of the government-wide financial statements. Depreciation expense for these assets is included as part of the depreciation expense detailed in Note 7. The lease agreements are classified as capital leases because title passes to the County at the end of the lease term, and are included as leases payable in the Long-Term Debt portion of the government-wide statements.

The present value of future minimum capital lease payments at September 30, 2008 and the funds from which they will be paid are as shown below:

Year Ending	General Fund	Special Revenue Funds
2009	\$2,730,846	\$ 219,182
2010	2,730,846	629,391
2011	2,675,428	531,386
2012	1,880,932	496,563
2013	1,771,416	410,209
2014-2018	8,857,080	-
Total Minimum Lease Payments	20,646,548	2,286,731
Less: amount representing interest	3,653,655	225,737
Present value-minimum lease payments	<u>\$16,992,893</u>	<u>\$ 2,060,994</u>

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

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

Activity between funds that represents the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year end are referred to as "due from/due to other funds." Inter-fund balances are expected to be repaid within one year from the date of the financial statements, and are routine in nature. The composition of inter-fund balances as of September 30, 2008 was as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 3,063,204	\$ 19,150,347
Road and Bridge Fund	1,416,936	47,995
Cap Project/Road Bonds 2006B	1,099,033	41,000
Non-major Governmental Funds	22,740,309	9,080,140
Total	<u>\$ 28,319,482</u>	<u>\$ 28,319,482</u>

B) **TRANSFERS:**

Transfers are used to a) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, b) move receipts from

MONTGOMERY COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2008

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, 2008 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,032,407	\$ 17,281,134
Road and Bridge Fund	918,150	196,631
Cap Project/Road Bonds 2006B	-	41,000
Nonmajor Governmental Funds	19,713,129	4,144,921
Total	<u>\$ 21,663,686</u>	<u>\$ 21,663,686</u>

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. 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, 2009. 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 \$385,166.

Office Space- The County leases 2,777 square feet of office space at the Montgomery County Annex Building to the Lone Star Groundwater Conservation District for a period of sixty months with two six-month extensions. The term of this lease is January 1, 2005 through December 31, 2009. The annual rent of \$7,414 is recorded in the General Fund. The building is recorded as a Capital Asset in the County's government-wide financial statements at a cost of \$5,167,303, less accumulated depreciation of \$528,093. Following is a schedule of lease payments receivable on office space leases through the ending dates of the agreements:

<u>Year Ending</u>	
<u>September 30,</u>	
2009	\$ 7,414
2010	1,854
Total Lease Payments Receivable	<u>\$ 9,268</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, and life insurance coverage to employees and their dependents. The County maintains excess loss insurance, which limits annual claims paid from the plan to a maximum of \$175,000 per plan participant. This excess loss reinsurance policy includes a contract provision that eliminates a large claim run off liability. A third party administrator is employed by the plan to administer claims. A trustee has been engaged to receive employer and employee contributions and to disburse payments to the providers of the plan. Costs relating to the plan are recorded as expenditures in the 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, 2008, were \$313,014. Claims incurred but not reported (IBNR) at September 30, 2008, are estimated to be \$3,317,974. Estimates are not based on actuarial

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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, 2008 and September 30, 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 3,405,475	\$ 2,350,004
Incurred claims (including IBNR)	15,045,440	15,766,442
Claim payments	<u>(14,819,926)</u>	<u>(14,710,971)</u>
Unpaid claims, end of year	<u>\$ 3,630,989</u>	<u>\$ 3,405,475</u>

During the year ended September 30, 2008, the plan received contributions in the amounts of \$15,698,276 and \$1,618,326 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 \$571,358 in administrative costs and \$1,699,904 for reinsurance and insurance premiums.

B) WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY:

As of January 1, 2003, the County established a partially self-funded program to cover claims by employees arising from job related injuries. The program offers coverage at the statutorily required limits required by the State of Texas. A third party administrator has been engaged by the County to adjudicate claims, provide nurse case management, per-certification and bill review. Excess loss insurance was purchased to limit the claims loss to the County to no more than \$250,000 in 2008.

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, 2008, the County expended \$55,331 for administrative costs and \$212,111 for excess loss insurance premiums.

Changes in the workers' compensation liability for the two fiscal years ended September 30, 2008 and September 30, 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$1,101,146	\$1,218,924
Incurred claims (including IBNR)	665,613	429,669
Claim payments	<u>(627,767)</u>	<u>(547,447)</u>
Unpaid claims, end of year	<u>\$1,138,992</u>	<u>\$1,101,146</u>

C) PROPERTY, CASUALTY AND BOILER COVERAGE:

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

- Buildings and Contents \$100,000.00
- Boats and Vehicles with less than 6 wheels \$ 10,000.00
- Vehicles above 6 wheels \$ 25,000.00
- Boilers and HVAC systems \$ 1,500.00

Total insured values exceed \$200,000,000.00 for the first three coverages listed above and \$50,000,000.00 for boilers and HVAC systems.

The County paid \$390,060 in premiums in fiscal 2008, and recorded the expenditure in the General Fund. Settled claims have not exceeded commercial coverage in any of the past two fiscal years.

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

D) GENERAL AND OTHER LIABILITIES:

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

Effective December 1, 2003, the County began participating in an individual public entity risk pool, for the coverages listed in subsections B, C, and D above, to transfer certain risks associated with property, casualty, liability and workers' compensation. In addition to those coverages, the County purchased an additional reinsurance policy. The aggregate coverage loss fund is written on a claims-made basis and is capped at \$1,750,000 for the fiscal year. Note 15 describes the County's obligation under liability claims for 2008.

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 574 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.

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 9.94% for the months of the accounting year in 2007, and 9.65% for the months of the accounting year in 2008.

The deposit rate payable by the employee members for calendar year 2008 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.

MONTGOMERY COUNTY, TEXAS**Notes to the Financial Statements****September 30, 2008****C) ANNUAL PENSION COST:**

For Montgomery County's accounting year ended September 30, 2008, the pension cost for the TCDRS plan was \$7,582,703, and the actual contributions were \$7,582,703.

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, 2005, and December 31, 2006, the basis for determining the contributions rates for calendar years 2006 and 2007. The December 31, 2007 actuarial valuation is the most recent valuation.

D) ACTUARIAL VALUATION INFORMATION:

Actuarial valuation date	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20	15	15
Asset valuation method	Long-term appreciation with adjustment	SAF ⁽²⁾ : 10-year smoothed value ESF ⁽³⁾ : Fund value	SAF ⁽²⁾ : 10-year smoothed value ESF ⁽³⁾ : Fund value
Actuarial assumptions:			
Investment return ⁽¹⁾	8.00%	8.00%	8.00%
Projected salary increase ⁽¹⁾	5.50%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0.00%	0.00%	0.00%

⁽¹⁾ Includes inflation at the stated rate.

⁽²⁾ Subdivision Accumulation Fund.

⁽³⁾ Employee Savings Fund.

E) TREND INFORMATION:

Accounting Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/06	\$ 6,108,857	100.00%	\$ 0.00
9/30/07	6,956,597	100.00%	0.00
9/30/08	7,582,703	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
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/05	\$125,920	\$146,067	\$20,147	86.21%	\$59,274	33.99%
12/31/06	142,688	160,421	17,733	88.95%	68,433	25.91%
12/31/07	157,544	175,573	18,030	89.73%	72,914	24.73%

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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

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 full-time employment with the County and be eligible for a retirement annuity from the Texas County and District Retirement System. The employee can elect to waive health benefit coverage. The County is under no obligation to provide this benefit, and the decision to do so is made by the Commissioners' Court on a year-to-year basis.

Additionally, the County offers an employee-funded health benefit to those who do not meet the above criteria. The County is obligated to provide this benefit subject to requirements of Chapter 175 of the Texas Local Government Code. Contribution levels are determined by Commissioner's Court on a year-to-year basis.

The benefit level is the same as that for a full time regular employee, as further disclosed in Note 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, 2008, 31 employees retired from service with the County. Fourteen of those retirees met the qualifications stated above. Currently, there are 125 retirees covered by this benefit. The cost recorded by the County is included in Note 12.

During the year, the County incurred \$1,613,283 in health care claims for retirees and their dependents. Retiree contributions for 2008 were \$127,746, and the County paid the remaining amount of claims.

NOTE 15- CONTINGENT LIABILITIES:

A) GENERAL LIABILITY:

For fiscal year 2008, the County participated in a public entity risk pool, to which certain losses arising from liability claims were transferred. The premium for this coverage, \$324,633, was recorded in the General Fund. In addition, the County expended \$24,425 for damages in connection with seventeen claims, for which the deductible had not been satisfied.

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 \$25,238 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. For additional information on the County's coverage amounts see Note 12-D.

NOTE 16- NEW ACCOUNTING PRONOUNCEMENTS:

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

GASB Statement No. 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

MONTGOMERY COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2008

the financial report. This statement will be effective for the County for the fiscal year ending September 30, 2009.

GASB Statement No. 47, *Accounting for Termination Benefits*; which establishes accounting standards for voluntary and involuntary termination benefits. This statement will be effective for the County for the fiscal year ending September 30, 2009.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which establishes accounting and reporting standards for pollution (including contamination) remediation obligations. This statement will be effective for the County for the fiscal year ending September 30, 2009.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and reporting standards for intangible assets. This statement will be effective for the County for the fiscal year ending September 30, 2010.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, establishes accounting and reporting standards for derivative instruments. This statement will be effective for the County for the fiscal year ending September 30, 2010.

NOTE 17- SUBSEQUENT EVENTS:

In October 2008, the Commissioners' Court entered into a lease purchase agreement for the acquisition of audiovisual equipment to outfit various District Courtrooms. The purchase terms included a \$428,465 sale price with 3.74% annual financing and a maturity of 5 years.

In November 2008, the County acquired, through a lease purchase agreement, two Gradall excavators for Commissioner Precinct 1. The purchase terms included a \$554,805 price with 3.72% annual financing and a maturity of 5 years.

NOTE 18- ACCOUNTING CHANGES AND RESTATEMENTS:

Fund balances as of September 30, 2008 in the General and Records Management and Preservation Funds have been restated to reflect a change in accounting principle as a result of reconsideration of the wording used in the Local Government Code. The change is the result of reporting available balances for the purpose of records management in a separate fund. The impact to the General Fund's beginning fund balance is a reduction of \$3,987,663 and an equivalent increase to the beginning fund balance of the Records Management and Preservation fund balance. It is believed that the new reporting format provides greater transparency and ease of use for the users of this report.

ADDITIONAL SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, TEXAS
General Fund
Schedule of Revenues and Other Financing Sources
Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>TAXES:</u>				
Ad Valorem Current	\$ 93,981,900	\$ 94,630,884	\$ 94,396,402	\$ (234,482)
Ad Valorem Delinquent	1,086,300	1,200,987	1,377,718	176,731
Penalty and Interest	837,400	937,400	1,274,847	337,447
Mixed Beverage	950,000	950,000	1,146,155	196,155
Bingo Tax	150,000	150,000	148,407	(1,593)
Miscellaneous Taxes	673,984	601,591	612,213	10,622
Total Taxes	<u>97,679,584</u>	<u>98,470,862</u>	<u>98,955,742</u>	<u>484,880</u>

LICENSES AND PERMITS:

Beer Licenses	79,800	79,800	97,339	17,539
Trial Fees	6,000	6,000	6,515	515
Stenographer Fees	100,000	121,963	116,189	(5,774)
Health Permits	683,496	550,000	477,341	(72,659)
Park Permits	45,000	45,000	56,215	11,215
Animal Control Fees	13,000	13,000	10,825	(2,175)
Food Service Permits	335,000	335,000	390,315	55,315
Alarm Permits	79,719	108,849	190,256	81,407
Hazardous Waste Mgmt Fees	-	-	27,036	27,036
Flood Plain Fees	-	133,496	3,190	(130,306)
Total Licenses and Permits	<u>1,342,015</u>	<u>1,393,108</u>	<u>1,375,221</u>	<u>(17,887)</u>

FEES:

County Judge	8,600	8,600	10,960	2,360
County Sheriff	275,000	286,718	310,169	23,451
County Attorney	75,000	75,000	50,311	(24,689)
County Clerk	3,841,134	3,841,134	3,650,260	(190,874)
Records Management Fees	362,185	-	-	-
Tax Assessor-Collector	1,236,370	1,240,370	2,101,194	860,824
District Clerk	791,961	853,042	973,512	120,470
Justice of the Peace	3,775,000	3,838,982	4,479,006	640,024
Constable	800,000	816,444	674,803	(141,641)
Voter Registration	1,600	1,600	2,994	1,394
Criminal Justice Fees	837,456	884,478	1,123,295	238,817
Total Fees	<u>12,004,306</u>	<u>11,846,368</u>	<u>13,376,504</u>	<u>1,530,136</u>

INTERGOVERNMENTAL:

Federal Grants:

Department of Agriculture	25,000	1,041,507	1,069,854	28,347
Dept Health/Human Services	22,186	39,308	71,919	32,611
Department of Homeland Security	-	2,695,385	891,643	(1,803,742)
Department of Justice	40,000	643,770	311,277	(332,493)
Department of Transportation	-	215,760	164,955	(50,805)
Federal Emergency Mgt Agency	25,000	25,000	33,085	8,085
General Services Administration	-	2,266	2,266	-
Total Federal Grants	<u>112,186</u>	<u>4,662,996</u>	<u>2,544,999</u>	<u>(2,117,997)</u>

MONTGOMERY COUNTY, TEXAS**General Fund****Schedule of Revenues and Other Financing Sources****Budget (GAAP Basis) and Actual Year Ended September 30, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INTERGOVERNMENTAL(cont'd)				
State Grants:				
Auto Theft Prevention Authority	-	445,238	422,863	(22,375)
Department of Health Services	-	83,295	83,295	-
Governor's Division of Criminal Justice	-	120,459	63,248	(57,211)
Office of the Attorney General	-	30,108	30,108	-
Tx Comm on Environmental Quality	-	1,258,691	1,258,691	-
Total State Grants	-	1,937,791	1,858,205	(79,586)
Other:				
U.S. Marshal Transportation	-	255,872	332,305	76,433
Prosecutor Salary Supplement	-	82,412	99,402	16,990
Intergovernmental Contracts	571,710	851,426	617,623	(233,803)
Voter Registration	-	88,553	81,287	(7,266)
Total Other	571,710	1,278,263	1,130,617	(147,646)
Total Intergovernmental	683,896	7,879,050	5,533,821	(2,345,229)
<u>CHARGES FOR SERVICES</u>	255,000	437,704	449,802	12,098
<u>INTEREST</u>	1,340,750	1,392,950	2,149,826	756,876
<u>CONTRACT REIMBURSEMENTS</u>	5,556,002	10,794,861	10,968,433	173,572
<u>INMATE HOUSING</u>	1,200,000	3,542,602	3,566,886	24,284
<u>FINES AND FORFEITURES</u>	73,500	73,500	125,152	51,652
<u>MISCELLANEOUS:</u>				
Lease of Facility	5,400	5,400	121,194	115,794
Commissions	631,000	620,236	808,348	188,112
Other	-	404,822	460,785	55,963
Total Miscellaneous	636,400	1,030,458	1,390,327	359,869
<u>TOTAL REVENUES</u>	120,771,453	136,861,463	137,891,714	1,030,251
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	1,032,407	1,032,407	-
Capital Lease Financing	-	16,515,427	16,515,427	-
<u>TOTAL OTHER FINANCING SOURCES</u>	-	17,547,834	17,547,834	-
<u>TOTAL REVENUES AND OTHER FINANCING SOURCES</u>	\$ 120,771,453	\$ 154,409,297	\$ 155,439,548	\$ 1,030,251

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>GENERAL ADMINISTRATION:</u>				
County Judge:				
Salaries	\$ 256,215	\$ 286,795	\$ 286,792	\$ 3
Employee Benefits	86,809	90,529	85,756	4,773
Supplies	7,500	7,500	4,788	2,712
Contract Services	10,500	20,650	15,941	4,709
Total County Judge	<u>361,024</u>	<u>405,474</u>	<u>393,277</u>	<u>12,197</u>
Human Resources:				
Salaries	221,984	220,104	220,102	2
Employee Benefits	91,440	85,327	80,308	5,019
Supplies	11,376	11,376	10,181	1,195
Contract Services	37,272	37,847	25,864	11,983
Total Human Resources	<u>362,072</u>	<u>354,654</u>	<u>336,455</u>	<u>18,199</u>
Risk Management:				
Salaries	214,300	221,291	221,272	19
Employee Benefits	90,105	87,684	82,264	5,420
Supplies	20,535	19,136	13,295	5,841
Contract Services	2,075,038	5,527,588	1,465,360	4,062,228
Capital Outlay	1,215	1,401	1,399	2
Total Risk Management	<u>2,401,193</u>	<u>5,857,100</u>	<u>1,783,590</u>	<u>4,073,510</u>
County Clerk:				
Salaries	1,425,868	1,298,438	1,298,438	-
Employee Benefits	702,541	612,654	573,995	38,659
Supplies	77,450	74,450	54,858	19,592
Contract Services	143,827	32,740	26,074	6,666
Capital Outlay	10,900	-	-	-
Total County Clerk	<u>2,360,586</u>	<u>2,018,282</u>	<u>1,953,365</u>	<u>64,917</u>
Collections:				
Salaries	401,177	456,670	453,195	3,475
Employee Benefits	196,644	194,263	181,257	13,006
Supplies	39,668	41,314	37,729	3,585
Contract Services	22,055	37,426	36,558	868
Capital Outlay	-	5,627	5,627	-
Total Collections	<u>659,544</u>	<u>735,300</u>	<u>714,366</u>	<u>20,934</u>

MONTGOMERY COUNTY, TEXAS

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Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL ADMINISTRATION(cont'd)</u>				
Veterans' Service:				
Salaries	114,896	120,011	120,009	2
Employee Benefits	51,685	50,074	46,881	3,193
Supplies	1,551	3,182	3,172	10
Contract Services	2,104	2,454	2,200	254
Capital Outlay	1,631	-	-	-
Total Veterans' Service	171,867	175,721	172,262	3,459
Information Technology:				
Salaries	1,461,075	1,465,625	1,454,199	11,426
Employee Benefits	507,662	489,513	462,180	27,333
Supplies	130,823	213,594	211,825	1,769
Contract Services	472,738	1,433,567	941,842	491,725
Capital Outlay	50,000	284,168	202,134	82,034
Total Information Technology	2,622,298	3,886,467	3,272,180	614,287
Purchasing Agent:				
Salaries	787,454	877,138	877,118	20
Employee Benefits	295,425	315,395	297,267	18,128
Supplies	19,780	18,789	13,924	4,865
Contract Services	140,999	142,915	142,747	168
Capital Outlay	500	642	642	-
Total Purchasing Agent	1,244,158	1,354,879	1,331,698	23,181
County-Wide:				
Supplies	751,500	707,974	689,342	18,632
Contract Services	4,391,428	2,263,136	2,259,365	3,771
Total County-Wide	5,142,928	2,971,110	2,948,707	22,403
<u>TOTAL GENERAL ADM</u>	15,325,670	17,758,987	12,905,900	4,853,087
<u>JUDICIAL:</u>				
County Court No1:				
Salaries	201,310	208,876	185,124	23,752
Employee Benefits	74,514	74,021	70,173	3,848
Supplies	4,924	6,256	3,096	3,160
Contract Services	6,025	6,204	4,984	1,220
Total County Court No1	286,773	295,357	263,377	31,980

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL(cont'd)</u>				
County Court No2:				
Salaries	307,580	358,036	334,238	23,798
Employee Benefits	114,170	126,707	119,946	6,761
Supplies	4,000	5,095	4,953	142
Contract Services	4,630	4,905	4,618	287
Total County Court No2	430,380	494,743	463,755	30,988
County Court No3:				
Salaries	220,590	229,440	205,688	23,752
Employee Benefits	88,438	88,123	83,176	4,947
Supplies	12,300	13,217	11,836	1,381
Contract Services	40,475	42,082	9,932	32,150
Total County Court No3	361,803	372,862	310,632	62,230
County Court No4:				
Salaries	231,714	241,350	217,598	23,752
Employee Benefits	90,371	90,161	85,324	4,837
Supplies	10,300	9,991	6,561	3,430
Contract Services	6,600	7,670	6,990	680
Capital Outlay	-	1,420	1,420	-
Total County Court No4	338,985	350,592	317,893	32,699
District Attorney:				
Salaries	3,705,239	3,969,594	3,939,838	29,756
Employee Benefits	1,405,130	1,420,337	1,336,649	83,688
Supplies	92,600	101,869	99,600	2,269
Contract Services	104,030	115,809	103,902	11,907
Total District Attorney	5,306,999	5,607,609	5,479,989	127,620
District Clerk:				
Salaries	1,679,298	1,542,393	1,542,393	-
Employee Benefits	884,231	737,064	688,146	48,918
Supplies	101,289	107,827	93,907	13,920
Contract Services	45,117	44,707	39,987	4,720
Capital Outlay	26,438	15,207	8,126	7,081
Total District Clerk	2,736,373	2,447,198	2,372,559	74,639

MONTGOMERY COUNTY, TEXAS

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL(cont'd)</u>				
Justice of Peace Pct 1:				
Salaries	325,797	351,104	351,006	98
Employee Benefits	141,292	144,582	134,727	9,855
Supplies	10,500	15,575	13,440	2,135
Contract Services	19,437	37,044	33,441	3,603
Capital Outlay	1,013	113	-	113
Total Justice of Peace Pct 1	498,039	548,418	532,614	15,804
Justice of Peace Pct 2:				
Salaries	249,605	255,141	253,948	1,193
Employee Benefits	106,859	101,621	95,073	6,548
Supplies	8,935	17,235	15,166	2,069
Contract Services	7,450	9,350	8,499	851
Capital Outlay	1,285	2,744	2,744	-
Total Justice of Peace Pct 2	374,134	386,091	375,430	10,661
Justice of Peace Pct 3:				
Salaries	502,442	540,021	533,905	6,116
Employee Benefits	245,917	243,669	227,794	15,875
Supplies	38,811	38,733	32,274	6,459
Contract Services	11,425	16,225	12,230	3,995
Capital Outlay	-	6,340	6,340	-
Total Justice of Peace Pct 3	798,595	844,988	812,543	32,445
Justice of Peace Pct 4:				
Salaries	445,999	470,048	470,040	8
Employee Benefits	222,904	218,159	203,521	14,638
Supplies	9,903	31,795	31,757	38
Contract Services	10,737	11,437	10,202	1,235
Capital Outlay	-	4,897	4,842	55
Total Justice of Peace Pct 4	689,543	736,336	720,362	15,974
Justice of Peace Pct 5:				
Salaries	218,424	235,627	235,575	52
Employee Benefits	90,821	93,894	88,151	5,743
Supplies	9,362	12,177	9,548	2,629
Contract Services	8,150	34,982	31,873	3,109
Capital Outlay	1,113	6,613	6,449	164
Total Justice of Peace Pct 5	327,870	383,293	371,596	11,697
<u>TOTAL JUDICIAL</u>	<u>12,149,494</u>	<u>12,467,487</u>	<u>12,020,750</u>	<u>446,737</u>

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>LEGAL:</u>				
County Attorney:				
Salaries	1,265,396	1,441,960	1,436,688	5,272
Employee Benefits	463,051	505,222	478,216	27,006
Supplies	30,430	36,041	35,668	373
Contract Services	20,500	102,999	35,346	67,653
<u>TOTAL LEGAL</u>	<u>1,779,377</u>	<u>2,086,222</u>	<u>1,985,918</u>	<u>100,304</u>
<u>ELECTIONS:</u>				
Salaries	611,067	887,127	822,950	64,177
Employee Benefits	202,967	204,861	194,619	10,242
Supplies	90,461	118,127	90,332	27,795
Contract Services	195,824	361,928	246,388	115,540
Capital Outlay	251,200	290,621	251,757	38,864
<u>TOTAL ELECTIONS</u>	<u>1,351,519</u>	<u>1,862,664</u>	<u>1,606,046</u>	<u>256,618</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor:				
Salaries	866,663	972,254	838,115	134,139
Employee Benefits	351,488	389,244	311,246	77,998
Supplies	19,030	22,342	16,246	6,096
Contract Services	31,719	46,993	43,051	3,942
Capital Outlay	3,100	3,100	-	3,100
Total County Auditor	<u>1,272,000</u>	<u>1,433,933</u>	<u>1,208,658</u>	<u>225,275</u>
Budget Officer:				
Salaries	219,996	54,595	54,595	-
Employee Benefits	80,518	16,620	16,620	-
Supplies	4,260	199	199	-
Contract Services	6,255	681	681	-
Total Budget Officer	<u>311,029</u>	<u>72,095</u>	<u>72,095</u>	<u>-</u>
County Treasurer:				
Salaries	316,412	373,942	373,941	1
Employee Benefits	128,993	144,835	136,316	8,519
Supplies	13,001	12,079	12,074	5
Contract Services	16,615	18,552	17,315	1,237
Capital Outlay	7,745	7,942	7,942	-
Total County Treasurer	<u>482,766</u>	<u>557,350</u>	<u>547,588</u>	<u>9,762</u>

MONTGOMERY COUNTY, TEXAS

General Fund

Schedule of Expenditures and Other Financing Uses

Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>FINANCIAL ADM(cont'd)</u>				
Tax Assessor-Collector:				
Salaries	2,194,472	2,241,214	2,222,389	18,825
Employee Benefits	1,044,151	995,241	931,554	63,687
Supplies	144,274	127,099	85,020	42,079
Contract Services	113,784	201,369	148,036	53,333
Capital Outlay	10,530	51,737	36,487	15,250
Total Tax Assessor-Collector	3,507,211	3,616,660	3,423,486	193,174
<u>TOTAL FINANCIAL ADM</u>	<u>5,573,006</u>	<u>5,680,038</u>	<u>5,251,827</u>	<u>428,211</u>
<u>PUBLIC FACILITIES:</u>				
Custodial Services:				
Salaries	1,304,876	1,354,540	1,353,459	1,081
Employee Benefits	618,786	613,387	573,011	40,376
Supplies	254,250	272,822	268,829	3,993
Contract Services	73,100	72,324	65,676	6,648
Capital Outlay	30,316	26,667	25,007	1,660
Total Custodial Services	2,281,328	2,339,740	2,285,982	53,758
Building Maintenance:				
Salaries	1,407,491	1,544,476	1,544,398	78
Employee Benefits	625,221	616,563	578,607	37,956
Supplies	666,756	565,965	565,191	774
Contract Services	194,032	1,019,205	977,132	42,073
Capital Outlay	10,000	140,933	140,933	-
Total Building Maintenance	2,903,500	3,887,142	3,806,261	80,881
Jail:				
Salaries	9,236,251	9,676,211	9,516,287	159,924
Employee Benefits	4,417,606	4,320,735	3,974,740	345,995
Supplies	1,923,906	1,724,899	1,638,155	86,744
Contract Services	1,101,021	1,096,421	987,825	108,596
Capital Outlay	-	241,060	32,606	208,454
Total Jail	16,678,784	17,059,326	16,149,613	909,713
Joe Corley Detention Facility:				
Supplies	-	102,513	102,513	-
Contract Services	-	1,924,921	1,924,921	-
Total Joe Corley Detention Facility	-	2,027,434	2,027,434	-

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC FACILITIES(cont'd)</u>				
Civic Center:				
Salaries	333,498	360,713	358,210	2,503
Employee Benefits	153,114	136,262	128,822	7,440
Supplies	100,966	126,570	126,546	24
Contract Services	385,000	437,010	397,601	39,409
Capital Outlay	-	1,600	1,600	-
Total Civic Center	972,578	1,062,155	1,012,779	49,376
Parks:				
Salaries	98,284	106,744	106,680	64
Employee Benefits	38,224	39,861	37,604	2,257
Supplies	2,100	6,782	6,430	352
Contract Services	17,600	17,930	14,941	2,989
Capital Outlay	-	1,500	1,119	381
Total Parks	156,208	172,817	166,774	6,043
<u>TOTAL PUBLIC FACILITIES</u>	22,992,398	26,548,614	25,448,843	1,099,771
<u>PUBLIC SAFETY:</u>				
Fire Marshal:				
Salaries	559,982	582,647	580,983	1,664
Employee Benefits	181,924	183,479	175,031	8,448
Supplies	14,550	36,648	32,252	4,396
Contract Services	20,366	27,915	23,879	4,036
Capital Outlay	5,867	36,830	36,830	-
Total Fire Marshal	782,689	867,519	848,975	18,544
Constable Pct 1:				
Salaries	1,705,654	1,842,251	1,839,809	2,442
Employee Benefits	666,439	677,194	660,670	16,524
Supplies	101,954	145,960	142,589	3,371
Contract Services	49,564	81,199	76,104	5,095
Capital Outlay	12,729	16,499	16,499	-
Total Constable Pct 1	2,536,340	2,763,103	2,735,671	27,432
Constable Pct 2:				
Salaries	778,937	855,724	855,654	70
Employee Benefits	272,884	280,735	267,649	13,086
Supplies	32,173	43,072	42,975	97
Contract Services	20,000	35,368	31,442	3,926
Total Constable Pct 2	1,103,994	1,214,899	1,197,720	17,179

MONTGOMERY COUNTY, TEXAS**General Fund****Schedule of Expenditures and Other Financing Uses****Budget (GAAP Basis) and Actual Year Ended September 30, 2008**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY(cont'd)</u>				
Constable Pct 3:				
Salaries	1,540,741	1,589,721	1,561,202	28,519
Employee Benefits	553,184	559,908	524,947	34,961
Supplies	35,700	41,359	24,302	17,057
Contract Services	33,380	48,461	41,069	7,392
Capital Outlay	-	44,699	44,699	-
Total Constable Pct 3	<u>2,163,005</u>	<u>2,284,148</u>	<u>2,196,219</u>	<u>87,929</u>
Constable Pct 4:				
Salaries	937,014	960,905	960,905	-
Employee Benefits	342,555	335,459	318,614	16,845
Supplies	15,800	17,300	17,209	91
Contract Services	17,657	20,011	18,506	1,505
Total Constable Pct 4	<u>1,313,026</u>	<u>1,333,675</u>	<u>1,315,234</u>	<u>18,441</u>
Constable Pct 5:				
Salaries	1,328,742	1,376,480	1,370,584	5,896
Employee Benefits	484,632	485,175	467,280	17,895
Supplies	39,585	33,285	32,367	918
Contract Services	30,165	48,650	36,915	11,735
Capital Outlay	12,248	37,390	37,390	-
Total Constable Pct 5	<u>1,895,372</u>	<u>1,980,980</u>	<u>1,944,536</u>	<u>36,444</u>
Sheriff:				
Salaries	14,803,476	16,158,644	15,373,215	785,429
Employee Benefits	6,336,982	6,502,040	5,932,569	569,471
Supplies	1,843,320	2,482,575	1,809,044	673,531
Contract Services	1,855,541	1,895,236	1,121,403	773,833
Capital Outlay	231,539	17,753,181	17,008,090	745,091
Total Sheriff	<u>25,070,858</u>	<u>44,791,676</u>	<u>41,244,321</u>	<u>3,547,355</u>
Juvenile Services:				
Salaries	2,899,439	3,081,415	2,872,860	208,555
Employee Benefits	1,323,080	1,357,433	1,252,422	105,011
Supplies	63,315	74,755	71,763	2,992
Contract Services	310,945	321,472	319,733	1,739
Capital Outlay	-	6,106	5,923	183
Total Juvenile Services	<u>4,596,779</u>	<u>4,841,181</u>	<u>4,522,701</u>	<u>318,480</u>

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY(cont'd)</u>				
Adult Services:				
Salaries	-	4,007,060	4,007,060	-
Employee Benefits	-	817,570	735,587	81,983
Supplies	1,700	1,847	1,847	-
Contract Services	19,572	39,425	28,680	10,745
Total Adult Services	21,272	4,865,902	4,773,174	92,728
Emergency Management:				
Salaries	128,005	360,466	237,091	123,375
Employee Benefits	43,387	128,437	79,600	48,837
Supplies	3,925	10,790	8,913	1,877
Contract Services	5,920	310,162	46,794	263,368
Capital Outlay	-	3,080,678	706,001	2,374,677
Total Emergency Management	181,237	3,890,533	1,078,399	2,812,134
Department of Public Safety:				
Salaries	55,006	58,207	58,201	6
Employee Benefits	30,707	31,228	28,860	2,368
Supplies	450	450	449	1
Contract Services	-	500	472	28
Total Dept of Public Safety	86,163	90,385	87,982	2,403
<u>TOTAL PUBLIC SAFETY</u>	39,750,735	68,924,001	61,944,932	6,979,069
<u>HEALTH AND WELFARE:</u>				
Vehicle Emissions Program:				
Contract Services	-	1,258,691	1,258,691	-
Medical:				
Contract Services	90,000	1,178,764	1,178,764	-
Mental Health:				
Contract Services	287,688	287,688	278,691	8,997
Environmental Health:				
Salaries	1,262,058	1,305,688	1,303,895	1,793
Employee Benefits	505,699	497,355	467,949	29,406
Supplies	41,500	39,778	38,128	1,650
Contract Services	44,477	48,154	47,945	209
Total Environmental Health	1,853,734	1,890,975	1,857,917	33,058

MONTGOMERY COUNTY, TEXAS

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH/WELFARE(cont'd)</u>				
Animal Control:				
Salaries	472,015	480,226	475,677	4,549
Employee Benefits	240,632	237,737	221,200	16,537
Supplies	54,150	72,102	71,585	517
Contract Services	33,650	35,204	32,608	2,596
Capital Outlay	-	2,554	2,554	-
Total Animal Control	800,447	827,823	803,624	24,199
Welfare:				
Contract Services	966,731	991,731	991,731	-
<u>TOTAL HEALTH/WELFARE</u>	3,998,600	6,435,672	6,369,418	66,254
<u>CONSERVATION:</u>				
Extension Agent:				
Salaries	285,756	297,689	291,801	5,888
Employee Benefits	122,593	122,866	111,703	11,163
Supplies	19,780	23,096	23,025	71
Contract Services	32,936	56,684	55,320	1,364
Capital Outlay	-	1,152	-	1,152
<u>TOTAL CONSERVATION</u>	461,065	501,487	481,849	19,638
<u>MISCELLANEOUS:</u>				
Salaries	3,161,287	281,436	-	281,436
Benefits	(450,884)	1,235,157	-	1,235,157
Contingency	2,403,736	4,481,012	1,070,696	3,410,316
<u>TOTAL MISCELLANEOUS</u>	5,114,139	5,997,605	1,070,696	4,926,909
<u>TOTAL EXPENDITURES</u>	108,496,003	148,262,777	129,086,179	19,176,598

MONTGOMERY COUNTY, TEXAS

General Fund

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Budget (GAAP Basis) and Actual Year Ended September 30, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>OTHER FINANCING USES:</u>				
Transfers Out:				
To Attorney Administration	-	-	38,212	(38,212)
To Jury	-	115,522	7,385,000	(7,269,478)
To Road and Bridge	-	918,150	918,150	-
To Memorial Library	-	264,196	7,389,196	(7,125,000)
To Animal Shelter	-	8,410	758,410	(750,000)
To Alternative Dispute Res.	-	200	200	-
To Juvenile Probation	-	161,272	161,272	-
To Records Mgmt & Preservation	-	100,230	21,187	79,043
To Child Welfare	-	-	44,000	(44,000)
To Airport Maintenance	-	20,320	233,320	(213,000)
To Mont Co Jail Financing Debt Service	-	315,168	315,168	-
To Certificates of Obligation 2004	-	17,019	17,019	-
<u>TOTAL OTHER FINANCING USES</u>	-	1,920,487	17,281,134	(15,360,647)
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ 108,496,003</u>	<u>\$ 150,183,264</u>	<u>\$ 146,367,313</u>	<u>\$ 3,815,951</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MONTGOMERY COUNTY, TEXAS**Nonmajor Governmental Funds****Combining Balance Sheet****September 30, 2008**

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	Special Revenue	Debt Service	Capital Projects	Total
<u>ASSETS:</u>				
Cash	\$ 1,567,508	\$ 44,769	\$ 3,576,394	\$ 5,188,671
Investments, at Fair Value	800,414	-	57,716,165	58,516,579
Cash, Restricted	818,701	-	-	818,701
Cash, Restricted for Retainage	-	-	1,229,850	1,229,850
Receivables:				
Taxes (net)	-	955,053	-	955,053
Accounts (net)	87,919	-	47,763	135,682
Accrued Interest	-	-	16,700	16,700
Due from Other Funds	15,510,313	4,861,205	2,368,791	22,740,309
Due from Other Governments	7,301,913	-	300,910	7,602,823
Prepaid Items	769,559	-	-	769,559
<u>TOTAL ASSETS</u>	<u>\$ 26,856,327</u>	<u>\$ 5,861,027</u>	<u>\$ 65,256,573</u>	<u>\$ 97,973,927</u>

LIABILITIES AND FUND BALANCE**LIABILITIES:**

Accounts Payable	\$ 5,469,523	\$ 74,938	\$ 4,485,241	\$ 10,029,702
Retainage Payable	235,861	-	2,008,070	2,243,931
Due to Other Funds	3,707,565	315,168	5,057,407	9,080,140
Deferred Revenue	780,368	909,731	-	1,690,099
Total Liabilities	<u>10,193,317</u>	<u>1,299,837</u>	<u>11,550,718</u>	<u>23,043,872</u>

FUND BALANCES:

Reserved for:

Prepaid Items	769,559	-	-	769,559
Capital Projects	-	-	53,705,855	53,705,855
Debt Service	-	4,561,190	-	4,561,190

Unreserved, designated for encumbrances,
reported in:

Special Revenue Funds	8,457	-	-	8,457
Unreserved, undesignated	<u>15,884,994</u>	<u>-</u>	<u>-</u>	<u>15,884,994</u>
Total Fund Balances	<u>16,663,010</u>	<u>4,561,190</u>	<u>53,705,855</u>	<u>74,930,055</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 26,856,327</u>	<u>\$ 5,861,027</u>	<u>\$ 65,256,573</u>	<u>\$ 97,973,927</u>
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MONTGOMERY COUNTY, TEXAS**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Year Ended September 30, 2008**

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	Special Revenue	Debt Service	Capital Projects	Totals
<u>REVENUES:</u>				
Taxes	\$ -	\$ 20,683,280	\$ -	\$ 20,683,280
Licenses and Permits	153,085	-	-	153,085
Fees	1,219,353	-	-	1,219,353
Intergovernmental	19,329,405	-	-	19,329,405
Charges for Services	1,478,107	-	-	1,478,107
Interest	92,509	96,163	2,245,143	2,433,815
Contract Reimbursements	169,827	-	-	169,827
Fines and Forfeitures	929,244	-	-	929,244
Miscellaneous	102,710	-	-	102,710
<u>TOTAL REVENUES</u>	<u>23,474,240</u>	<u>20,779,443</u>	<u>2,245,143</u>	<u>46,498,826</u>
<u>EXPENDITURES:</u>				
Current:				
General Administration	626,519	-	-	626,519
Judicial	6,483,955	-	-	6,483,955
Legal Services	411,911	-	-	411,911
Public Safety	2,539,767	-	-	2,539,767
Health and Welfare	11,482,218	-	-	11,482,218
Culture and Recreation	7,314,312	-	-	7,314,312
Public Transportation	367,942	-	-	367,942
Capital Projects	-	-	72,943,445	72,943,445
Debt Service:				
Principal Retirement	-	4,598,741	-	4,598,741
Interest and Fiscal Charges	-	16,021,976	2,316	16,024,292
Issuance Costs	-	214,338	914,611	1,128,949
<u>TOTAL EXPENDITURES</u>	<u>29,226,624</u>	<u>20,835,055</u>	<u>73,860,372</u>	<u>123,922,051</u>
(Deficiency) Revenues Over Expenditures	<u>(5,752,384)</u>	<u>(55,612)</u>	<u>(71,615,229)</u>	<u>(77,423,225)</u>
<u>OTHER FINANCING SOURCES/(USES)</u>				
Transfers In	16,051,848	1,939,219	1,722,062	19,713,129
Transfers Out	(2,561,870)	-	(1,583,051)	(4,144,921)
Issuance of General Obligation Debt	-	-	12,130,000	12,130,000
Issuance of Refunding Bonds	-	9,855,000	-	9,855,000
Issuance of Certificates of Obligation	-	-	33,050,000	33,050,000
Premium on Debt Issuance	-	400,427	1,228,916	1,629,343
Payment to Refunded Bond Escrow Agent	-	(10,211,444)	-	(10,211,444)
Discount on Debt Issuance	-	-	(186,050)	(186,050)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>13,489,978</u>	<u>1,983,202</u>	<u>46,361,877</u>	<u>61,835,057</u>
Net Change in Fund Balances	7,737,594	1,927,590	(25,253,352)	(15,588,168)
Fund Balances at Beginning of Year	4,937,753	2,633,600	78,959,207	86,530,560
Change in Accounting Principle	3,987,663	-	-	3,987,663
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 16,663,010</u>	<u>\$ 4,561,190</u>	<u>\$ 53,705,855</u>	<u>\$ 74,930,055</u>



NONMAJOR SPECIAL REVENUE FUNDS

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

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

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.

FEMA Disaster Grants Fund - to account for grants from the Federal Emergency Management Agency. The purpose of these grants is to assist the County in recovering from Hurricane Ike.

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 enhance living 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 Road and Bridge 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.

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

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, grant revenue and ad valorem taxes.

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2008

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Page 1 of 2

	Attorney Administration	Forfeitures	Civic Center Complex	FEMA Disaster Grants
<u>ASSETS:</u>				
Cash	\$ 3,775	\$ 838,536	\$ -	\$ -
Investments, at Fair Value	-	-	-	-
Cash, Restricted	-	-	-	-
Receivables:				
Accounts	-	1,296	71,431	-
Due from Other Funds	-	-	497,738	-
Due from Other Governments	-	-	61,940	5,192,379
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 3,775</u>	<u>\$ 839,832</u>	<u>\$ 631,109</u>	<u>\$ 5,192,379</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 2,160	\$ -	\$ 9,758	\$ 4,206,354
Retainage Payable	-	-	-	-
Due to Other Funds	4,962	6,898	-	929,864
Deferred Revenue	-	-	-	-
Total Liabilities	<u>7,122</u>	<u>6,898</u>	<u>9,758</u>	<u>5,136,218</u>

FUND BALANCES:

Reserved for:				
Prepaid Items	-	-	-	-
Unreserved, designated for encumbrances, reported in:				
Special Revenue Funds	-	-	-	-
Unreserved, undesignated	<u>(3,347)</u>	<u>832,934</u>	<u>621,351</u>	<u>56,161</u>
Total Fund Balances	<u>(3,347)</u>	<u>832,934</u>	<u>621,351</u>	<u>56,161</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 3,775</u>	<u>\$ 839,832</u>	<u>\$ 631,109</u>	<u>\$ 5,192,379</u>
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Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 89	Totals
\$ 77,978	\$ 44,480	\$ 620	\$ 602,119	\$ 1,567,508
-	-	-	800,414	800,414
-	-	-	818,701	818,701
5,242	-	3,379	6,571	87,919
2,117,720	-	221,285	12,673,570	15,510,313
249,085	-	72,580	1,725,929	7,301,913
-	-	-	769,559	769,559
<u>\$ 2,450,025</u>	<u>\$ 44,480</u>	<u>\$ 297,864</u>	<u>\$ 17,396,863</u>	<u>\$ 26,856,327</u>
\$ 420,384	\$ -	\$ 269,181	\$ 561,686	\$ 5,469,523
-	-	-	235,861	235,861
-	-	-	2,765,841	3,707,565
28,669	-	21,269	730,430	780,368
<u>449,053</u>	<u>-</u>	<u>290,450</u>	<u>4,293,818</u>	<u>10,193,317</u>
-	-	-	769,559	769,559
-	-	-	8,457	8,457
2,000,972	44,480	7,414	12,325,029	15,884,994
<u>2,000,972</u>	<u>44,480</u>	<u>7,414</u>	<u>13,103,045</u>	<u>16,663,010</u>
<u>\$ 2,450,025</u>	<u>\$ 44,480</u>	<u>\$ 297,864</u>	<u>\$ 17,396,863</u>	<u>\$ 26,856,327</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2008

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Page 2 of 2

	<u>Community Development</u>	<u>Animal Shelter</u>	<u>Law Library</u>	<u>Historical Commission</u>
<u>ASSETS:</u>				
Cash	\$ -	\$ -	\$ 74,576	\$ -
Investments, at Fair Value	-	-	800,414	-
Cash, Restricted	818,701	-	-	-
Receivables:				
Accounts	72	-	1,894	-
Due from Other Funds	-	166,145	43	47,995
Due from Other Governments	1,079,931	-	-	-
Prepaid Items	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,898,704</u>	<u>\$ 166,145</u>	<u>\$ 876,927</u>	<u>\$ 47,995</u>

LIABILITIES AND FUND BALANCES:

<u>LIABILITIES:</u>				
Accounts Payable	\$ 325,432	\$ 38,903	\$ 13,780	\$ 1,895
Retainage Payable	235,861	-	-	-
Due to Other Funds	789,669	-	610	46,100
Deferred Revenue	130	-	-	-
Total Liabilities	<u>1,351,092</u>	<u>38,903</u>	<u>14,390</u>	<u>47,995</u>

FUND BALANCES:

Reserved for:				
Prepaid Items	-	-	-	-
Unreserved, designated for encumbrances, reported in:				
Special Revenue Funds	5,466	-	2,970	-
Unreserved, undesignated	542,146	127,242	859,567	-
Total Fund Balances	<u>547,612</u>	<u>127,242</u>	<u>862,537</u>	<u>-</u>

**TOTAL LIABILITIES AND
FUND BALANCES**

<u>\$ 1,898,704</u>	<u>\$ 166,145</u>	<u>\$ 876,927</u>	<u>\$ 47,995</u>
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Alternate Dispute Resolution	Juvenile Probation	Records Management and Preservation	Child Welfare	Airport Maintenance	Memo Totals to Page 87
\$ 33,400	\$ 234,694	\$ 8,879	\$ 8,989	\$ 241,581	\$ 602,119
-	-	-	-	-	800,414
	-	-	-		818,701
435	197	2,735	30	1,208	6,571
313	924,895	4,328,778	-	7,205,401	12,673,570
-	621,867	-	24,131	-	1,725,929
-	-	-	-	769,559	769,559
<u>\$ 34,148</u>	<u>\$ 1,781,653</u>	<u>\$ 4,340,392</u>	<u>\$ 33,150</u>	<u>\$ 8,217,749</u>	<u>\$ 17,396,863</u>

\$ 5,995	\$ 138,609	\$ 9,763	\$ 9,745	\$ 17,564	\$ 561,686
-	-	-	-	\$ -	235,861
-	25,362	145	22,957	1,880,998	2,765,841
-	470,300	-	-	260,000	730,430
<u>5,995</u>	<u>634,271</u>	<u>9,908</u>	<u>32,702</u>	<u>2,158,562</u>	<u>4,293,818</u>

-	-	-	-	769,559	769,559
-	-	-	-	21	8,457
28,153	1,147,382	4,330,484	448	5,289,607	12,325,029
<u>28,153</u>	<u>1,147,382</u>	<u>4,330,484</u>	<u>448</u>	<u>6,059,187</u>	<u>13,103,045</u>

<u>\$ 34,148</u>	<u>\$ 1,781,653</u>	<u>\$ 4,340,392</u>	<u>\$ 33,150</u>	<u>\$ 8,217,749</u>	<u>\$ 17,396,863</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, 2008**

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	Attorney Administration	Forfeitures	Civic Center Complex	FEMA Disaster Grants
<u>REVENUES:</u>				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Intergovernmental	-	-	180,649	5,192,379
Charges for Services	84,407	-	430,915	-
Interest	59	11,846	-	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	608,038	-	-
Miscellaneous	-	-	-	56,161
<u>TOTAL REVENUES</u>	<u>84,466</u>	<u>619,884</u>	<u>611,564</u>	<u>5,248,540</u>
<u>EXPENDITURES:</u>				
General Administration	121,507	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	-	-
Public Safety	-	458,450	-	-
Health and Welfare	-	-	-	5,192,379
Culture and Recreation	-	-	-	-
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>121,507</u>	<u>458,450</u>	<u>-</u>	<u>5,192,379</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(37,041)</u>	<u>161,434</u>	<u>611,564</u>	<u>56,161</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	38,212	-	-	-
Transfers Out	-	(31,074)	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>38,212</u>	<u>(31,074)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,171	130,360	611,564	56,161
Fund Balances at Beginning of Year	(4,518)	702,574	9,787	-
Change in Accounting Principle	-	-	-	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ (3,347)</u>	<u>\$ 832,934</u>	<u>\$ 621,351</u>	<u>\$ 56,161</u>

Jury	Sheriff Commissary	Memorial Library	Memo Totals from Page 93	Totals
\$ -	\$ -	\$ -	\$ 153,085	\$ 153,085
-	-	-	1,219,353	1,219,353
732,087	-	87,029	13,137,261	19,329,405
138,048	228,131	143,354	453,252	1,478,107
375	220	38	79,971	92,509
169,827	-	-	-	169,827
321,206	-	-	-	929,244
-	-	34,301	12,248	102,710
1,361,543	228,351	264,722	15,055,170	23,474,240
-	-	-	505,012	626,519
6,483,955	-	-	-	6,483,955
-	-	-	411,911	411,911
-	224,718	-	1,856,599	2,539,767
-	-	-	6,289,839	11,482,218
-	-	7,295,316	18,996	7,314,312
-	-	-	367,942	367,942
6,483,955	224,718	7,295,316	9,450,299	29,226,624
(5,122,412)	3,633	(7,030,594)	5,604,871	(5,752,384)
7,385,000	-	7,389,196	1,239,440	16,051,848
(264,431)	(3,971)	(359,475)	(1,902,919)	(2,561,870)
7,120,569	(3,971)	7,029,721	(663,479)	13,489,978
1,998,157	(338)	(873)	4,941,392	7,737,594
2,815	44,818	8,287	4,173,990	4,937,753
-	-	-	3,987,663	3,987,663
\$ 2,000,972	\$ 44,480	\$ 7,414	\$ 13,103,045	\$ 16,663,010

MONTGOMERY COUNTY, TEXAS

Nonmajor Special Revenue Funds

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

Year Ended September 30, 2008

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	Community Development	Animal Shelter	Law Library	Historical Commission
<u>REVENUES:</u>				
Licenses and Permits	\$ -	\$ 153,085	\$ -	\$ -
Fees	-	-	250,814	-
Intergovernmental	3,142,458	-	-	-
Charges for Services	-	195,520	-	-
Interest	52,713	-	24,347	-
Contract Reimbursements	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	10,741	-	-
<u>TOTAL REVENUES</u>	<u>3,195,171</u>	<u>359,346</u>	<u>275,161</u>	<u>-</u>
<u>EXPENDITURES:</u>				
General Administration	-	-	-	-
Judicial	-	-	-	-
Legal Services	-	-	228,110	-
Public Safety	-	-	-	-
Health and Welfare	5,388,605	837,116	-	-
Culture and Recreation	-	-	-	18,996
Public Transportation	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>5,388,605</u>	<u>837,116</u>	<u>228,110</u>	<u>18,996</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(2,193,434)</u>	<u>(477,770)</u>	<u>47,051</u>	<u>(18,996)</u>
<u>OTHER FINANCING SOURCES/ (USES):</u>				
Transfers In	2,055	758,410	-	18,996
Transfers Out	-	(156,479)	-	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>2,055</u>	<u>601,931</u>	<u>-</u>	<u>18,996</u>
Net Change in Fund Balances	(2,191,379)	124,161	47,051	-
Fund Balances at Beginning of Year	2,738,991	3,081	815,486	-
Change in Accounting Principle	-	-	-	-
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 547,612</u>	<u>\$ 127,242</u>	<u>\$ 862,537</u>	<u>\$ -</u>

Alternate Dispute Resolution	Juvenile Probation	Records Management and Preservation	Child Welfare	Airport Maintenance	Memo Totals to Page 91
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,085
141,893	-	826,646	-	-	1,219,353
-	2,238,496	-	19,111	7,737,196	13,137,261
40,000	30,665	-	-	187,067	453,252
180	1,579	-	-	1,152	79,971
-	-	-	-	-	-
-	-	-	-	-	-
-	1,507	-	-	-	12,248
182,073	2,272,247	826,646	19,111	7,925,415	15,055,170
-	-	505,012	-	-	505,012
-	-	-	-	-	-
183,801	-	-	-	-	411,911
-	1,856,599	-	-	-	1,856,599
-	-	-	64,118	-	6,289,839
-	-	-	-	-	18,996
-	-	-	-	367,942	367,942
183,801	1,856,599	505,012	64,118	367,942	9,450,299
(1,728)	415,648	321,634	(45,007)	7,557,473	5,604,871
200	161,272	21,187	44,000	233,320	1,239,440
-	(14,432)	-	-	(1,732,008)	(1,902,919)
200	146,840	21,187	44,000	(1,498,688)	(663,479)
(1,528)	562,488	342,821	(1,007)	6,058,785	4,941,392
29,681	584,894	-	1,455	402	4,173,990
-	-	3,987,663	-	-	3,987,663
\$ 28,153	\$ 1,147,382	\$ 4,330,484	\$ 448	\$ 6,059,187	\$ 13,103,045

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, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Service	\$ 127,203	\$ 127,700	\$ 84,407	\$ (43,293)
Interest	-	59	59	-
Total Revenues	<u>127,203</u>	<u>127,759</u>	<u>84,466</u>	<u>(43,293)</u>
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	69,514	73,428	73,428	-
Employee Benefits	33,227	34,452	34,452	-
Supplies	10,187	9,448	7,074	2,374
Contract Services	14,275	14,690	6,553	8,137
Total Expenditures	<u>127,203</u>	<u>132,018</u>	<u>121,507</u>	<u>10,511</u>
(Deficiency) Revenues Over Expenditures	-	(4,259)	(37,041)	(32,782)
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>38,212</u>	<u>38,212</u>
Net Change in Fund Balance	-	(4,259)	1,171	5,430
Fund Balance at Beginning of Year	<u>(4,518)</u>	<u>(4,518)</u>	<u>(4,518)</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (4,518)</u>	<u>\$ (8,777)</u>	<u>\$ (3,347)</u>	<u>\$ 5,430</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, 2008

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Interest	\$ -	\$ 1,929	\$ 11,846	\$ 9,917
Fines and Forfeitures	87,767	334,928	608,038	273,110
Total Revenues	87,767	336,857	619,884	283,027
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	12,669	35,458	35,458	-
Supplies	53,279	213,243	208,112	5,131
Contract Services	21,819	73,617	73,617	-
Capital Outlay	-	141,263	141,263	-
Total Expenditures	87,767	463,581	458,450	5,131
Excess (Deficiency) Revenues Over Expenditures	-	(126,724)	161,434	288,158
<u>OTHER FINANCING (USES):</u>				
Transfers Out	-	(31,074)	(31,074)	-
Net Change in Fund Balance	-	(157,798)	130,360	288,158
Fund Balance at Beginning of Year	702,574	702,574	702,574	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 702,574</u>	<u>\$ 544,776</u>	<u>\$ 832,934</u>	<u>\$ 288,158</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, 2008

C-5

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 180,649	\$ 55,649
Charges for Services	410,000	410,000	430,915	20,915
Total Revenues	<u>535,000</u>	<u>535,000</u>	<u>611,564</u>	<u>76,564</u>
 Net Change in Fund Balance	 535,000	 535,000	 611,564	 76,564
 Fund Balance at Beginning of Year	 <u>9,787</u>	 <u>9,787</u>	 <u>9,787</u>	 <u>-</u>
 <u>FUND BALANCE AT END OF YEAR</u>	 <u><u>\$ 544,787</u></u>	 <u><u>\$ 544,787</u></u>	 <u><u>\$ 621,351</u></u>	 <u><u>\$ 76,564</u></u>

MONTGOMERY COUNTY, TEXAS
FEMA Disaster Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2008

C-6

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 5,192,379	\$ 5,192,379	\$ -
Miscellaneous	-	-	56,161	56,161
Total Revenues	-	5,192,379	5,248,540	56,161
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	837,210	837,210	-
Employee Benefits	-	144,837	144,837	-
Supplies	-	3,083,237	3,083,237	-
Contract Services	-	1,127,095	1,127,095	-
Total Expenditures	-	5,192,379	5,192,379	-
Excess Revenues Over Expenditures	-	-	56,161	56,161
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	-	-
Net Change in Fund Balance	-	-	56,161	56,161
Fund Balance at Beginning of Year	-	-	-	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,161</u>	<u>\$ 56,161</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, 2008

C-7

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ 142,359	\$ 142,359	\$ 104,014	\$ (38,345)
State Grants	175,000	183,766	525,573	341,807
Other	25,000	25,000	102,500	77,500
Charges for Services	82,000	82,255	138,048	55,793
Interest	250	250	375	125
Contract Reimbursements	150,263	181,804	169,827	(11,977)
Fines and Forfeitures	350,000	350,000	321,206	(28,794)
Total Revenues	<u>924,872</u>	<u>965,434</u>	<u>1,361,543</u>	<u>396,109</u>
<u>EXPENDITURES:</u>				
Judicial:				
Salaries	1,561,598	1,499,282	1,485,339	13,943
Employee Benefits	633,329	569,237	526,578	42,659
Supplies	51,503	52,026	37,922	14,104
Contract Services	5,254,422	5,267,921	4,419,079	848,842
Capital Outlay	-	17,983	15,037	2,946
Total Expenditures	<u>7,500,852</u>	<u>7,406,449</u>	<u>6,483,955</u>	<u>922,494</u>
(Deficiency) Revenues Over Expenditures	<u>(6,575,980)</u>	<u>(6,441,015)</u>	<u>(5,122,412)</u>	<u>1,318,603</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	115,522	7,385,000	7,269,478
Transfers Out	<u>-</u>	<u>(264,431)</u>	<u>(264,431)</u>	<u>-</u>
Total Other Financing Sources /(Uses)	<u>-</u>	<u>(148,909)</u>	<u>7,120,569</u>	<u>7,269,478</u>
Net Change in Fund Balance	(6,575,980)	(6,589,924)	1,998,157	8,588,081
Fund Balance at Beginning of Year	<u>2,815</u>	<u>2,815</u>	<u>2,815</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (6,573,165)</u>	<u>\$ (6,587,109)</u>	<u>\$ 2,000,972</u>	<u>\$ 8,588,081</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, 2008

C-8

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 105,080	\$ 222,846	\$ 228,131	\$ 5,285
Interest	-	220	220	-
Total Revenues	105,080	223,066	228,351	5,285
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	22,080	21,160	21,160	-
Supplies	73,000	172,103	172,103	-
Contract Services	10,000	21,367	21,367	-
Capital Outlay	-	10,088	10,088	-
Total Expenditures	105,080	224,718	224,718	-
Excess (Deficiency) Revenues Over Expenditures	-	(1,652)	3,633	5,285
<u>OTHER FINANCING (USES)</u>				
Transfers Out	-	-	(3,971)	(3,971)
Net Change in Fund Balance	-	(1,652)	(338)	1,314
Fund Balance at Beginning of Year	44,818	44,818	44,818	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 44,818</u>	<u>\$ 43,166</u>	<u>\$ 44,480</u>	<u>\$ 1,314</u>

MONTGOMERY COUNTY, TEXAS
Memorial Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2008

C-9

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 87,035	\$ 87,029	\$ (6)
Charges for Service	130,000	130,000	143,354	13,354
Interest	-	-	38	38
Miscellaneous	-	79,965	34,301	(45,664)
Total Revenues	<u>130,000</u>	<u>297,000</u>	<u>264,722</u>	<u>(32,278)</u>
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Salaries	4,209,495	4,169,956	4,163,652	6,304
Employee Benefits	1,959,874	1,849,134	1,728,972	120,162
Supplies	593,300	706,203	618,949	87,254
Contract Services	634,452	714,068	703,558	10,510
Capital Outlay	-	101,571	80,185	21,386
Total Expenditures	<u>7,397,121</u>	<u>7,540,932</u>	<u>7,295,316</u>	<u>245,616</u>
(Deficiency) Revenues Over Expenditures	<u>(7,267,121)</u>	<u>(7,243,932)</u>	<u>(7,030,594)</u>	<u>213,338</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	264,196	7,389,196	7,125,000
Transfers Out	-	(359,475)	(359,475)	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(95,279)</u>	<u>7,029,721</u>	<u>7,125,000</u>
Net Change in Fund Balance	(7,267,121)	(7,339,211)	(873)	7,338,338
Fund Balance at Beginning of Year	<u>8,287</u>	<u>8,287</u>	<u>8,287</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (7,258,834)</u>	<u>\$ (7,330,924)</u>	<u>\$ 7,414</u>	<u>\$ 7,338,338</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, 2008

C-10

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ 2,320,038	\$ 2,466,174	\$ 3,142,458	\$ 676,284
Interest	-	-	52,713	52,713
Total Revenues	<u>2,320,038</u>	<u>2,466,174</u>	<u>3,195,171</u>	<u>728,997</u>
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	235,703	523,551	264,729	258,822
Employee Benefits	85,559	188,632	89,676	98,956
Supplies	50,736	357,929	6,697	351,232
Contract Services	1,282,263	2,917,393	1,906,280	1,011,113
Capital Outlay	665,777	5,641,375	3,121,223	2,520,152
Total Expenditures	<u>2,320,038</u>	<u>9,628,880</u>	<u>5,388,605</u>	<u>4,240,275</u>
(Deficiency) Revenues Over Expenditures	-	(7,162,706)	(2,193,434)	4,969,272
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	2,055	2,055	-
Net Change in Fund Balance	-	(7,160,651)	(2,191,379)	4,969,272
Fund Balance at Beginning of Year	<u>2,738,991</u>	<u>2,738,991</u>	<u>2,738,991</u>	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 2,738,991</u>	<u>\$ (4,421,660)</u>	<u>\$ 547,612</u>	<u>\$ 4,969,272</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, 2008

C-11

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Licenses and Permits	\$ 60,000	\$ 161,870	\$ 153,085	\$ (8,785)
Charges for Service	-	195,480	195,520	40
Miscellaneous	-	3,500	10,741	7,241
Total Revenues	60,000	360,850	359,346	(1,504)
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	349,507	275,497	273,139	2,358
Employee Benefits	208,776	157,920	141,172	16,748
Supplies	47,000	384,987	351,242	33,745
Contract Services	91,576	68,476	66,230	2,246
Capital Outlay	-	5,333	5,333	-
Total Expenditures	696,859	892,213	837,116	55,097
(Deficiency) Revenues Over Expenditures	(636,859)	(531,363)	(477,770)	53,593
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	8,410	758,410	750,000
Transfers Out	-	(156,479)	(156,479)	-
Total Other Financing Sources/(Uses)	-	(148,069)	601,931	750,000
Net Change in Fund Balance	(636,859)	(679,432)	124,161	803,593
Fund Balance at Beginning of Year	3,081	3,081	3,081	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (633,778)</u>	<u>\$ (676,351)</u>	<u>\$ 127,242</u>	<u>\$ 803,593</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, 2008

C-12

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 295,682	\$ 295,682	\$ 250,814	\$ (44,868)
Interest	-	35,000	24,347	(10,653)
Total Revenues	<u>295,682</u>	<u>330,682</u>	<u>275,161</u>	<u>(55,521)</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	55,935	55,935	35,819	20,116
Employee Benefits	30,347	30,347	15,985	14,362
Supplies	14,249	44,249	28,992	15,257
Contract Services	75,151	80,151	55,202	24,949
Capital Outlay	120,000	120,000	92,112	27,888
Total Expenditures	<u>295,682</u>	<u>330,682</u>	<u>228,110</u>	<u>102,572</u>
Excess Revenues Over Expenditures	-	-	47,051	47,051
Fund Balance at Beginning of Year	<u>815,486</u>	<u>815,486</u>	<u>815,486</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 815,486</u>	<u>\$ 815,486</u>	<u>\$ 862,537</u>	<u>\$ 47,051</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, 2008

C-13

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES:</u>				
Culture and Recreation:				
Contract Services	\$ 9,000	\$ 19,000	\$ 18,996	\$ 4
Capital Outlay	-	-	-	-
Total Expenditures	9,000	19,000	18,996	4
 (Deficiency) Revenues Over Expenditures	 (9,000)	 (19,000)	 (18,996)	 4
 <u>OTHER FINANCING</u>				
<u>SOURCES:</u>				
Transfers In	-	-	18,996	18,996
 Net Change in Fund Balance	 (9,000)	 (19,000)	 -	 19,000
 Fund Balance at Beginning of Year	 -	 -	 -	 -
 <u>FUND BALANCE AT</u>				
<u>END OF YEAR</u>	 \$ (9,000)	 \$ (19,000)	 \$ -	 \$ 19,000

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, 2008

C-14

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ 121,772	\$ 121,772	\$ 141,893	\$ 20,121
Charges for Services	56,084	56,084	40,000	(16,084)
Interest	-	-	180	180
Total Revenues	<u>177,856</u>	<u>177,856</u>	<u>182,073</u>	<u>4,217</u>
<u>EXPENDITURES:</u>				
Legal Services:				
Salaries	124,500	129,430	129,430	-
Employee Benefits	53,355	54,247	54,247	-
Contract Services	-	200	124	76
Total Expenditures	<u>177,855</u>	<u>183,877</u>	<u>183,801</u>	<u>76</u>
Excess (Deficiency) Revenues Over Expenditures	1	(6,021)	(1,728)	4,293
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>200</u>	<u>200</u>	<u>-</u>
Net Change in Fund Balance	1	(5,821)	(1,528)	4,293
Fund Balance at Beginning of Year	<u>29,681</u>	<u>29,681</u>	<u>29,681</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 29,682</u>	<u>\$ 23,860</u>	<u>\$ 28,153</u>	<u>\$ 4,293</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, 2008

C-15

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Dept Health/Human Services Grant	\$ -	\$ 186,195	\$ 235,277	\$ 49,082
Texas Juvenile Prob Comm Grants	-	2,157,928	2,003,219	(154,709)
Charges for Services	-	30,665	30,665	-
Interest	-	-	1,579	1,579
Miscellaneous	-	1,507	1,507	-
Total Revenues	-	2,376,295	2,272,247	(104,048)
<u>EXPENDITURES:</u>				
Public Safety:				
Salaries	-	1,854,889	839,741	1,015,148
Benefits	-	784,258	327,782	456,476
Supplies	-	366,048	87,835	278,213
Contract Services	-	1,573,857	565,241	1,008,616
Capital Outlay	-	36,000	36,000	-
Total Expenditures	-	4,615,052	1,856,599	2,758,453
Excess (Deficiency) Revenues Over Expenditures	-	(2,238,757)	415,648	2,654,405
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	161,272	161,272	-
Transfers Out	-	(14,432)	(14,432)	-
Total Other Financing Sources/(Uses)	-	146,840	146,840	-
Net Change in Fund Balance	-	(2,091,917)	562,488	2,654,405
Fund Balance at Beginning of Year	-	584,894	584,894	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$(1,507,023)</u>	<u>\$ 1,147,382</u>	<u>\$ 2,654,405</u>

MONTGOMERY COUNTY, TEXAS
Records Management and Preservation Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual Year Ended September 30, 2008

C-16

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Fees	\$ -	\$ 454,531	\$ 826,646	\$ 372,115
Total Revenues	-	454,531	826,646	372,115
<u>EXPENDITURES:</u>				
General Administration:				
Salaries	-	211,485	207,715	3,770
Employee Benefits	-	66,587	59,678	6,909
Supplies	-	102,043	90,192	11,851
Contract Services	-	131,914	105,160	26,754
Capital Outlay	-	42,731	42,267	464
Total Expenditures	-	554,760	505,012	49,748
Excess (Deficiency) Revenues Over Expenditures	-	(100,229)	321,634	421,863
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	100,230	21,187	(79,043)
Net Change in Fund Balance	-	1	342,821	342,820
Fund Balance at Beginning of Year	-	-	-	-
Change in Accounting Principle	-	-	3,987,663	3,987,663
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,330,484</u>	<u>\$ 4,330,483</u>

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, 2008

C-17

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 1,787	\$ 19,111	\$ 17,324
<u>EXPENDITURES:</u>				
Health and Welfare:				
Salaries	-	26,817	7,600	19,217
Supplies	33,750	42,185	39,065	3,120
Contract Services	44,700	39,487	17,453	22,034
Total Expenditures	78,450	108,489	64,118	44,371
(Deficiency) Revenues Over Expenditures	(78,450)	(106,702)	(45,007)	61,695
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	-	44,000	44,000
Net Change in Fund Balance	(78,450)	(106,702)	(1,007)	105,695
Fund Balance at Beginning of Year	1,455	1,455	1,455	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (76,995)</u>	<u>\$ (105,247)</u>	<u>\$ 448</u>	<u>\$ 105,695</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, 2008

C-18

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Intergovernmental:				
Federal Grants	\$ -	\$ 6,438,419	\$ 7,737,196	\$ 1,298,777
Charges for Services	187,000	189,500	187,067	(2,433)
Interest	-	-	1,152	1,152
Total Revenues	<u>187,000</u>	<u>6,627,919</u>	<u>7,925,415</u>	<u>1,297,496</u>
<u>EXPENDITURES:</u>				
Public Transportation:				
Salaries	222,270	230,241	229,040	1,201
Employee Benefits	81,004	78,973	74,410	4,563
Supplies	26,327	32,521	26,297	6,224
Contract Services	42,850	39,976	35,715	4,261
Capital Outlay	-	2,480	2,480	-
Total Expenditures	<u>372,451</u>	<u>384,191</u>	<u>367,942</u>	<u>16,249</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(185,451)</u>	<u>6,243,728</u>	<u>7,557,473</u>	<u>1,313,745</u>
<u>OTHER FINANCING SOURCES/(USES):</u>				
Transfers In	-	20,320	233,320	213,000
Transfers Out	-	(32,008)	(1,732,008)	(1,700,000)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(11,688)</u>	<u>(1,498,688)</u>	<u>(1,487,000)</u>
Net Change in Fund Balance	(185,451)	6,232,040	6,058,785	(173,255)
Fund Balance at Beginning of Year	<u>402</u>	<u>402</u>	<u>402</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ (185,049)</u>	<u>\$ 6,232,442</u>	<u>\$ 6,059,187</u>	<u>\$ (173,255)</u>



NONMAJOR DEBT SERVICE FUNDS

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

Jail Financing Corporation Debt Service Fund - to account and provide for the receipt and disbursement of funds to retire debt resulting from the issuance of revenue bonds. Financing is provided by contracts executed with the U.S. Government for the housing of federal prisoners.

MONTGOMERY COUNTY, TEXAS

Nonmajor Debt Service Funds

Combining Balance Sheet

September 30, 2008

D-1

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>ASSETS:</u>			
Cash	\$ 44,769	\$ -	\$ 44,769
Receivables:			
Taxes (net)	955,053	-	955,053
Due from Other Funds	4,546,037	315,168	4,861,205
<u>TOTAL ASSETS</u>	<u>\$ 5,545,859</u>	<u>\$ 315,168</u>	<u>\$ 5,861,027</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 74,938	\$ -	\$ 74,938
Due to Other Funds	-	315,168	315,168
Deferred Revenue	909,731	-	909,731
Total Liabilities	<u>984,669</u>	<u>315,168</u>	<u>1,299,837</u>

FUND BALANCES:

Reserved for Debt Service	<u>4,561,190</u>	<u>-</u>	<u>4,561,190</u>
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TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 5,545,859</u>	<u>\$ 315,168</u>	<u>\$ 5,861,027</u>
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MONTGOMERY COUNTY, TEXAS

Nonmajor Debt Service Funds

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

Year Ended September 30, 2008

D-2

	Debt Service Fund	Jail Financing Corporation Debt Service Fund	Totals
<u>REVENUES:</u>			
Taxes	\$ 20,683,280	\$ -	\$ 20,683,280
Interest	96,163	-	96,163
<u>TOTAL REVENUES</u>	<u>20,779,443</u>	<u>-</u>	<u>20,779,443</u>
<u>EXPENDITURES:</u>			
Debt Service			
Principal Retirement	4,598,741	-	4,598,741
Interest and Fiscal Charges	14,138,222	1,883,754	16,021,976
Issuance Costs	214,338	-	214,338
<u>TOTAL EXPENDITURES</u>	<u>18,951,301</u>	<u>1,883,754</u>	<u>20,835,055</u>
Excess (Deficiency) Revenues Over Expenditures	<u>1,828,142</u>	<u>(1,883,754)</u>	<u>(55,612)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>			
Transfers In	55,465	1,883,754	1,939,219
Issuance of Refunding Bonds	9,855,000	-	9,855,000
Premium on Debt Issuance	400,427		400,427
Payment to Refunded Bond Escrow Agent	(10,211,444)	-	(10,211,444)
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>99,448</u>	<u>1,883,754</u>	<u>1,983,202</u>
Net Change in Fund Balance	1,927,590	-	1,927,590
Fund Balances at Beginning of Year	<u>2,633,600</u>	<u>-</u>	<u>2,633,600</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 4,561,190</u>	<u>\$ -</u>	<u>\$ 4,561,190</u>

MONTGOMERY COUNTY, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended September 30, 2008

D-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes	\$20,339,657	\$ 20,339,657	\$ 20,683,280	\$ 343,623
Interest	379,055	-	96,163	96,163
<u>TOTAL REVENUES</u>	<u>20,718,712</u>	<u>20,339,657</u>	<u>20,779,443</u>	<u>439,786</u>
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	4,969,759	4,846,260	4,598,741	247,519
Interest and Fiscal Charges	15,748,953	15,748,953	14,138,222	1,610,731
Issuance Costs	-	208,482	214,338	(5,856)
<u>TOTAL EXPENDITURES</u>	<u>20,718,712</u>	<u>20,803,695</u>	<u>18,951,301</u>	<u>1,852,394</u>
Excess (Deficiency) Revenues Over Expenditures	-	(464,038)	1,828,142	2,292,180
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	-	41,000	55,465	14,465
Issuance of Refunding Bonds	-	9,855,000	9,855,000	-
Premium on Refunding Bonds	-	400,427	400,427	-
Payment to Refunded Bond Escrow Agent	-	(10,211,444)	(10,211,444)	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>-</u>	<u>84,983</u>	<u>99,448</u>	<u>14,465</u>
Net Change in Fund Balance	-	(379,055)	1,927,590	2,306,645
Fund Balance at Beginning of Year	<u>2,633,600</u>	<u>2,633,600</u>	<u>2,633,600</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 2,633,600</u>	<u>\$ 2,254,545</u>	<u>\$ 4,561,190</u>	<u>\$ 2,306,645</u>

MONTGOMERY COUNTY, TEXAS
Jail Financing Corporation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended September 30, 2008

D-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES:</u>				
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	1,883,754	1,883,754	-
Issuance Costs	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>-</u>	<u>1,883,754</u>	<u>1,883,754</u>	<u>-</u>
 (Deficiency) Revenues Over Expenditures	-	(1,883,754)	(1,883,754)	-
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>-</u>	<u>1,883,754</u>	<u>1,883,754</u>	<u>-</u>
 Net Change in Fund Balance	-	-	-	-
 Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



NONMAJOR CAPITAL PROJECT FUNDS

Library Construction - to account for the construction of three libraries. Financing for this fund includes the proceeds from the issuance of general obligation bonds.

Road Bonds Series 2003A - to account for various road improvements to be made with the proceeds of \$24 million in general obligation bonds. This is the second phase of road construction bonds that were approved in 2001 by the voters of the County.

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

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

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

Certificates of Obligation, Series 2007 - to account for the construction of a new parking garage. Funding will be provided by the issuance of \$9,260,000 in certificates of obligation.

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

Road Bonds Series 2006A - to account for countywide road improvements to be made with the proceeds of \$47.8 million in general obligation bonds. While these funds are primarily for the improvement of County-owned roads, 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.

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

Jail Financing Corporation Lease Revenue Bonds - to account for the construction of an 1,100 bed detention facility. The \$44,834,989 in proceeds from the issuance of a lease revenue bond were utilized to construct the new jail facility.

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2008

E-1

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 97A-98	Certificates Obligation Series 2004
<u>ASSETS:</u>					
Cash	\$ 3,477	\$ 76,577	\$ 2,388		\$ 6,100
Investments, at Fair Value	348,315	230,711	1,008,312	-	-
Cash, Restricted for Retainage	-	-	-	-	-
Receivables:					
Accounts (net)	-	813	166		
Accrued Interest	-	-	-	-	-
Due from Other Funds	-	-	-	-	1,535,741
Due from Other Governments	-	51,296	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 351,792</u>	<u>\$ 359,397</u>	<u>\$ 1,010,866</u>	<u>\$ -</u>	<u>\$ 1,541,841</u>

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Accounts Payable	\$ 39,906	\$ -	\$ 21,100	\$ -	\$ 1,500
Retainage Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	1,501,878
Total Liabilities	<u>39,906</u>	<u>-</u>	<u>21,100</u>	<u>-</u>	<u>1,503,378</u>

FUND BALANCES:

Reserved for Capital Projects	<u>311,886</u>	<u>359,397</u>	<u>989,766</u>	<u>-</u>	<u>38,463</u>
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TOTAL LIABILITIES AND

<u>FUND BALANCES</u>	<u>\$ 351,792</u>	<u>\$ 359,397</u>	<u>\$ 1,010,866</u>	<u>\$ -</u>	<u>\$ 1,541,841</u>
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Certificates Obligation Series 2006	Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2008A	Jail Financing Corporation	Totals
\$ -	\$ 1,804,097	\$ -	\$ 1,459,943	\$ 223,812	\$ -	\$ 3,576,394
13,211,370	4,081,604	17,842,177	4,854,656	12,025,834	4,113,186	57,716,165
15,096	245,312	79,090	890,352	-	-	1,229,850
11,770	-	17,412	4,209	13,393		47,763
-	-	-	-	-	16,700	16,700
345,257	65,225		107,400	-	315,168	2,368,791
-	-	3,000	246,614	-	-	300,910
<u>\$ 13,583,493</u>	<u>\$ 6,196,238</u>	<u>\$ 17,941,679</u>	<u>\$ 7,563,174</u>	<u>\$ 12,263,039</u>	<u>\$ 4,445,054</u>	<u>\$ 65,256,573</u>
\$ 928,186	\$ 473,483	\$ 886,160	\$ 2,130,753	\$ 1,148	\$ 3,005	\$ 4,485,241
113,783	245,312	658,623	890,352	-	100,000	2,008,070
107,400	-	65,225	-	-	3,382,904	5,057,407
<u>1,149,369</u>	<u>718,795</u>	<u>1,610,008</u>	<u>3,021,105</u>	<u>1,148</u>	<u>3,485,909</u>	<u>11,550,718</u>
<u>12,434,124</u>	<u>5,477,443</u>	<u>16,331,671</u>	<u>4,542,069</u>	<u>12,261,891</u>	<u>959,145</u>	<u>53,705,855</u>
<u>\$ 13,583,493</u>	<u>\$ 6,196,238</u>	<u>\$ 17,941,679</u>	<u>\$ 7,563,174</u>	<u>\$ 12,263,039</u>	<u>\$ 4,445,054</u>	<u>\$ 65,256,573</u>

MONTGOMERY COUNTY, TEXAS
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2008

E-2

	Library Construction	Road Bonds Series 2003A	Road Bonds Series 2004	Certificates Obligation Series 97A-98	Certificates Obligation Series 2004
<u>REVENUES:</u>					
Interest	\$ 20,371	\$ 35,222	\$ 39,573	\$ 359	\$ 40
<u>TOTAL REVENUES</u>	<u>20,371</u>	<u>35,222</u>	<u>39,573</u>	<u>359</u>	<u>40</u>
<u>EXPENDITURES:</u>					
Capital Outlay	735,037	241,736	388,911	63,102	10,162,207
Interest and Fiscal Charges				-	-
Issuance Costs	-	-	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>735,037</u>	<u>241,736</u>	<u>388,911</u>	<u>63,102</u>	<u>10,162,207</u>
(Deficiency) Revenues Over Expenditures	<u>(714,666)</u>	<u>(206,514)</u>	<u>(349,338)</u>	<u>(62,743)</u>	<u>(10,162,167)</u>
<u>OTHER FINANCING SOURCES/(USES):</u>					
Transfers In	-	-	-	-	1,722,062
Transfers Out	-	-	-	(14,465)	-
Issuance of General Oblig. Bonds	-	-	-	-	-
Issuance of Cert of Obligation	-	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-
Discount on Debt Issuance	-	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES/(USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,465)</u>	<u>1,722,062</u>
Net Change in Fund Balance	(714,666)	(206,514)	(349,338)	(77,208)	(8,440,105)
Fund Balances at Beginning of Year	<u>1,026,552</u>	<u>565,911</u>	<u>1,339,104</u>	<u>77,208</u>	<u>8,478,568</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 311,886</u>	<u>\$ 359,397</u>	<u>\$ 989,766</u>	<u>\$ -</u>	<u>\$ 38,463</u>

Certificates Obligation Series 2006	Certificates Obligation Series 2007	Certificates Obligation Series 2008	Road Bonds Series 2006A	Road Bonds Series 2008A	Jail Financing Corporation	Totals
\$ 506,504	\$ 168,977	\$ 67,540	\$ 462,866	\$ 46,390	\$ 897,301	\$ 2,245,143
506,504	168,977	67,540	462,866	46,390	897,301	2,245,143
5,513,926	3,427,957	7,604,349	17,195,326	-	27,610,894	72,943,445
-	-	-	-	-	2,316	2,316
-	219,522	440,056	-	255,033	-	914,611
5,513,926	3,647,479	8,044,405	17,195,326	255,033	27,613,210	73,860,372
(5,007,422)	(3,478,502)	(7,976,865)	(16,732,460)	(208,643)	(26,715,909)	(71,615,229)
-	-	-	-	-	-	1,722,062
-	-	-	-	-	(1,568,586)	(1,583,051)
-	-	-	-	12,130,000	-	12,130,000
-	9,260,000	23,790,000	-	-	-	33,050,000
-	51,477	831,995	-	345,444	-	1,228,916
-	(80,596)	(100,544)	-	(4,910)	-	(186,050)
-	9,230,881	24,521,451	-	12,470,534	(1,568,586)	46,361,877
(5,007,422)	5,752,379	16,544,586	(16,732,460)	12,261,891	(28,284,495)	(25,253,352)
17,441,546	(274,936)	(212,915)	21,274,529	-	29,243,640	78,959,207
<u>\$12,434,124</u>	<u>\$5,477,443</u>	<u>\$16,331,671</u>	<u>\$ 4,542,069</u>	<u>\$ 12,261,891</u>	<u>\$ 959,145</u>	<u>\$ 53,705,855</u>



AGENCY FUNDS

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

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

MONTGOMERY COUNTY, TEXAS
Agency Funds
Combining Statement of Assets and Liabilities
September 30, 2008

F-1

	Restitution Center	County Officials	Totals
<u>ASSETS:</u>			
Cash	\$ 14,595	\$ 12,541,003	\$ 12,555,598
Investments, at Fair Value	-	1,095,368	1,095,368
Accounts Receivable	-	7,569	7,569
<u>TOTAL ASSETS</u>	<u>\$ 14,595</u>	<u>\$ 13,643,940</u>	<u>\$ 13,658,535</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 14,595	\$ 8,420,828	\$ 8,435,423
Due to Other Governments	-	5,223,112	5,223,112
<u>TOTAL LIABILITIES</u>	<u>\$ 14,595</u>	<u>\$ 13,643,940</u>	<u>\$ 13,658,535</u>

MONTGOMERY COUNTY, TEXAS
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2008

F-2

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
<u>RESTITUTION CENTER:</u>				
Assets:				
Cash	\$ 7,381	\$ 493,346	\$ 486,132	\$ 14,595
Liabilities:				
Accounts Payable	\$ 7,381	\$ 493,346	\$ 486,132	\$ 14,595

COUNTY OFFICIALS:

Assets:				
Cash	\$ 10,681,915	\$ 1,033,476,340	\$ 1,031,617,252	\$ 12,541,003
Investments, at Fair Value	1,234,153	1,480,273	1,619,058	1,095,368
Accounts Receivable	7,705	13,308	13,444	7,569
Due from Other Funds	-	467,185	467,185	-
Total Assets	\$ 11,923,773	\$ 1,035,437,106	\$ 1,033,716,939	\$ 13,643,940
Liabilities:				
Accounts Payable	\$ 6,587,546	\$ 19,807,802	\$ 17,974,520	\$ 8,420,828
Due to Other Funds	-	498,456,047	498,456,047	-
Due to Other Governments	5,336,227	517,173,257	517,286,372	5,223,112
Total Liabilities	\$ 11,923,773	\$ 1,035,437,106	\$ 1,033,716,939	\$ 13,643,940

TOTALS - ALL AGENCY FUNDS:

Assets:				
Cash	\$ 10,689,296	\$ 1,033,969,686	\$ 1,032,103,384	\$ 12,555,598
Investments, at Fair Value	1,234,153	1,480,273	1,619,058	1,095,368
Accounts Receivable	7,705	13,308	13,444	7,569
Due from Other Funds	-	467,185	467,185	-
Total Assets	\$ 11,931,154	\$ 1,035,930,452	\$ 1,034,203,071	\$ 13,658,535
Liabilities:				
Accounts Payable	\$ 6,594,927	\$ 20,301,148	\$ 18,460,652	\$ 8,435,423
Due to Other Funds	-	498,456,047	498,456,047	-
Due to Other Governments	5,336,227	517,173,257	517,286,372	5,223,112
Total Liabilities	\$ 11,931,154	\$ 1,035,930,452	\$ 1,034,203,071	\$ 13,658,535

**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, 2008

G-1

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 11,891,395
Buildings	154,560,008
Improvements Other than Buildings	14,730,266
Equipment	69,119,596
Infrastructure	965,012,336
Construction in Progress	23,741,057

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,239,054,658</u>
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INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS

BY SOURCE:

General Fund	\$ 194,543,390
Special Revenue Funds	1,020,770,211
Capital Project Funds	23,741,057

<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,239,054,658</u>
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MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2008

G-2
Page 1 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment
<u>GENERAL ADMINISTRATION:</u>					
County Judge	\$ 13,069	\$ -	\$ -	\$ -	\$ 13,069
Human Resources	8,580	-	-	-	8,580
Risk Management	19,455	-	-	-	19,455
County Clerk	618,361	-	-	-	618,361
Collections	17,148	-	-	-	17,148
Purchasing Agent	377,780	-	-	-	377,780
Commns/Info Services	1,224,093	-	86,900	8,000	1,129,193
County Buildings	71,016,572	-	70,931,558	85,014	-
County Land	6,235,976	6,126,225	-	109,751	-
<u>TOTAL GENERAL ADM</u>	<u>79,531,034</u>	<u>6,126,225</u>	<u>71,018,458</u>	<u>202,765</u>	<u>2,183,586</u>
<u>FINANCIAL ADMINISTRATION:</u>					
County Auditor	58,104	-	-	-	58,104
County Treasurer	26,149	-	-	-	26,149
Tax Assessor/Collector	189,443	7,500	-	-	181,943
<u>TOTAL FINANCIAL ADM</u>	<u>273,696</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>266,196</u>
<u>CONSERVATION:</u>					
Extension Agents	47,478	-	8,948	15,520	23,010
Recycling Stations	161,878	-	66,318	20,722	74,838
<u>TOTAL CONSERVATION</u>	<u>209,356</u>	<u>-</u>	<u>75,266</u>	<u>36,242</u>	<u>97,848</u>
<u>ELECTIONS:</u>					
Elections Administrator	3,379,999	3,000	493,239	70,469	2,813,291
<u>TOTAL ELECTIONS ADM</u>	<u>3,379,999</u>	<u>3,000</u>	<u>493,239</u>	<u>70,469</u>	<u>2,813,291</u>
<u>FACILITIES:</u>					
Custodial Services	676,181	-	168,473	6,155	501,553
Building Maintenance	890,459	-	128,764	5,668	756,027
Parks	14,282,155	2,882,680	4,159,329	7,136,527	103,619
Jail	1,123,429	297,148	432,979	-	393,302
Joe Corley Detention Facility	43,406,365	504,189	37,140,822	4,534,161	1,227,193
Civic Center	16,568,508	88,216	14,542,927	1,321,858	615,507
<u>TOTAL FACILITIES</u>	<u>76,947,097</u>	<u>3,772,233</u>	<u>56,573,294</u>	<u>13,004,369</u>	<u>3,597,201</u>
<u>HEALTH AND WELFARE:</u>					
Public Health	2,379,168	49,211	2,111,495	-	218,462
Child Welfare	2,583	-	-	-	2,583
Community Development	3,779,859	87,500	3,310,884	-	381,475
<u>TOTAL HEALTH/WELFARE</u>	<u>6,161,610</u>	<u>136,711</u>	<u>5,422,379</u>	<u>-</u>	<u>602,520</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2008

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Page 2 of 2

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Equipment	Infrastructure
<u>JUDICIAL:</u>						
Courts	346,077	-	-	924	345,153	-
District Attorney	234,079	-	-	-	234,079	-
District Clerk	397,594	-	-	-	397,594	-
Justice of Peace	1,863,269	-	1,707,834	4,930	150,505	-
<u>TOTAL JUDICIAL</u>	<u>2,841,019</u>	<u>-</u>	<u>1,707,834</u>	<u>5,854</u>	<u>1,127,331</u>	<u>-</u>
<u>LEGAL SERVICES:</u>						
County Attorney	24,165	-	-	-	24,165	-
Law Library	982,340	-	-	-	982,340	-
<u>TOTAL LEGAL SERVICES</u>	<u>1,006,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,006,505</u>	<u>-</u>
<u>PUBLIC SAFETY:</u>						
Emergency Management	3,560,712	-	-	122,302	3,438,410	-
Fire Marshal	30,865	-	-	-	30,865	-
Department of Public Safety	1,213	-	-	-	1,213	-
Constables	1,553,010	-	36,892	1,440	1,514,678	-
Sheriff	27,045,943	183,855	449,908	543,998	25,868,182	-
District Attorney Forfeitures	159,745	-	-	8,900	150,845	-
Juvenile Probation	332,588	-	55,703	-	276,885	-
Adult Probation	19,834	-	-	-	19,834	-
<u>TOTAL PUBLIC SAFETY</u>	<u>32,703,910</u>	<u>183,855</u>	<u>542,503</u>	<u>676,640</u>	<u>31,300,912</u>	<u>-</u>
<u>PUBLIC TRANSPORTATION:</u>						
Engineer	58,826	-	-	-	58,826	-
Commissioners' Operations	969,764,163	478,296	1,987,227	192,900	12,608,491	954,497,249
Airport	13,159,514	86,806	1,652,536	490,333	414,752	10,515,087
<u>TOTAL PUBLIC TRANSPORTATION</u>	<u>982,982,503</u>	<u>565,102</u>	<u>3,639,763</u>	<u>683,233</u>	<u>13,082,069</u>	<u>965,012,336</u>
<u>CULTURE AND RECREATION:</u>						
Memorial Library	29,276,872	1,096,769	15,087,272	50,694	13,042,137	-
<u>TOTAL CULTURE/REC</u>	<u>29,276,872</u>	<u>1,096,769</u>	<u>15,087,272</u>	<u>50,694</u>	<u>13,042,137</u>	<u>-</u>
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>1,215,313,601</u>	<u>\$11,891,395</u>	<u>\$154,560,008</u>	<u>\$14,730,266</u>	<u>\$69,119,596</u>	<u>\$965,012,336</u>
Construction In Progress	23,741,057					
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$ 1,239,054,658</u>					

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2008

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Function and Activity	Govtl Funds Capital Assets October 1, 2007	Additions	Deletions	Govtl Funds Capital Assets September 30, 2008
<u>GENERAL ADMINISTRATION:</u>				
County Judge	\$ 13,069	\$ -	\$ -	\$ 13,069
Human Resources	9,642	-	1,062	8,580
Risk Management	16,842	2,613	-	19,455
County Clerk	609,802	63,933	55,374	618,361
Collections	64,435	5,627	52,914	17,148
Purchasing Agent	251,191	1,831,746	1,705,157	377,780
Information Technology	1,083,568	182,629	42,104	1,224,093
County Buildings	74,713,358	2,271,640	5,968,426	71,016,572
County Land	6,156,395	305,786	226,205	6,235,976
<u>TOTAL GENERAL ADM</u>	<u>82,918,302</u>	<u>4,663,974</u>	<u>8,051,242</u>	<u>79,531,034</u>
<u>FINANCIAL ADMINISTRATION:</u>				
County Auditor	56,968	6,502	5,366	58,104
Budget Office	6,502	-	6,502	-
County Treasurer	25,871	9,193	8,915	26,149
Tax Assessor/Collector	172,788	39,843	23,188	189,443
<u>TOTAL FINANCIAL ADM</u>	<u>262,129</u>	<u>55,538</u>	<u>43,971</u>	<u>273,696</u>
<u>CONSERVATION:</u>				
Extension Agents	58,197	-	10,719	47,478
Recycling Stations	161,878	-	-	161,878
<u>TOTAL CONSERVATION</u>	<u>220,075</u>	<u>-</u>	<u>10,719</u>	<u>209,356</u>
<u>ELECTIONS:</u>				
Elections Administrator	3,136,564	292,665	49,230	3,379,999
<u>TOTAL ELECTIONS</u>	<u>3,136,564</u>	<u>292,665</u>	<u>49,230</u>	<u>3,379,999</u>
<u>FACILITIES:</u>				
Custodial Services	666,282	42,248	32,349	676,181
Building Maintenance	812,630	94,808	16,979	890,459
Parks	15,222,648	1,790,411	2,730,904	14,282,155
Jail	1,284,238	46,877	207,686	1,123,429
Joe Corley Detention Facility	-	43,406,365	-	43,406,365
Civic Center	16,538,262	30,246	-	16,568,508
<u>TOTAL FACILITIES</u>	<u>34,524,060</u>	<u>45,410,955</u>	<u>2,987,918</u>	<u>76,947,097</u>
<u>HEALTH AND WELFARE:</u>				
Public Health	2,373,281	6,976	1,089	2,379,168
Child Welfare	5,600	-	3,017	2,583
Community Development	1,345,944	2,433,915	-	3,779,859
<u>TOTAL HEALTH & WELFARE</u>	<u>3,724,825</u>	<u>2,440,891</u>	<u>4,106</u>	<u>6,161,610</u>

MONTGOMERY COUNTY, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2008

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Function and Activity	Govtl Funds Capital Assets October 1, 2007	Additions	Deletions	Govtl Funds Capital Assets September 30, 2008
<u>JUDICIAL:</u>				
Courts	337,310	17,551	8,784	346,077
District Attorney	286,885	-	52,806	234,079
District Clerk	391,407	19,128	12,941	397,594
Justice of Peace	161,524	1,719,781	18,036	1,863,269
<u>TOTAL JUDICIAL</u>	<u>1,177,126</u>	<u>1,756,460</u>	<u>92,567</u>	<u>2,841,019</u>
<u>LEGAL SERVICES:</u>				
County Attorney	26,358	-	2,193	24,165
Law Library	899,943	86,717	4,320	982,340
<u>TOTAL LEGAL SERVICES</u>	<u>926,301</u>	<u>86,717</u>	<u>6,513</u>	<u>1,006,505</u>
<u>PUBLIC SAFETY:</u>				
Emergency Management	2,927,332	634,496	1,116	3,560,712
Fire Marshal	12,766	18,099	-	30,865
Department of Public Safety	1,213	-	-	1,213
Constables	1,424,107	226,368	97,465	1,553,010
Sheriff	11,358,925	17,180,482	1,493,464	27,045,943
District Attorney Forfeitures	154,698	10,283	5,236	159,745
Juvenile Probation	290,838	41,750	-	332,588
Adult Probation	19,834	-	-	19,834
<u>TOTAL PUBLIC SAFETY</u>	<u>16,189,713</u>	<u>18,111,478</u>	<u>1,597,281</u>	<u>32,703,910</u>
<u>PUBLIC TRANSPORTATION:</u>				
Engineer	56,562	2,264	-	58,826
Commissioners' Operations	901,535,961	69,915,446	1,687,244	969,764,163
Airport	11,865,280	1,311,438	17,204	13,159,514
<u>TOTAL PUBLIC TRANS</u>	<u>913,457,803</u>	<u>71,229,148</u>	<u>1,704,448</u>	<u>982,982,503</u>
<u>CULTURE & RECREATION:</u>				
Memorial Library	23,790,090	6,728,663	1,241,881	29,276,872
Historical Commission	2,111	-	2,111	-
<u>TOTAL CULTURE/REC</u>	<u>23,792,201</u>	<u>6,728,663</u>	<u>1,243,992</u>	<u>29,276,872</u>
Construction In Progress	15,779,675	56,470,227	48,508,845	23,741,057
<u>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</u>	<u>\$1,096,108,774</u>	<u>\$ 207,246,716</u>	<u>\$ 64,300,832</u>	<u>\$ 1,239,054,658</u>



STATISTICAL SECTION

(unaudited)

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

Contents

Table

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



MONTGOMERY COUNTY, TEXAS

Net Assets by Component

Last Six Fiscal Years

(accrual basis of accounting)

TABLE I

Governmental Activities:

	Invested in Capital Assets, Net of Related Debt	Restricted for:		Unrestricted	Total Net Assets
		Capital Projects	Debt Service		
2003	\$ 70,953,418	\$ 9,716,809	\$ 3,998,299	\$ (50,153,484)	\$ 34,515,042
2004	78,432,519	82,619	4,221,760	(41,868,121)	40,868,777
2005	122,477,741	7,138	5,212,724	(52,123,132)	75,574,471
2006	314,159,873	139,009	5,870,959	(41,607,384)	278,562,457
2007	368,993,046	77,208	6,993,506	(59,096,992)	316,966,768
2008	399,738,541	38,463	7,617,667	(61,641,311)	345,753,360

Note: Accounting standards require that net assets be reported in 3 components in the financial statements: Invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted.

MONTGOMERY COUNTY, TEXAS

Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

TABLE II

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
General Administration	\$	11,648,705	\$ 11,020,255	\$ 11,228,147	\$ 13,416,534	\$ 11,780,620	\$ 16,822,168
Judicial		12,773,623	14,196,220	14,787,696	16,761,386	17,042,393	15,894,641
Legal		1,535,772	1,688,226	1,823,681	2,101,795	2,233,072	2,445,787
Elections		578,472	741,325	460,869	1,086,378	1,466,229	1,947,963
Financial Administration		3,545,228	3,775,200	4,398,998	4,791,906	4,981,536	5,088,713
Public Facilities		6,756,690	6,351,995	16,611,013	20,768,370	20,208,449	19,887,748
Public Safety		39,426,821	41,783,788	38,293,859	41,162,610	44,725,170	51,558,472
Health and Welfare		4,735,049	5,679,181	6,253,621	8,958,511	7,637,646	16,301,079
Culture and Recreation		4,207,762	4,746,828	6,257,162	7,051,403	8,460,806	8,697,389
Conservation		595,714	565,941	721,238	721,982	760,370	825,476
Public Transportation		1,447,670	14,662,727	23,780,503	58,874,891	69,455,834	76,212,732
Miscellaneous		4,589,512	7,234,220	4,519,314	3,009,024	2,846,822	1,070,696
Debt Service		8,229,368	8,062,860	7,464,112	10,553,741	11,701,725	15,998,167
Total Governmental Activities Expenses		<u>100,070,386</u>	<u>120,508,766</u>	<u>136,600,213</u>	<u>189,258,531</u>	<u>203,300,672</u>	<u>232,751,031</u>
Total Primary Government Expenses		<u>\$100,070,386</u>	<u>\$120,508,766</u>	<u>\$136,600,213</u>	<u>\$189,258,531</u>	<u>\$203,300,672</u>	<u>\$ 232,751,031</u>
Program Revenues							
Governmental Activities:							
Fees, Fines, Forfeitures and Charges for Services							
General Administration		4,698,737	4,860,689	5,063,830	6,445,057	7,393,470	5,797,753
Judicial		4,493,874	4,882,789	9,276,673	7,800,759	7,440,711	8,712,572
Legal		413,579	415,324	399,053	471,138	527,537	483,018
Elections		1,942	14,777	1,548	30,500	1,569	2,081
Financial Administration		606,035	677,703	1,167,804	1,325,948	1,459,788	2,101,194

MONTGOMERY COUNTY, TEXAS

Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

TABLE II

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Public Facilities	563,663	498,226	567,862	843,224	1,000,092	4,548,064
Public Safety	9,530,150	10,994,274	10,794,828	13,425,676	14,774,292	14,255,517
Health and Welfare	867,358	1,008,941	1,058,085	1,276,884	1,266,457	1,495,403
Culture and Recreation	163,108	226,038	230,775	246,400	258,398	294,045
Public Transportation	7,016,563	7,720,244	7,382,918	7,725,846	7,987,128	7,714,365
Operating Grants and Contributions	6,205,454	5,787,485	8,238,497	8,343,395	8,288,928	15,376,235
Capital Grants and Contributions	319,745	1,032,241	27,335,093	41,591,644	65,322,295	60,429,833
Total Governmental Activities Program Revenues	34,880,208	38,118,731	71,516,966	89,526,471	115,720,665	121,210,080
Total Primary Government Program Revenues	\$ 34,880,208	\$ 38,118,731	\$ 71,516,966	\$ 89,526,471	\$115,720,665	\$ 121,210,080
Net (Expense) Revenue	\$ (65,190,178)	\$ (82,390,035)	\$ (65,083,247)	\$ (99,732,060)	\$ (87,580,007)	\$ (111,540,951)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes	\$ 78,482,657	\$ 86,767,811	\$ 95,927,528	105,410,635	115,740,129	131,600,844
Other Taxes	730,506	929,853	1,077,680	1,142,888	1,381,764	1,610,605
Unrestricted Grants and Contributions	1,016,103	-	-	-	-	-
Investment Earnings	1,168,435	785,873	2,007,229	3,582,630	8,442,457	5,680,817
Miscellaneous	130,806	260,233	776,504	160,887	419,968	1,435,277
Total Governmental Activities	81,528,507	88,743,770	99,788,941	110,297,040	125,984,318	140,327,543
Total Primary Government	\$ 81,528,507	\$ 88,743,770	\$ 99,788,941	\$110,297,040	\$125,984,318	\$ 140,327,543
Change in Net Assets	\$ 16,338,329	\$ 6,353,735	\$ 34,705,694	\$ 10,564,980	\$ 38,404,311	\$ 28,786,592

MONTGOMERY COUNTY, TEXAS
Governmental Fund Balances
Last Ten Fiscal Years

	Fiscal Year			
	1999	2000	2001	2002
General Fund				
Reserved for:				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Unreserved	8,193,737	5,703,369	1,097,068	1,452,802
Total General Fund	<u>\$ 8,193,737</u>	<u>\$ 5,703,369</u>	<u>\$ 1,097,068</u>	<u>\$ 1,452,802</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ -	\$ 500	\$ 10,468	\$ 293,686
Capital projects	19,992,422	6,221,991	13,836,579	23,390,216
Inventory	25,642	33,786	49,274	59,883
Debt service	1,005,634	811,885	2,860,746	1,580,961
Unreserved, reported in:				
Special revenue funds	6,015,497	5,711,670	4,987,601	4,390,626
Total All Other Governmental Funds	<u>\$ 27,039,195</u>	<u>\$ 12,779,832</u>	<u>\$ 21,744,668</u>	<u>\$ 29,715,372</u>

TABLE III

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 25,209	\$ 186,540	\$ -	\$ 355,284	\$ 405,442	\$ 226,088
3,111,416	4,597,977	9,818,012	16,496,456	20,357,618	25,621,544
<u>\$ 3,136,625</u>	<u>\$ 4,784,517</u>	<u>\$ 9,818,012</u>	<u>\$ 16,851,740</u>	<u>\$ 20,763,060</u>	<u>\$ 25,847,632</u>
\$ 44,865	\$ 56,219	\$ 1,799,127	\$ 1,464,625	\$ 3,183,467	\$ 769,559
42,881,808	40,717,540	25,183,317	124,460,927	119,067,943	109,016,095
72,409	77,008	80,227	71,186	66,617	67,641
2,043,861	2,160,259	2,142,695	2,246,764	2,633,600	4,561,190
2,466,223	1,774,849	500,665	4,228,581	3,908,678	21,832,516
<u>\$ 47,509,166</u>	<u>\$ 44,785,875</u>	<u>\$ 29,706,031</u>	<u>\$ 132,472,083</u>	<u>\$ 128,860,305</u>	<u>\$ 136,247,001</u>

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

(modified accrual basis of accounting)

	1999	2000	2001	2002
Revenues				
Taxes	\$ 52,611,626	\$ 55,606,396	\$ 61,792,434	\$ 69,165,276
Licenses and Permits	5,858,172	6,203,717	6,134,638	6,848,251
Fees	6,704,550	7,354,016	7,866,591	8,661,726
Intergovernmental	4,892,718	4,344,212	6,031,959	8,493,436
Charges for Services	817,254	783,919	948,496	1,078,794
Interest	2,893,175	2,514,623	2,135,375	1,201,707
Contract Reimbursements	5,435,479	5,647,519	6,160,532	7,351,963
Inmate Housing	2,777,248	1,356,444	375,313	448,159
Fines and Forfeitures	1,547,650	1,659,434	1,636,656	1,570,219
Miscellaneous	2,805,512	2,731,521	2,404,469	1,864,084
Total Revenues	86,343,384	88,201,801	95,486,463	106,683,615
Expenditures				
General Administration	8,141,208	7,503,373	7,967,743	12,629,952
Judicial	6,800,845	7,750,470	9,078,900	10,294,847
Legal Services	1,583,830	1,713,202	1,468,205	1,452,800
Elections	330,022	441,851	450,201	588,836
Financial Administration	2,686,149	2,749,449	3,151,028	3,464,350
Public Facilities	3,651,170	4,092,645	5,055,180	5,418,380
Public Safety	28,561,434	30,857,263	33,238,674	37,018,409
Health and Welfare	4,950,959	5,007,622	6,985,594	6,312,253
Culture and Recreation	3,317,301	3,615,564	4,253,302	4,281,759
Conservation	272,788	299,612	379,251	609,646
Public Transportation	14,823,006	16,606,255	16,353,845	19,224,885
Miscellaneous	3,017,333	2,352,687	3,937,048	6,427,786
Capital Outlay	9,507,853	16,810,895	10,129,605	15,460,863
Debt Service:				
Principal Retirement	3,031,236	3,123,227	3,355,000	3,685,806
Interest and Fiscal Charges	3,849,657	3,564,820	3,191,279	4,375,931
Issuance Costs	33,889	10,456	276,020	438,436
Total Expenditures	94,558,680	106,499,391	109,270,875	131,684,939
(Deficiency) Revenues over Expenditures	(8,215,296)	(18,297,590)	(13,784,412)	(25,001,324)
Other Financing Sources/(Uses)				
Transfers In	4,918,647	8,089,320	11,554,566	13,891,059
Transfers Out	(4,918,647)	(8,089,320)	(11,554,566)	(13,891,059)
Capital Lease Financing	189,714	1,660,192	2,397,596	8,230,514
Issuance of Refunding Bonds	-	-	-	3,800,000
Payment to Refunded Bond Escrow Agent	-	-	-	(3,702,752)
Issuance of Other Bonds	-	-	17,500,000	25,000,000
Discounts/Premiums on Debt Issuance	-	-	-	-
Total Other Financing Sources/(Uses)	189,714	1,660,192	19,897,596	33,327,762
Prior Period Adjustment	-	-	(1,754,649)	-
Net Change in Fund Balances	\$ (8,025,582)	\$ (16,637,398)	\$ 4,358,535	\$ 8,326,438
Debt Service as a percentage of noncapital expenditures	8.1%	7.5%	6.9%	7.3%

TABLE IV

2003	2004	2005	2006	2007	2008
\$ 79,235,180	\$ 87,999,696	\$ 96,881,886	\$ 106,734,347	\$ 117,303,468	\$ 132,652,213
6,774,170	7,391,938	7,090,124	7,705,191	7,903,148	7,813,929
9,704,730	10,355,267	11,245,253	13,965,850	14,919,639	14,702,564
7,528,351	7,780,777	9,753,650	12,928,979	16,939,038	25,176,883
1,126,189	1,159,017	1,208,604	1,479,104	1,683,063	1,927,909
888,724	785,873	2,007,225	3,582,649	8,580,033	5,898,574
6,952,378	7,587,085	8,026,103	9,105,696	10,385,885	11,138,260
479,399	118,818	50,430	1,356,977	1,607,241	3,566,886
1,586,335	2,421,254	2,338,177	2,010,036	1,933,374	2,026,564
2,143,431	1,706,620	2,477,813	2,421,395	2,084,903	3,802,795
116,418,887	127,306,345	141,079,265	161,290,224	183,339,792	208,706,577
10,299,486	9,656,917	11,956,474	12,249,238	12,293,414	13,532,419
12,775,232	14,135,706	14,533,798	16,621,754	17,179,832	18,504,705
1,560,404	1,712,325	1,820,797	2,113,773	2,228,239	2,397,829
562,397	730,253	650,970	3,144,556	1,373,213	1,606,046
3,520,998	3,737,425	4,359,609	4,751,654	4,966,523	5,251,827
6,093,188	6,376,545	15,795,553	20,439,889	22,477,341	25,448,843
39,615,733	42,296,886	39,990,719	41,794,370	45,184,624	64,484,699
6,590,080	6,426,018	6,979,121	8,969,704	8,883,225	17,851,636
4,390,872	4,473,911	6,102,610	6,948,700	7,812,017	7,314,312
712,160	755,853	707,684	646,202	745,767	803,808
16,860,588	18,210,470	16,857,418	17,390,668	17,161,732	18,991,837
5,594,822	7,234,220	4,519,314	3,009,024	2,846,822	1,070,696
17,544,646	14,361,966	16,092,056	41,126,282	69,694,164	93,906,202
9,700,493	3,237,591	3,034,930	3,830,069	5,305,000	4,598,741
6,169,771	8,831,163	8,087,980	8,285,966	13,929,488	16,024,292
760,392	262,523	618,647	1,951,698	1,356,675	1,443,423
142,751,262	142,439,772	152,107,680	193,273,547	233,438,076	293,231,315
(26,332,375)	(15,133,427)	(11,028,415)	(31,983,323)	(50,098,284)	(84,524,738)
19,849,875	14,571,754	16,324,181	15,894,991	46,199,570	21,663,686
(19,849,875)	(14,571,754)	(16,324,181)	(15,894,991)	(46,199,570)	(21,663,686)
151,948	581,915	1,264,452	262,529	3,953,897	16,599,021
-	-	45,850,000	-	41,495,000	9,855,000
-	-	(49,904,606)	-	(41,706,307)	(10,211,444)
45,699,907	12,805,000	-	137,870,000	44,834,989	79,885,000
-	671,113	3,772,220	3,650,574	820,247	1,868,429
45,851,855	14,058,028	982,066	141,783,103	49,397,826	97,996,006
-	-	-	-	-	-
\$ 19,519,480	\$ (1,075,399)	\$ (10,046,349)	\$ 109,799,780	\$ (700,458)	\$ 13,471,268
13.3%	9.6%	8.6%	9.2%	12.6%	11.1%



MONTGOMERY COUNTY, TEXAS
Taxable Assessed Value and Actual Value of Property^{(1) (2)}
Last Ten Fiscal Years

TABLE V

Fiscal Year	Residential Property	Commercial Property	Other Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ⁽³⁾
1999	6,416,375	1,178,010	1,869,304	1,593,073	(866,137)	10,190,625	0.5110
2000	7,264,885	1,282,579	1,852,495	1,704,490	(902,675)	11,201,774	0.4907
2001	8,324,588	1,414,658	1,951,662	1,865,436	(1,019,818)	12,536,526	0.4747
2002	9,778,759	1,704,851	2,060,537	2,030,021	(1,292,141)	14,282,027	0.4710
2003	11,355,674	2,155,239	2,280,789	2,134,447	(1,636,767)	16,289,382	0.4710
2004	12,224,993	2,473,292	2,250,623	2,212,393	(1,568,846)	17,592,455	0.4828
2005	13,394,640	2,611,940	2,279,231	2,381,924	(1,699,504)	18,968,231	0.4963
2006	13,358,120	2,853,812	2,347,028	2,494,947	(1,903,704)	19,150,203	0.4963
2007	17,092,450	3,100,030	2,404,638	2,818,786	(2,065,921)	23,349,983	0.4913
2008	20,050,557	3,347,344	3,421,027	3,085,402	(3,157,108)	26,747,222	0.4888

⁽¹⁾ Amounts expressed in thousands.

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

⁽³⁾ Tax rates are per \$100 of assessed value. Includes tax rate for South Montgomery County, Texas Road District No. 1, a blended component unit, through 1999.

Source: Montgomery Central Appraisal District

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

	1999	2000	2001	2002
<u>MONTGOMERY COUNTY, TEXAS:</u>				
General Fund	\$ 0.3583	\$ 0.3498	\$ 0.3446	\$ 0.3509
Special Revenue Funds	0.0746	0.0746	0.0746	0.0746
Debt Service Fund	0.0568	0.0503	0.0555	0.0455
Total Montgomery County, Texas	0.4897	0.4747	0.4747	0.4710
<u>SOUTH MONTGOMERY COUNTY,</u>				
<u>TEXAS ROAD DISTRICT NO. 1:</u>				
Debt Service Fund	0.0213	0.0160	-	-
<u>OVERLAPPING GOVERNMENTS:</u>				
Special Districts:				
Chateau Woods M.U.D.	0.6761	0.5215	0.5019	0.2500
Clover Creek M.U.D.	-	1.2500	1.2500	1.2500
Conroe M.U.D #1	-	-	-	-
Corinthian Point M.U.D.	0.8459	0.8175	0.8175	0.8175
East Montgomery County M.U.D. #1	0.5000	0.4397	0.4000	0.3800
East Montgomery County M.U.D. #3	-	-	-	-
East Montgomery County M.U.D. #4	-	-	-	-
East Plantation U.D.	0.7590	0.7430	0.7300	0.7300
Far Hills U.D.	0.5700	0.5700	0.5650	0.4950
Grand Oaks M.U.D	-	-	-	-
Harris County U.D. #1	Annexed	Annexed	Annexed	Annexed
Harris County U.D. #4	Annexed	Annexed	Annexed	Annexed
Kingwood Place South M.U.D.	Annexed	Annexed	Annexed	Annexed
Kings Manor M.U.D.	1.2900	1.2900	1.2900	1.2900
Lake Conroe Hills M.U.D.	0.7712	0.6593	0.6300	0.5000
Lazy River I.D.	0.5000	0.8285	0.7848	0.7500
Montgomery County D.D. #6	0.3520	0.3358	0.3052	0.3052
Montgomery County D.D. #10	-	-	-	-
Montgomery County F.W.S.D. #6	0.3619	0.3618	0.4200	0.3924
Montgomery County Hospital Dist	0.0785	0.1378	0.1378	0.1338
Montgomery County M.U.D. #6	0.5652	0.5650	0.5550	0.5000
Montgomery County M.U.D. #7	0.4840	0.4576	0.4400	0.4200
Montgomery County M.U.D. #8	0.4895	0.2671	0.2682	0.2263
Montgomery County M.U.D. #9	1.0200	0.9700	0.9700	0.8600

TABLE VI

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2003	2004	2005	2006	2007	2008
\$ 0.3568	\$ 0.3627	\$ 0.3822	\$ 0.3869	\$ 0.3611	\$ 0.3630
0.0525	0.0523	0.0528	0.0528	0.0478	0.0478
0.0617	0.0678	0.0613	0.0566	0.0824	0.0780
0.4710	0.4828	0.4963	0.4963	0.4913	0.4888
-	-	-	-	-	-
0.2500	0.2500	0.2332	0.1939	0.1939	0.1847
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
-	-	-	-	-	0.6000
0.7987	0.7987	0.7694	0.7222	0.7122	0.6066
0.3800	0.3800	0.3800	0.3600	0.3692	0.3569
0.5000	0.5000	0.7500	0.9500	0.9500	0.9500
-	-	-	-	-	1.3500
0.7300	0.7300	0.7700	0.8100	0.8000	0.7600
0.4950	0.4950	0.4800	0.4800	0.4700	0.4700
-	-	-	1.3500	1.3500	1.3500
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
1.2900	1.2900	1.2900	1.2000	1.0000	0.8800
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.7200	0.7200	0.6339	0.6220	0.6050	0.5623
0.2922	0.2922	0.2800	0.2733	0.2733	0.2666
-	-	0.4580	0.4580	0.4580	0.4580
0.3774	0.3774	0.3945	0.3945	0.3945	0.3945
0.1082	0.1082	0.0999	0.0850	0.0781	0.0777
0.3000	0.3000	0.2500	0.2200	0.1100	0.1100
0.3800	0.3800	0.3400	0.3000	0.2000	0.2000
0.2263	0.2263	0.2171	0.2012	0.2272	0.2118
0.7000	0.7000	0.6000	0.6000	0.6000	0.6000

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

	1999	2000	2001	2002
Special Districts (continued):				
Montgomery County M.U.D. #15	1.9010	1.8088	2.1442	2.0800
Montgomery County M.U.D. #16	5.0800	5.0800	5.0800	4.8300
Montgomery County M.U.D. #18	0.6800	0.6600	0.6400	0.5860
Montgomery County M.U.D. #19	0.5000	0.4919	0.4500	0.4500
Montgomery County M.U.D. #24	1.7900	1.6800	1.5900	1.5900
Montgomery County M.U.D. #36	0.3956	0.3956	0.3900	0.3600
Montgomery County M.U.D. #39	0.8800	0.8200	0.7200	0.7200
Montgomery County M.U.D. #40	0.4250	0.4150	0.4050	0.3650
Montgomery County M.U.D. #42	1.2500	1.5000	1.5000	1.5000
Montgomery County M.U.D. #46	0.7950	0.7800	0.6950	0.6300
Montgomery County M.U.D. #47	0.5200	0.4340	0.4200	0.3950
Montgomery County M.U.D. #48	Annexed	Annexed	Annexed	Annexed
Montgomery County M.U.D. #56	1.2500	1.2500	1.2500	1.2500
Montgomery County M.U.D. #58	Annexed	Annexed	Annexed	Annexed
Montgomery County M.U.D. #60	0.6100	0.5949	0.5500	0.4500
Montgomery County M.U.D. #67	0.4700	0.4700	0.4700	0.4700
Montgomery County M.U.D. #83	1.0000	0.9880	0.9880	1.0000
Montgomery County M.U.D. #84	-	-	-	-
Montgomery County M.U.D. #88	-	-	-	-
Montgomery County M.U.D. #89	-	-	-	-
Montgomery County M.U.D. #90	-	-	-	-
Montgomery County M.U.D. #92	-	-	-	-
Montgomery County M.U.D. #94	-	-	-	-
Montgomery County M.U.D. #95	-	-	-	-
Montgomery County M.U.D. #98	-	-	-	-
Montgomery County M.U.D. #99	-	-	-	-
Montgomery County M.U.D. #107	-	-	-	-
Montgomery County M.U.D. #111	-	-	-	-
Montgomery County M.U.D. #112	-	-	-	-
Montgomery County M.U.D. #115	-	-	-	-
Montgomery County U.D. #2	0.7342	0.6893	0.6800	0.6000
Montgomery County U.D. #3	0.5733	0.5765	0.5765	0.5765
Montgomery County U.D. #4	0.4100	0.3300	0.3800	0.3800
Montgomery County W.C.I.D. #1	0.9341	0.9378	0.8500	0.8200
New Caney M.U.D.	0.5076	0.5076	0.5076	0.5076

TABLE VI

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2003	2004	2005	2006	2007	2008
1.6000	1.6000	1.5000	1.4500	1.3268	1.2937
3.9600	3.9600	2.4600	1.5800	1.3600	1.2300
0.5600	0.5600	0.5100	0.5100	0.5000	0.4900
0.4500	0.4500	0.4000	0.3500	No Tax	0.3243
1.5900	1.5900	1.5700	1.4900	No Tax	1.4000
0.3600	0.3600	0.3600	0.3230	0.1200	0.1200
0.7200	0.7200	0.7000	0.5800	0.4800	0.4700
0.3200	0.3200	0.2800	0.2500	0.2100	0.2100
1.4800	1.4800	1.3800	1.3500	1.3200	1.2500
0.6000	0.6000	0.5800	0.5000	0.4200	0.3800
0.3700	0.3700	0.3600	0.3100	0.2800	0.2800
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.4200	0.4200	0.4200	0.3500	0.3000	0.2900
0.4700	0.4700	0.4500	0.4300	0.3400	0.3300
1.2500	1.2500	1.2500	1.2500	1.2500	No Tax
-	-	-	1.2500	1.2500	No Tax
-	-	-	No Tax	No Tax	1.3900
1.3900	1.3900	1.3900	1.3900	1.3900	1.3700
-	-	-	0.6000	0.6000	0.6000
-	-	-	0.6000	0.6000	0.6000
1.2200	1.2200	1.2200	1.2200	1.2200	1.2100
1.2500	1.2500	1.2500	1.2500	No Tax	No Tax
-	-	-	1.2500	No Tax	No Tax
-	-	-	-	1.0400	1.0400
-	-	-	-	0.6000	0.6000
-	-	-	-	No Tax	No Tax
-	-	-	-	-	No Tax
-	-	-	-	-	1.3500
0.5900	0.5900	0.5700	0.5700	0.5700	0.5700
0.5765	0.5765	0.4516	0.4516	0.4516	0.4516
0.3800	0.3800	0.3300	0.3800	0.4200	0.5200
0.8200	0.8200	0.8200	0.8200	0.8200	0.7750
0.5076	0.5076	0.5076	0.5376	0.5376	0.5862

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

	1999	2000	2001	2002
Special Districts (continued):				
No Harris/Mont. Comm. College	0.1174	0.1100	0.1100	0.1055
Oak Ridge M.U.D.	Annexed	Annexed	Annexed	Annexed
Point Aquarius M.U.D.	0.6800	0.6708	0.6666	0.5877
Porter M.U.D.	0.5150	0.5150	0.5150	0.5150
Rayford Road M.U.D.	0.7416	0.7620	0.7620	0.7620
River Plantation M.U.D.	0.6109	0.6055	0.5357	0.5026
Roman Forest Cons. M.U.D.	0.7237	0.6429	0.6100	0.5900
Roman Forest P.U.D. #3	2.1400	1.8900	1.8900	1.2500
Roman Forest P.U.D. #4	2.0193	1.8965	1.2500	1.1500
South Montgomery County M.U.D.	0.2985	0.2704	0.2704	0.2704
Spring Creek U.D.	0.9400	0.9100	0.9100	0.9100
Stanley Lake M.U.D.	0.6700	0.6345	0.6345	0.6345
Texas National M.U.D.	0.7500	1.1400	1.1400	1.1200
Valley Ranch M.U.D. #1	-	-	-	-
Wood Trace M.U.D. #1	-	-	-	1.5000
Woodlands Metro-Center M.U.D.	0.4500	0.4000	0.4000	0.3200
Woodlands M.U.D. #2	0.4800	0.4800	0.4600	0.4400
Woodlands R.U.D. #1	0.5000	0.4925	0.5000	0.5000
Emergency Service District #1	0.0950	0.0967	0.1000	0.1000
Emergency Service District #2	0.0934	0.1000	0.1000	0.1000
Emergency Service District #3	0.1000	0.0978	0.1000	0.1000
Emergency Service District #4	0.1000	0.0948	0.0893	0.0820
Emergency Service District #5	0.0984	0.0977	0.1000	0.1000
Emergency Service District #6	0.1000	0.1000	0.1000	0.1000
Emergency Service District #7	0.1000	0.1000	0.1000	0.1000
Emergency Service District #8	0.0790	0.0784	0.0646	0.0545
Emergency Service District #9	0.1000	0.1000	0.1000	0.1000
Emergency Service District #10	0.1000	0.0983	0.1000	0.1000
Emergency Service District #11	0.0927	0.1000	0.1000	0.1000
Emergency Service District #12	0.1000	0.1000	0.1000	0.1000
Emergency Service District #14	0.1000	0.1000	0.1000	0.1000
Total Special Districts	42.8640	43.3078	42.2598	41.2545

TABLE VI

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2003	2004	2005	2006	2007	2008
0.1145	0.1145	0.1145	0.1207	0.1167	0.1144
Annexed	Annexed	Annexed	Annexed	Annexed	Annexed
0.5558	0.5558	0.5347	0.5132	0.6777	0.7463
0.5150	0.5150	0.5150	0.5150	0.5150	0.5150
0.7620	0.7620	0.7620	0.7620	0.7020	0.6420
0.4895	0.4895	0.4812	0.4504	0.3387	0.3156
0.5800	0.5800	0.5650	0.4760	0.3974	0.3708
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.1500	1.1500	1.1500	1.1500	1.1500	1.1500
0.2704	0.2704	0.2326	0.2200	0.2200	0.2200
1.0100	1.0100	1.0100	1.0000	1.0000	1.0000
0.6000	0.6000	0.5800	0.5800	0.5800	0.5000
1.1100	1.1100	0.9022	0.8918	0.8966	0.9190
-	-	-	-	1.4000	1.4000
1.2500	1.2500	1.2500	1.0000	No Tax	0.7500
0.3000	0.3000	0.3000	0.2700	0.2300	0.2100
0.4100	0.4100	0.3750	0.3350	0.2700	0.2400
0.5000	0.5000	0.5000	0.4817	0.4800	0.4800
0.1000	0.1000	0.1000	0.1000	0.0973	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.0968	0.1000
0.1000	0.1000	0.0980	0.0908	0.0843	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
0.1000	0.1000	0.1000	0.0983	0.1000	0.1000
0.0562	0.0562	0.0722	0.0713	0.0725	0.0736
0.0620	0.0620	0.0981	0.0948	0.0998	0.0948
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	0.1000	0.1000	0.1000	0.1000	0.0908
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
43.5173	43.5173	41.4957	44.5333	40.6722	44.6022

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

	1999	2000	2001	2002
Cities:				
Conroe	0.4200	0.4200	0.4200	0.4165
Magnolia	0.5337	0.5090	0.4603	0.4052
Montgomery	0.4221	0.4106	0.3620	0.3869
Oak Ridge North	1.0600	0.9950	0.8950	0.7710
Panorama Village	0.7355	0.6802	0.6633	0.6663
Patton Village	0.2569	0.2636	0.2673	0.2779
Roman Forest	0.4891	0.4891	0.4845	0.5000
Shenandoah Village	0.7251	0.6163	0.5000	0.4187
Splendora	0.3000	0.3000	0.3000	0.3000
Stagecoach	0.6497	0.5054	0.5176	0.5316
Willis	0.6280	0.5243	0.5310	0.5647
Woodbranch Village	0.5376	0.5364	0.5214	0.4986
Woodloch	0.9185	0.9446	0.8187	0.7642
Houston (County Line City)	0.6650	0.6550	0.6550	0.6550
Total Cities	8.3412	7.8495	7.3961	7.1566
School Districts:				
Cleveland I.S.D.	1.3750	1.3750	1.5750	1.6000
Conroe I.S.D.	1.6905	1.7025	1.7025	1.7225
Magnolia I.S.D.	1.7100	1.5500	1.6900	1.6900
Montgomery I.S.D.	1.6400	1.6400	1.6600	1.6600
New Caney I.S.D.	1.6900	1.7696	1.6554	1.7100
Richards I.S.D.	1.2220	1.4000	1.4600	1.4629
Splendora I.S.D.	1.3800	1.4200	1.5700	1.6500
Tomball I.S.D.	1.5900	1.6500	1.6800	1.7500
Willis I.S.D.	1.6700	1.6600	1.7200	1.7300
Total School Districts	13.9675	14.1671	14.7129	14.9754
<u>TOTAL PROPERTY TAX RATES -</u>				
<u>DIRECT AND OVERLAPPING</u>				
<u>GOVERNMENTS</u>	<u>\$65.6837</u>	<u>\$65.8151</u>	<u>\$64.8435</u>	<u>\$63.8575</u>

⁽¹⁾ Per \$100 of assessed valuation.

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

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

TABLE VI

Page 4 of 4

2003	2004	2005	2006	2007	2008
0.4335	0.4335	0.4335	0.4335	0.4300	0.4250
0.4186	0.4186	0.4963	0.4935	0.4847	0.4914
0.3869	0.3869	0.3869	0.5605	0.5605	0.5423
0.7579	0.7579	0.7579	0.7300	0.7300	0.7000
0.6586	0.6586	0.6653	0.6653	0.6608	0.6694
0.4340	0.4340	0.4585	0.5000	0.5000	0.4851
0.5000	0.5000	0.5198	0.5000	0.4697	0.4697
0.4099	0.4099	0.4010	0.4010	0.3610	0.3470
0.3000	0.3000	0.3000	0.3000	0.3000	0.2955
0.5330	0.5330	0.5520	0.5373	0.5775	0.5675
0.5784	0.5784	0.5903	0.5934	0.5442	0.5431
0.4919	0.4919	0.4775	0.4179	0.4031	0.3719
0.7186	0.7186	0.6884	0.6300	0.5954	0.5953
0.6550	0.6500	0.6500	0.6475	0.6450	0.6438
7.2763	7.2713	7.3774	7.4099	7.2619	7.1470
1.7000	1.7000	1.7000	1.7400	1.5850	1.3150
1.7325	1.7325	1.7325	1.7600	1.5900	1.2400
1.6800	1.6800	1.6800	1.7900	1.6600	1.4200
1.6600	1.6600	1.6600	1.6600	1.5419	1.3500
1.7700	1.7700	1.7700	1.7900	1.6400	1.4150
1.5000	1.5000	1.5000	1.5000	1.3700	1.0400
1.7300	1.7300	1.7300	1.6900	1.5447	1.3173
1.7300	1.7300	1.7300	1.7100	1.5800	1.2750
1.7100	1.7100	1.7350	1.7350	1.6020	1.3060
15.2125	15.2125	15.2375	15.3750	14.1136	11.6783
\$66.4771	\$66.4839	\$64.6069	\$67.8145	\$62.5390	\$63.9163

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

<u>2008 Taxpayer</u>	<u>Type of Business</u>	<u>2008 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽²⁾</u>
Wal-Mart Real Estate Bus Trust	Retail	\$ 198,577,178	0.62 %
Gulf States Utilities Company	Electric Utility	181,314,335	0.57
Woodlands Land Development, LP	Land Development	126,191,731	0.39
Columbia Conroe Regional Medical Center/Kingwood Medical Plaza	Medical	120,493,084	0.38
Consolidated Communications of Texas	Communications	77,999,490	0.24
Huntsman Petrochemical Corp.	Industrial	63,440,790	0.20
The Woodlands Mall Association	Retail	62,029,770	0.19
Devon Energy Operating Company	Oil & Gas	58,871,620	0.18
South West Bell Telephone Co	Telephone Utility	54,430,440	0.17
Inland American Lodging Woodlands Limited Partnership	Land Development	52,097,680	0.16
		<u>\$ 995,446,118</u>	<u>3.10 %</u>
<u>1999 Taxpayer</u>	<u>Type of Business</u>	<u>1999 Assessed Valuation ⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation ⁽³⁾</u>
The Woodlands Companies	Land Development	\$ 377,754,161	3.71 %
Gulf States Utilities	Electric Utility	111,714,163	1.10
Exxon Corporation	Oil Properties	88,294,871	0.87
Huntsman Petrochemical Corp.	Oil Properties	86,708,420	0.85
Eckerd Distribution	Retail Drug Distribution	78,619,550	0.77
Columbia Regional Medical Center	Medical	73,883,555	0.73
Lufkin-Conroe Telephone	Telephone Utility	72,082,490	0.71
Southwestern Bell Telephone	Telephone Utility	52,177,504	0.51
Mitchell Energy Group	Oil Properties	49,188,661	0.48
Hughes Tool Company	Oil Properties	45,631,310	0.45
		<u>\$ 1,036,054,685</u>	<u>10.18 %</u>

⁽¹⁾ Source: Montgomery Central Appraisal District⁽²⁾ Net Assessed Valuation - 2008 \$ 31,999,223,241⁽³⁾ Net Assessed Valuation - 1999 \$ 10,190,624,566

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

TABLE VIII

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes
1999	\$50,889,079	\$ 49,887,250	98.0	\$ 1,247,664	\$ 51,134,914	100.5	\$6,175,378
2000	54,051,832	52,810,108	97.7	1,244,737	54,054,845	100.0	6,501,501
2001	59,831,094	58,384,869	97.6	1,547,076	59,931,945	100.2	6,232,148
2002	67,447,935	65,714,723	97.4	1,608,717	67,323,440	99.8	6,471,525
2003	77,043,931	75,232,037	97.6	1,784,876	77,016,913	100.0	6,587,183
2004	85,764,910	83,960,577	97.9	1,839,076	85,799,653	100.0	6,109,116
2005	94,513,506	92,527,246	97.9	1,856,421	94,383,667	99.9	6,043,917
2006	104,074,236	102,113,249	98.1	1,788,843	103,902,092	99.8	5,840,603
2007	114,138,148	112,640,155	98.7	1,771,160	114,411,315	100.2	5,578,532
2008	129,601,440	127,903,113	98.7	1,840,224	129,743,337	100.1	6,054,333

⁽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.

Source: Montgomery County Tax Assessor-Collector

MONTGOMERY COUNTY, TEXAS
Ratios of Outstanding Debt by Type⁽¹⁾
Last Ten Fiscal Years

TABLE IX

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Obligation	Capital Leases Obligation	Total Long-Term Debt	Percent of Personal Income ⁽²⁾	Per Capita ⁽²⁾
1999	\$ 31,122,243	\$ -	\$41,295,000	\$ 1,391,288	\$ 73,808,531	0.87	280.53
2000	29,537,239	-	40,730,000	2,048,336	72,315,575	0.74	249.00
2001	42,686,392	-	42,630,000	3,888,079	89,204,471	0.85	303.66
2002	65,821,669	-	41,775,000	10,509,449	118,106,118	1.11	375.10
2003	97,746,800	-	52,540,000	2,588,746	152,875,546	1.38	444.59
2004	97,515,414	-	54,270,000	1,790,377	153,575,791	1.27	426.10
2005	122,050,678	-	25,860,000	1,403,363	149,314,041	1.13	397.62
2006	231,795,605	-	50,155,000	1,096,177	283,046,782	1.84	752.58
2007	234,277,478	44,834,989	46,660,000	3,452,124	329,224,591	N/A	834.50
2008	285,396,527	44,834,989	73,180,000	19,053,887	422,465,403	N/A	980.74

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

⁽²⁾ See Table XIV for personal income and population data.
Personal income for 2007 and 2008 not available.

MONTGOMERY COUNTY, TEXAS
Ratios of Net General Bonded Debt Outstanding⁽¹⁾
Last Ten Fiscal Years

TABLE X

Fiscal Year	General Bonded Debt Outstanding ⁽²⁾				Less: Amounts Available for		Percentage of Actual Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
	General Obligation Bonds	Lease Revenue Bonds	Certificates of Obligation	Total	Debt Service	Total		
1999	\$31,122,243	\$ -	\$41,295,000	\$72,417,243	\$ 1,005,634	\$71,411,609	0.70	271.42
2000	29,537,239	-	40,730,000	70,267,239	811,885	69,455,354	0.62	239.15
2001	42,686,392	-	42,630,000	85,316,392	2,860,746	82,455,646	0.66	280.68
2002	65,821,669	-	41,775,000	107,596,669	1,580,961	106,015,708	0.74	336.70
2003	97,746,800	-	52,540,000	150,286,800	2,043,861	148,242,939	0.91	431.12
2004	97,515,414	-	54,270,000	151,785,414	2,160,259	149,625,155	0.85	415.14
2005	122,050,678	-	25,860,000	147,910,678	2,142,695	145,767,983	0.77	388.18
2006	231,795,605	-	50,155,000	281,950,605	2,264,764	279,685,841	1.46	743.64
2007	234,277,478	44,834,989	46,660,000	325,772,467	2,633,600	323,138,867	1.38	819.07
2008	285,396,527	44,834,989	73,180,000	403,411,516	4,561,190	398,850,326	1.49	925.92

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

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

⁽³⁾ Taxable Assessed Valuation can be found in Table V.

⁽⁴⁾ Population data can be found in Table XIV.

MONTGOMERY COUNTY, TEXAS

Legal Debt Margin⁽¹⁾

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Assessed value ⁽²⁾	\$ 8,597,552	\$ 9,497,283	\$ 10,671,089	\$ 12,252,007
Debt limit ⁽³⁾	2,149,388	2,374,321	2,667,772	3,063,002
Debt applicable to limit				
Total bonded debt	72,417	70,267	85,316	107,597
Less: Assets in Debt				
Service Funds available				
for payment of principal	<u>(1,006)</u>	<u>(812)</u>	<u>(2,860)</u>	<u>(1,581)</u>
Total debt applicable				
to limit	<u>71,411</u>	<u>69,455</u>	<u>82,456</u>	<u>106,016</u>
Legal debt margin	<u>\$ 2,077,977</u>	<u>\$ 2,304,866</u>	<u>\$ 2,585,316</u>	<u>\$ 2,956,986</u>
Total debt applicable				
to the limit as a				
percent of debt limit	3.32%	2.93%	3.09%	3.46%

⁽¹⁾ Amounts expressed in thousands.

⁽²⁾ Assessed valuation is equal to total valuation less personal property.

⁽³⁾ 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.

TABLE XI

2003	2004	2005	2006	2007	2008
\$ 14,154,934	\$ 15,380,063	\$ 16,586,307	\$ 16,655,256	\$ 20,531,197	\$ 23,665,820
3,538,734	3,845,016	4,146,577	4,163,814	5,132,799	5,916,455
150,287	159,631	155,043	288,685	329,114	403,661
(2,044)	(2,160)	(2,143)	(2,247)	(2,631)	(4,561)
148,243	157,471	152,900	286,438	326,483	399,100
<u>\$ 3,390,491</u>	<u>\$ 3,687,545</u>	<u>\$ 3,993,677</u>	<u>\$ 3,877,376</u>	<u>\$ 4,806,316</u>	<u>\$ 5,517,355</u>
4.19%	4.10%	3.69%	6.88%	6.36%	6.75%

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2008****TABLE XII**

	Debt Outstanding	Percentage Applicable to Montgomery County ⁽¹⁾	Amount Applicable to Montgomery County
Montgomery County, Texas	\$ 403,660,690	100.00	\$ 403,660,690

OVERLAPPING GOVERNMENTS:**Special Districts:**

Clovercreek M.U.D.	1,710,000	100.00	1,710,000
Corinthian Point M.U.D. #2	1,115,000	100.00	1,115,000
East Montgomery Co M.U.D #3	5,475,000	100.00	5,475,000
East Plantation U.D.	3,665,000	100.00	3,665,000
Far Hills U.D.	2,705,000	100.00	2,705,000
Grand Oaks M.U.D.	2,015,000	100.00	2,015,000
Kings Manor M.U.D.	17,115,000	69.81	11,947,982
Lazy River I.D.	1,075,000	100.00	1,075,000
Lone Star College System	286,955,000	23.25	66,717,038
Montgomery Co. D.D. #6	1,004,990	100.00	1,004,990
Montgomery Co. D.D. #10	9,775,000	100.00	9,775,000
Montgomery Co. M.U.D. #7	8,960,000	100.00	8,960,000
Montgomery Co. M.U.D. #9	4,650,805	100.00	4,650,805
Montgomery Co. M.U.D. #15	3,835,000	100.00	3,835,000
Montgomery Co. M.U.D. #18	26,715,000	100.00	26,715,000
Montgomery Co. M.U.D. #24	375,000	100.00	375,000
Montgomery Co. M.U.D. #39	19,110,206	100.00	19,110,206
Montgomery Co. M.U.D. #40	4,630,000	100.00	4,630,000
Montgomery Co. M.U.D. #42	1,690,000	100.00	1,690,000
Montgomery Co. M.U.D. #46	107,795,000	100.00	107,795,000
Montgomery Co. M.U.D. #47	39,420,000	100.00	39,420,000
Montgomery Co. M.U.D. #56	2,545,740	100.00	2,545,740
Montgomery Co. M.U.D. #60	26,855,000	100.00	26,855,000
Montgomery Co. M.U.D. #67	21,200,000	100.00	21,200,000
Montgomery Co. M.U.D. #83	15,900,000	100.00	15,900,000
Montgomery Co. M.U.D. #84	2,800,000	100.00	2,800,000
Montgomery Co. M.U.D. #89	26,015,000	100.00	26,015,000
Montgomery Co. M.U.D. #90	5,830,000	100.00	5,830,000
Montgomery Co. M.U.D. #94	24,215,000	100.00	24,215,000
Montgomery Co. M.U.D. #98	2,820,000	100.00	2,820,000
Montgomery Co. U.D. #2	2,690,000	100.00	2,690,000
Montgomery Co. U.D. #3	925,000	100.00	925,000
Montgomery Co. U.D. #4	3,030,000	100.00	3,030,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2008****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
		Montgomery County ⁽¹⁾	County
Special Districts:(Continued)			
Montgomery Co. W.C.I.D. #1	3,750,000	100.00	3,750,000
New Caney M.U.D.	20,050,000	100.00	20,050,000
Point Aquarius M.U.D.	11,515,000	100.00	11,515,000
Porter M.U.D.	13,350,000	100.00	13,350,000
Rayford Road M.U.D.	30,990,000	100.00	30,990,000
River Plantation M.U.D.	785,000	100.00	785,000
Roman Forest Cons. M.U.D.	2,025,000	100.00	2,025,000
Roman Forest P.U.D. #4	765,000	100.00	765,000
South Montgomery Co. M.U.D.	4,615,000	100.00	4,615,000
Spring Creek U.D.	17,445,000	100.00	17,445,000
Stanley Lake M.U.D.	6,030,000	100.00	6,030,000
Texas National M.U.D.	985,000	100.00	985,000
Valley Ranch M.U.D. #1	2,650,000	100.00	2,650,000
Woodlands Metro-Center M.U.D.	20,880,000	100.00	20,880,000
Woodlands M.U.D. #2	1,425,000	100.00	1,425,000
Woodlands R.U.D. #1	60,530,000	100.00	60,530,000
Emergency Service District #1	539,465	100.00	539,465 ⁽²⁾
Emergency Service District #2	953,465	100.00	953,465 ⁽²⁾
Emergency Service District #3	295,999	100.00	295,999 ⁽²⁾
Emergency Service District #4	1,164,517	100.00	1,164,517 ⁽²⁾
Emergency Service District #5	200,433	100.00	200,433 ⁽²⁾
Emergency Service District #6	633,576	100.00	633,576 ⁽²⁾
Emergency Service District #7	784,440	100.00	784,440 ⁽²⁾
Emergency Service District #9	169,014	100.00	169,014 ⁽²⁾
Emergency Service District #10	1,955,520	100.00	1,955,520 ⁽²⁾
Emergency Service District #11	155,137	100.00	155,137 ⁽²⁾
Emergency Service District #12	85,180	100.00	85,180 ⁽²⁾
Total Special Districts	889,343,487		663,938,507
Cities:			
Conroe	78,660,000	100.00	78,660,000
Magnolia	2,190,000	100.00	2,190,000
Montgomery	4,000,000	100.00	4,000,000
Oak Ridge North	4,150,000	100.00	4,150,000
Panorama Village	2,470,000	100.00	2,470,000
Shenandoah Village	19,625,000	100.00	19,625,000

MONTGOMERY COUNTY, TEXAS**Direct and Overlapping Debt****September 30, 2008****TABLE XII**

	Debt	Percentage	Amount Applicable
	Outstanding	Applicable to	to Montgomery
Cities:(Continued)		Montgomery County ⁽¹⁾	County
Splendora	2,295,000	100.00	2,295,000
Tomball	23,355,000	1.41	329,306
Willis	5,985,000	100.00	5,985,000
Woodbranch Village	296,000	100.00	296,000
Woodloch	43,715,000	100.00	43,715,000
Houston (County Line City)	2,149,376,125	0.22	4,728,627
Total Cities	<u>2,336,117,125</u>		<u>168,443,933</u>
School Districts			
Cleveland I.S.D.	42,015,884	1.19	499,989
Conroe I.S.D.	759,455,000	100.00	759,455,000
Magnolia I.S.D.	175,884,784	100.00	175,884,784
Montgomery I.S.D.	114,115,958	100.00	114,115,958
New Caney I.S.D.	170,165,453	100.00	170,165,453
Richards I.S.D.	140,000	14.18	19,852
Splendora I.S.D.	46,670,131	100.00	46,670,131
Tomball I.S.D.	206,670,000	8.27	17,091,609
Willis I.S.D.	87,495,826	98.42	86,113,392
Total School Districts	<u>1,602,613,036</u>		<u>1,370,016,168</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 5,231,734,338</u>		<u>\$ 2,606,059,298</u>

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

⁽²⁾ Amounts shown for the Emergency Service Districts represent total Debt Levy, not overlapping debt.

MONTGOMERY COUNTY, TEXAS

Pledged-Revenue Coverage

Last Ten Fiscal Years

TABLE XIII

Year	Lease Revenue Bonds ⁽¹⁾			Debt Service		Coverage
	Lease Payments	Less: Operating Expenses	Net: Available Revenue			
				Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	1,883,754	-

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

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

⁽¹⁾ The revenue bonds were issued in 2007 to finance the construction of an 1,100 bed facility. At year-end construction was complete and inmates were housed in the facility. The County will be lease purchasing the facility from the Jail Financing Corporation in fiscal year 2009. The bonds will be backed from the lease payments that the County will make to the Jail Financing Corporation.

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

TABLE XIV

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income ⁽²⁾⁽³⁾</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>School Enrollment ⁽⁴⁾</u>	<u>School Average Daily Attendance ⁽⁴⁾</u>	<u>Unemployment Rate ⁽⁵⁾</u>
1999	263,100	\$ 8,460,358	\$ 29,762	64,589	60,591	3.6 %
2000	290,426	9,815,483	32,989	67,430	61,575	3.3
2001	293,768	10,459,126	33,446	70,201	64,461	3.4
2002	314,866	10,637,961	32,383	75,091	68,723	4.6
2003	343,856	11,052,146	32,068	77,693	71,479	5.4
2004	360,419	12,055,024	33,284	80,364	74,120	4.7
2005	375,519	13,257,593	35,305	84,924	78,259	4.5
2006	376,104	15,417,279	40,992	87,881	80,143	3.8
2007	394,517	N/A	N/A	91,192	84,323	3.9
2008	430,763	N/A	N/A	95,156	88,627	4.7

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

⁽²⁾ Amounts expressed in thousands.

⁽³⁾ Source: Texas Workforce Commission website

<http://www.tracer2.com/cgi/dataAnalysis/incomeReport.asp>

Per capita personal income information for 2006 was derived by dividing personal income by population.

Personal income information for 2007 and 2008 is not available.

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

⁽⁵⁾ Source: The Work Source website

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

Information for fiscal years 1999 through 2007 was obtained from the financial reports of the appropriate year.

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

<u>2008 Employer ⁽¹⁾</u>	<u>Employees</u>	<u>Percentage of Total County Employment ⁽²⁾</u>
Conroe Independent School District	5,670	2.88 %
Anadarko Petroleum	2,377	1.21
Montgomery County, Texas	1,743	0.88
Hewitt Associates	1,500	0.76
Magnolia Independent School District	1,462	0.74
New Caney Independent School District	1,288	0.65
Conroe Regional Medical Center	1,200	0.61
Memorial Hermann The Woodlands Hospital	1,200	0.61
Willis Independent School District	764	0.39
Hughes Christensen	745	0.38
	<u>17,949</u>	<u>9.11 %</u>
<u>1999 Employer ⁽³⁾</u>	<u>Employees</u>	<u>Percentage of Total County Employment ⁽²⁾</u>
Huntsman Corporation	250-499	0.34 - 0.74 %
Ball Metal Container Corporation	100-249	0.14 - 0.34
Crown Cork and Seal Co., Inc	100-249	0.14 - 0.34
Dailey Petroleum Services Corporation	100-249	0.14 - 0.34
Drexel Oilfield Services	100-249	0.14 - 0.34
Maverick Tube Company	100-249	0.14 - 0.34
Sparkler Filters	100-249	0.14 - 0.34
Texas Oil Tools Inc.	100-249	0.14 - 0.34
Pepsi-Cola Company	50-99	0.07 - 0.14
Borden Incorporated	50-99	0.07 - 0.14
		<u>1.46 - 3.40 %</u>

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

Information has been derived from the South Montgomery County Economic Development Partnership and the SOCRATES database listed above since county-wide information is not available for 2008.

⁽²⁾ Total County Employment for 2008 and 1999:

197,077 and 71,786 respectively

Source: The Work Source

⁽³⁾ 1999 Information is limited to manufacturers in the County and available in the form of ranges of employees.

Information has been derived from 1999 Directory of Texas Manufacturers and the Conroe Chamber of Commerce.



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

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u> ⁽²⁾	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Administration	69	80	85	90	94	100	101	104	111	111
Judicial	139	141	151	168	190	190	201	205	213	213
Legal Services	30	32	33	23	23	25	26	25	29	28
Elections	5	5	5	6	5	6	6	8	9	9
Financial Administration	74	79	80	82	83	85	87	88	89	90
Public Facilities	39	45	50	57	65	69	238	261	334	348
Public Safety	529	554	671	666	647	670	498	502	529	565
Health and Welfare	24	21	28	40	43	48	49	52	55	57
Culture and Recreation	82	85	82	86	90	87	89	124	136	148
Conservation	10	10	10	9	11	12	14	13	15	13
Public Transportation	160	159	167	159	156	162	162	164	163	161
Total ⁽³⁾	<u>1,161</u>	<u>1,211</u>	<u>1,362</u>	<u>1,386</u>	<u>1,407</u>	<u>1,454</u>	<u>1,471</u>	<u>1,546</u>	<u>1,683</u>	<u>1,743</u>

⁽¹⁾ Information derived from the annual salary schedules adopted by Montgomery County Commissioners' Court.

⁽²⁾ In FY 2005, the Jail moved from the Public Safety function to the Public Facilities function.

⁽³⁾ Comprehensive Annual Financial Reports prior to FY 2005 accounted for total employees, including staff that was temporary in nature. Beginning in FY 2005, the County has only accounted for those employees with permanent status.

MONTGOMERY COUNTY, TEXAS**Operating Indicators by Function****Last Ten Fiscal Years**

<u>Function</u>	Fiscal Year			
	1999	2000	2001	2002
General Government				
Construction permits issued ⁽¹⁾	4,301	3,604	3,792	4,747
Estimated value of construction ^{(1) (2)}	507,108	1,404,168	696,631	818,130
Health inspections performed ⁽³⁾	5,204	6,219	5,847	5,805
Birth certificates filed ⁽⁴⁾	4,265	4,699	4,720	4,440
Death certificates filed ⁽⁴⁾	1,589	1,644	1,781	1,755
Marriage license applications ⁽⁴⁾	2,637	2,611	2,742	2,830
Registered voters ⁽⁵⁾	166,449	184,170	186,295	192,951
Number of voting precincts ⁽⁵⁾	72	72	85	85
Public Safety - Sheriff				
Total arrests ⁽⁶⁾	15,040	14,448	15,104	16,503
Average number of inmates ⁽⁶⁾	699	550	558	593
Calls for service ⁽⁶⁾	266,369	277,185	276,576	273,439
Number of accidents investigated ⁽⁶⁾	2,076	2,205	2,139	2,159
Miles patrolled ⁽⁶⁾	2,715,095	2,523,192	2,860,529	2,847,347
Gallons of gas used ⁽⁶⁾	257,920	249,967	254,863	248,517
Culture and Recreation - Libraries				
Number of items checked out ⁽⁷⁾	1,021,234	1,057,882	1,062,826	1,094,744
Number of libraries ⁽⁷⁾	6	6	6	6
Volumes in collection ⁽⁷⁾	352,530	428,355	389,716	418,369
Number of library visits ⁽⁷⁾	880,415	788,730	878,619	993,045
Library programs attendance ⁽⁷⁾	63,713	64,138	66,937	83,527

⁽¹⁾ Source: Montgomery County Engineer. Years 1999 through 2004 include the City of Conroe.

⁽²⁾ Dollar values are in thousands.

⁽³⁾ Source: Montgomery County Health Department.

⁽⁴⁾ Source: Montgomery County Clerk.

⁽⁵⁾ Source: Montgomery County Elections Administrator.

⁽⁶⁾ Source: Montgomery County Sheriff's Department. In Fiscal Year 2005, the Sheriff's Department system tracked the of calls for service and number of accidents investigated for all law number enforcement agencies in the County.

⁽⁷⁾ Source: Montgomery County Memorial Library System Annual Report.

TABLE XVII

Fiscal Year					
2003	2004	2005	2006	2007	2008
5,569	6,569	5,565	6,592	5,304	3,699
1,284,674	1,145,750	1,088,171	1,276,959	1,203,248	1,206,874
5,774	7,616	7,882	11,077	11,338	11,194
5,044	5,544	4,453	4,809	5,233	5,343
1,898	1,859	1,520	1,849	1,766	1,994
2,755	2,892	2,122	2,282	2,417	2,324
197,626	214,098	213,414	225,184	223,157	237,299
85	85	85	85	85	85
16,335	18,960	19,036	19,222	21,098	19,676
640	726	815	977	1,093	1,021
225,576	212,919	240,844	292,929	239,492	265,255
1,965	1,898	6,438	12,242	2,838	3,588
2,932,365	2,812,515	2,795,393	2,619,133	2,752,276	2,582,405
272,922	263,816	229,864	201,058	296,675	364,159
1,193,392	1,196,770	1,210,339	1,451,208	1,628,139	1,697,999
6	6	6	7	7	7
446,221	478,205	586,668	477,681	523,000	580,378
990,066	1,011,056	1,026,802	1,089,855	1,099,870	1,202,297
90,591	85,220	84,228	99,788	127,971	100,655

MONTGOMERY COUNTY, TEXAS
Capital Asset and Infrastructure Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Government				
Office Buildings/Courthouses ⁽¹⁾	22	22	23	24
Public Safety - Sheriff				
Sheriff's Vehicles ⁽²⁾	231	242	247	257
Academy Square Footage ⁽¹⁾	9,600	9,600	13,800	13,800
Public Transportation				
County Roads (miles) ⁽³⁾	2,059	2,120	2,127	2,219
Bridges ⁽³⁾	117	124	124	126
Public Facilities				
Park Acreage ⁽⁴⁾	196	196	208	228
Convention Center Square Footage ⁽⁵⁾	N/A	N/A	56,000	56,000
Community Centers ⁽²⁾	13	13	13	16
Culture and Recreation				
Total Library Square Footage ⁽⁶⁾	108,400	108,400	108,400	108,400

¹⁾ Montgomery County Risk Management Department. Includes the offices of the four County Commissioners.

²⁾ Montgomery County Auditor's Office Capital Assets Listing.

³⁾ Montgomery County Engineer.

⁴⁾ Montgomery County Parks Department. The County began work on the Spring Creek Greenway Project in 2007.

⁵⁾ Montgomery County Civic Center Complex; The convention center was completed and put into service in 2000.

⁶⁾ Montgomery County Memorial Library System Annual Report.

TABLE XVIII

2003	2004	2005	2006	2007	2008
24	24	25	25	31	34
271	256	269	273	278	382
13,800	13,800	13,800	13,800	13,800	13,800
2,283	2,319	2,342	2,391	2,475	2,525
126	144	140	157	157	157
228	228	228	228	1,657	1,748
56,000	56,000	56,000	56,000	56,000	56,000
16	17	17	17	17	17
108,400	108,400	138,516	145,395	169,776	169,776



